

Tourism Management

Analysis, Behaviour and Strategy

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Edited by

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1 Tourism Management Theory, Research and Practice

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Tourism Management (TM) provides in-depth research reports that increase the reader's knowledge and expertise in specific topics within five general areas of tourism management:

- scanning and sense making;
- planning;
- implementing;
- activity and impact assessing;
- administering (i.e. creating vision and organizational values, exercising will, crafting mission, coaching, training and coordinating).

The chapters in *TM* examine how management is done in practice and provide nitty-gritty empirical reports on specific topics for each of the five general areas. While *TM* provides advances in tourism management theory (TMT), such advances are by-products of this book – the focus of *TM* is on the prize of increasing the reader's wisdom and skills in sense making, decision making and evaluating tourism management actions.

Figure 1.1 shows the five general topics and introduces the key issues for each topic. Scanning and sense making of environments and context always occur retrospectively and implicitly, that is, attempts to explain what activities are being done with what outcomes occur automatically, implicitly in individuals' minds and collectively in building a mental model of how things get done. Tourism management research on scanning and sense making

supports the view that crafting explicit formal processes and doing research studies to describe environments and what has happened helps increase the quality of sense making in particular and the intelligence of executives in general (see Weick, 1995, for the seminal treatment on sense making). Thus, the suggestion that follows from such research needs explication: highly effective tourism management practice (TMP) includes creating formal scanning and sense-making actions and measures that such actions work to increase the quality of planning and administering of executives.

Evidence of planning includes crafting written plans with periodic updates on profiling, how customers buy, use and evaluate tourism products (e.g. destination experiences, nights in specific brand accommodation, implementing and experiencing an airline trip), identifying target customer segments, designing alternative product experiences and benefits for different customer segments, designing and implementing promotional messages, advertising and promotional budgets, media strategies, pricing decisions by target customer segment and by season, supply chain decisions and evaluation strategies for examining actions and outcomes. Does explicit planning really matter? Armstrong (1982) examines this issue empirically and provides specifics that planning often helps achieve goals and increase effectiveness above what occurs without explicit planning. Armstrong's

observations about one major study by Nutt (1976, 1977) provide important insights on the value of planning:

Nutt (1976, 1977) also used a laboratory experiment. He evaluated different approaches to planning for health services agencies. Experts were asked to rate decisions developed by informal planners as well as by two formal approaches to planning. The two approaches were: (a) a 'systems approach', which included setting objectives and an evaluation of alternative strategies, and (b) a 'behavioral approach', which used structured group participation among stakeholders to identify problems, then to solve the problems (but no explicit objective setting or evaluation of alternative strategies). The systems approach was rated highest in quality of the plans, and the behavioral approach produced more innovative ideas. Informal planning did poorly in both areas. Nutt's (1976, 1977) papers did not report on the implementation of the plans.

Armstrong (1982)

Strong evidence that planning really makes a difference is elusive; however, the strategic management literature does not support the notion that planning is a worthless activity. Mintzberg does provide evidence that supports two propositions that relate to planning: (i) executives spend little time planning; each day and usually each hour their attention focuses on several different topics, responding to requests and meetings with other people that are unplanned; and (ii) describing the structures of seemingly unstructured management actions and decisions is possible and indicates that sense making, planning and implementing are ongoing processes. These processes often are repeated frequently with numerous interruptions and delays – implemented strategies take on lives of their own that often bear little resemblance to plans.

Yet, *TM* embraces the view that planning and practice help in achieving effective execution that results in high performance. Planning helps clarify sense making as well as identify workable implementing paths of actions to pursue. Practice in planning–implementing in a low-cost and low-impact context helps build knowledge and skills in executives. Problem-solving exercises and completing decision simulations are examples of skill-building tools.

Thus, *TM* includes chapters with executive training exercises with solutions that offer the reader the opportunity to practise making sense and crafting decisions in the problem contexts that these chapters examine. Please try not to read the solution discussions that the chapter authors provide without first writing your own solution – the adjustment of 'that's what I really was trying to say' occurs too easily without writing a solution before reading the chapter author's solution. Also, you do not really know what you think until you tell (write) what you are going to say – to paraphrase Weick (1995).

Evidence of implementing includes examining what actually occurs, gets done and gets ignored that was in the plan as well as actions done not in the plan. Mintzberg provides tools and examples for research that examine strategy implementation. Key findings may come as no surprise: (i) what gets planned often does not get done; (ii) what often gets done has never been planned; and (iii) implementing is messy with many feedback loops occurring and 'hidden demons' (Hall and Menzies, 1983) affecting activities in unplanned and unexpected ways.

Evidence of activity and impact assessing indicates most tourism management executives have little knowledge, training or skill in using the available tools in the evaluation research literature. Equally bad are the findings that formal tourism management performance audits indicate that the auditors have little skill in assessing management performance and lack knowledge of the available literature on assessing actions by executives and outcomes of tourism management/marketing programmes. The chapter by Woodside and Sakai offers details supporting these glum conclusions. Additional evidence on activity assessing of tourism executives (direct observation research on what executives do and the outcome of their actions) and performance outcome/impact evaluation research for well-known firms is necessary. The hope is that some firms in some parts of the tourism management industry are applying very useful metrics (e.g. Walt Disney Company maybe?) for measuring executives' actions and programme performance outcomes. A good starting point is Tellis and Golder's (2002) work on research tools and examples for doing such evaluation research.

We have left the first for last: administering includes creating specifics for vision of where the firm needs to go and the will to get there (the nitty-gritty steps to get to where the vision says to go) along with training and coaching to accomplish these actions. The single best source on how to go about administering effectively is Tom Peters' work. The book *Passion for Excellence* by Tom Peters and Nancy Austin (1985) is a good place to start reading. Peters' insights refer to administering that reflects the benefits of carefully measuring whether or not executives and associates in the organization believe such administering is integral to the tourism management organization:

There is no magic: only people who find and nurture champions, dramatize company goals and direction, build skills and teams, spread irresistible enthusiasm. They are cheerleaders, coaches, storytellers, and wanderers. They encourage, excite, teach, listen, facilitate. Their actions are consistent. Only brute consistency breeds believability: they say people are special and they treat them that way – always.

The trick is demonstrating to people, every day, where you want to take your organization. It begins with shared understanding of purpose, made real and tangible through consistent 'mundane' actions [implementing]. It is being amazingly consistent that counts, ignoring the charge that you are a broken record. The only thing that convinces people that you really care, that you take personally your commitment to them, is unflinching consistency. And it is a commitment.

Fine performance comes from people at all levels who pay close attention to the environment (scanning and sense making), communicate unshakeable core values and patiently develop the skills that will enable them to make sustained contribution to their organizations. In a word, it recasts the detached, analytical manager as the dedicated, enthusiastic coach.

Coaching is face-to-face leadership that pulls together people with diverse backgrounds, talents, experiences and interests, encourages them to step up to responsibility and continued achievement and treats them as full-scale partners and contributors. Coaching is not about memorizing techniques or devising the perfect game plan. It is about really paying attention to people – really believing

them, really caring about them, really involving them (Peters, no date).

Tourism management theory (TMT) crafts a series of related propositions of how tourism management behaviour is likely to occur in practice and/or how tourism behaviour should occur in practice. Thus, TMT forecasts how tourism management practice occurs or how tourism management practice should occur. Doswell (1997) illustrates the approach to the study of tourism management from the perspective of TMT. Here is a brief summary of the benefits from reading Doswell's book:

How effective management makes the difference in building tourism's components and impacts into a total framework showing how it should be made subject to an overall planning and management process. This is an essential guide which also explains effective management in relation to current trends in tourism. It incorporates extensive coverage of the characteristics of tourism, making it ideally suited for those studying tourism, travel and business studies. Individual managers and policy decision makers will also find that this book addresses vital management issues and provides practical help. It covers both public and private sectors and shows how they can be brought together as a cohesive whole. It examines the functions of management, from planning to the monitoring of performance and results. Covers the crucial aspects of tourism management and also includes economics, politics and government action, the environment, cultural influences, marketing, physical planning, human resources development and public awareness.

Doswell (1997)

Focusing on Process/Actions and Performance Outcomes

Figure 1.2 includes four types of actions/processes and performance outcomes always relevant when examining tourism management programmes:

- actions/processes and outcomes planned that happened;
- actions/processes and outcomes planned that did not happen;
- actions/processes and outcomes not planned that happened;

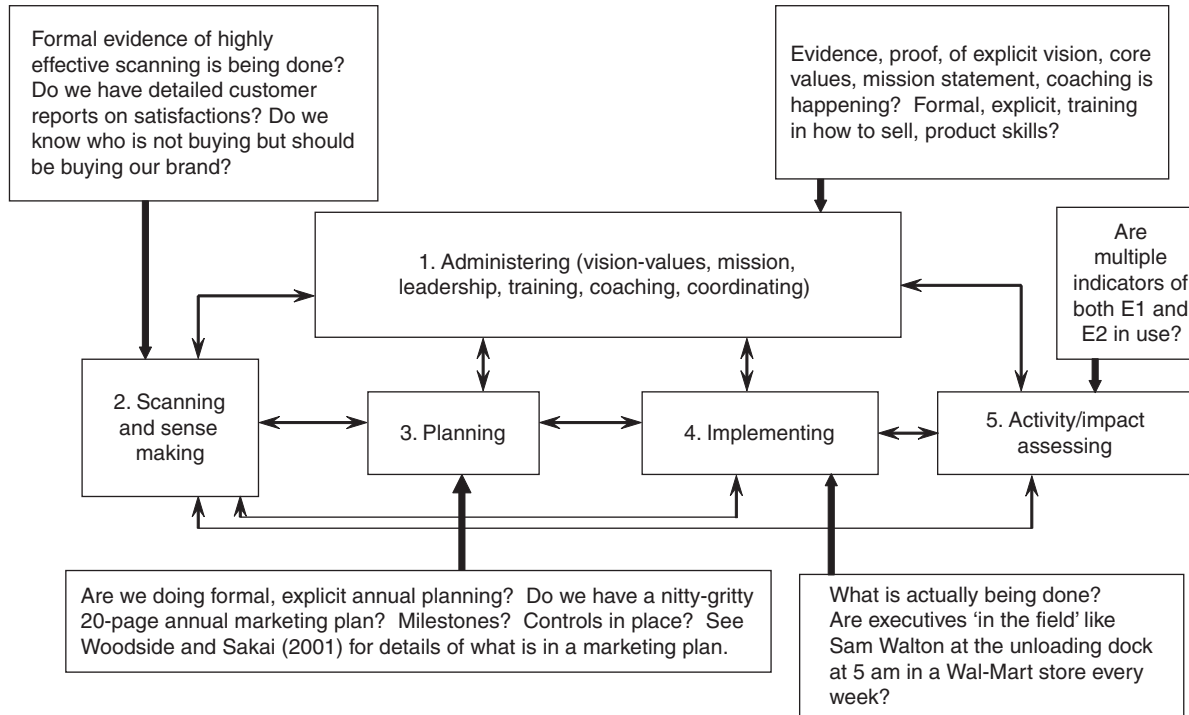


Fig. 1.1. Decisions and actions related to a marketing management department. E1 = effectiveness and E2 = efficiency.

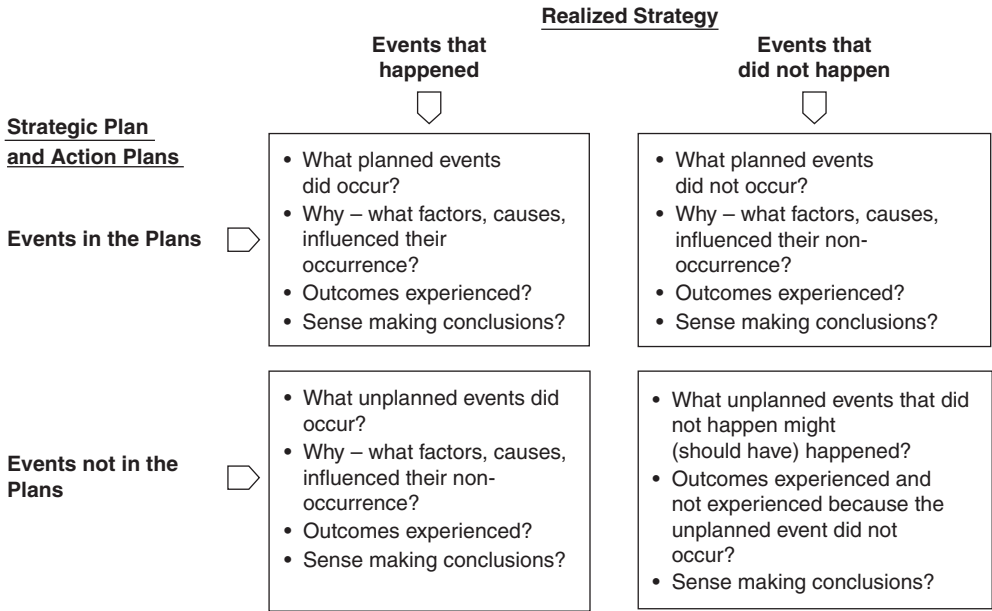


Fig. 1.2. Sense making tool for preparing retrospective commentary in the annual marketing plan.

- actions/processes and outcomes not planned that did not happen.

Details of all four planned–happened cells need consideration in the study of tourism management programmes. Implemented strategy rarely matches planned strategy in all aspects. Environments and specific contexts always include events that were unforeseeable in prior written plans. Things happen – both glitches and unexpected opportunities that are best to address and act upon.

Actions unplanned that did not happen include actions that possibly should have taken place – for example, crafting a 200-page ‘user manual’ annually (sometimes referred to as the ‘big book’) to give to tourists requesting information, promotional literature that covers a state’s tourism programme and weekly special events for each month along with accommodations, restaurants and unique sights and experiences. Such big books are expensive and require much effort and coordination to put together – some state tourism management offices have stopped providing such literature – opting to place such information on the internet. Whether or not to provide copies of a big book online

versus in print is a question worth addressing empirically. Benchmarking competitors’ actions is another method of addressing the issues relating to events not planned and not done. What actions are key competitors doing well and poorly that your tourism management organization is not doing?

The following sections offer brief introductions to the chapters in each part of *TM*. Each section identifies one or two of the unique contributions of each of the chapters in the section. One aim of the remainder of this introductory chapter is to encourage you to skip around in your reading sessions. Try reading one or two chapters that contain executive training exercises in each reading session.

Scanning and Sense Making

Chapter 2: Travel Motivation Theory and Research. Chapter 2 critically reviews travel motivation research and development of the travel motivation concept over the years. The chapter applies Maslow’s hierarchy of needs theory to travel motivational theory. Implicit

and explicit applications of the Maslow hierarchy to tourism studies are discussed. Among those studies, the chapter highlights the approaches of the travel career ladder (TCL) and travel career pattern (TCP). The chapter examines the push and pull concept as another line of travel motivation studies. Mannell and Iso-Ahola's model of escaping and seeking dimensions, though developed as a framework of leisure motivation, informs the discussion leading to general implications and applicability in tourism studies. Also, the chapter discusses the merits of Plog's allocentrism/psychocentrism model. Plog's model helps explain the phenomenal rise and fall of travel destinations.

Chapter 3: Culture's Consequences on Experiencing International Consumer Services and Products. Chapter 3 expands upon Terry Clark's (1990) integrative theory proposal for international marketing and national culture. A theory of direct and indirect influences of national and microcultures on buying behaviour is tested empirically for one focal brand: the buying of consumer services and products by overseas tourists visiting Australia. The empirical study employs a research design that controls several potential confounding variables that may affect the reported measures of the dependent variables. The empirical report includes findings from face-to-face interviews of travellers from 14 Asian, European and North American countries. Data analysis includes applying a quasi-experimental design that tests the study's central hypothesis: the theoretically predicted impacts of dimensions of national culture occur for aspects of overseas visitors' behaviours related to their holiday trips to Australia. The study supports core tenants of the integrative theory (i.e. a specific phenomenon in the buying process occurs substantially more (less) often for unique dimensions of national culture). The study supports the propositions that: (i) single and complex cultural causal expressions affect international travel behaviour; and (ii) cultural distance indexes are useful for explaining international travel behaviour.

Chapter 4: Grounded Theory of International Tourism Behaviour: Building Systematic Propositions from Emic Interpretations of Japanese Travellers Visiting the USA. Conventional research methods involve collecting and

analysing data to rigorously test deductive theory. In contrast, grounded theory posits constructing theory from data. Chapter 4 demonstrates the application of the long interview method to collect data for grounded theory development. Both emic (self) and etic (researcher) interpretations of visitor experiences uncover important insights on leisure travel decisions and tourist behaviour. Long interviews of Japanese tourists visiting Hawaii's Big Island map and compare visitors' plans, motivations, decisions and consequences. The results demonstrate the complexity of visitors' travel decisions and behaviour. Also, the findings uncover the emergence of a visitor group, the *kyoiku tsuaa* (education tour) segment on Hawaii's Big Island.

Chapter 5: Tourist Harassment and Responses. The expansion of tourism into new geographic and cultural frontiers has highlighted the importance of visitor satisfaction and safety. Chapter 5 provides a review of the literature on tourist harassment, a relatively neglected area of study. The first section briefly examines the nature of harassment and offers a benchmark definition: 'any annoying behaviour taken to the extreme.' The second reviews the extent and types of harassment principally in developing world destinations from the limited literature available. The chapter covers macro as well as individual vendor or micro types of harassment. The chapter gives some emphasis to two trouble spots: the Caribbean in general and Jamaica in particular. The third presents two case studies where surveyed research has tracked the contours of harassment in detail: Barbados and Turkey. The fourth notes some causal factors from the history of destinations with considerable experience. The chapter also offers general policy implications as well as ten specific steps tourism destination strategists might consider for preventing or responding to harassment.

Chapter 6: Deconstructing Backpacking. This chapter deconstructs the well-established tourist categories. Specifically, this chapter questions the inherent tendency of previous classifications to couple together the meanings that tourists assign to their experiences and their external practices of travel. To illustrate this analytical position, the chapter presents the theoretical distinction between types and forms of tourism that Urieli *et al.* (2002) employ

to deconstruct backpacking tourism. This analysis finds that those tourists who comply with the external travel practices associated with backpacking (form) differ in the meanings they assign to their experiences (type). Accordingly, Uriely *et al.* (2002; also see Uriely, 2005) suggest that the backpacker tourist category can be further segmented by the meanings that backpackers associate with their tourist experiences.

Planning

Chapter 7: Tourism Demand Modelling and Forecasting. Chapter 7 provides an overview of the recent developments in tourism demand modelling and forecasting since the 1990s. While a wide range of forecasting models is available for tourism demand forecasting, tourism managers should use models that are based on solid economic theories and provide reliable forecasts. In addition, this chapter suggests that in addition to forecasting error magnitude, directional change errors and turning point forecasting should be studied. Moreover, since no single model consistently generates superior forecasts across all situations, combining the forecasts generated from different forecasting methods improves tourism demand forecasting accuracy.

Chapter 8: Market Segmentation in Tourism. Chapter 8 builds on the proposition that tourists are not all the same; they have different pictures of their ideal vacations for different contexts. Tourists are heterogeneous. Market segmentation is the strategic tool to account for heterogeneity among tourists by grouping them into market segments which include members similar to each other and dissimilar to members of other segments. Both tourism researchers and tourism industry use market segmentation widely to study opportunities for competitive advantage in the marketplace.

Chapter 9: Advanced Topics in Tourism Market Segmentation. Chapter 9 reviews previous studies in tourism segmentation and describes the evolution of tourism segmentation between 2000 and 2006. Firms in the tourism industry frequently apply market segmentation using geographical, socio-economic,

demographic, psychographic and behavioural characteristics. Tourism scholars traditionally adopt two main approaches, a priori or a posteriori segmentation. This chapter reviews the literature on both methods and provides a framework for analysing the latest tourism segmentation studies. As an emerging construct in the evolution of tourism segmentation and taking into account the importance of experience in tourism, this chapter shows an application of segmentation based on affective variables. The chapter concludes with an assessment of tourism segmentation studies and implications for further research.

Chapter 10: When Tourists Desire an Artificial Culture: the Bali Syndrome in Hawaii. Although tourism academics tout the importance of cultural-historical tourism, Minca's (2000) the Bali Syndrome suggests that tourists to exotic destinations place little importance in participating in cultural or historical activities during their stay. The goal of this analysis is to explore this phenomenon in-depth by examining whether tourists in Waikiki Beach (Honolulu, Hawaii) plan to partake in educational, historical or cultural opportunities during their stay. Based on empirical evidence collected from more than 300 respondents, the findings demonstrate support for the Bali Syndrome. These findings are relevant to marketing planners in other exotic destinations (e.g. Jamaica, Bahamas, Maldives and Fiji) because tourism advertising dollars that promote local culture and history may fail to generate interest among potential tourists.

Implementing

Chapter 11: Advertising Travel Services to the Business Traveller. Given the relative importance of business travellers to the travel industry, Chapter 11 focuses on the motives that underlie business travel. Past empirical and anecdotal evidence suggests that general travel motives may be divided into a variety of functional/utilitarian motives, often linked to business travellers, and numerous experiential motives, often associated with leisure (non-business) travellers. Using Pollay's (1986) theory of advertising as a mirror of market values, a content analysis of

ads from leading business magazines in 11 culturally diverse markets yields three primary motives and two secondary motives for business travellers. Further, the analysis identifies key variations in the relative importance of these motives between cultures. The findings provide important insights for travel firms marketing their services across cultures.

Chapter 12: Interpreting and Managing Special Events and Festivals. The special event, one form of which is the festival, presents opportunities for both the host community and the visitor. The host community can display itself in a chosen manner to visitors, who have the chance to engage in a novel recreational experience while viewing the message put forth by their hosts. An event's message likely is conveyed through its theme and the physical entities and activities undertaken to highlight the theme. While the theme does provide information about an event's message, more information can be gleaned from an investigation of objects and settings. This distinction posits that the physical environment includes objects (whether animate or inanimate) and settings (or physical spaces) which mutually influence the reception of the other. Chapter 12 describes the utility of the object and setting dichotomy to the understanding of symbolic meanings of an event. Personal construct theory informs the use of object and setting – the theory proposes that an individual constructs his/her own mental space for use in predicting future events. Two tests applicable with personal construct theory – the repertory grid and the ratings grid – enable the researcher to understand a person's psychological space. This chapter describes both tests and illustrates the use of the ratings grid through a case study. In the case study, respondents rate setting and object components (called elements in personal construct theory) based on a series of adjectives (called constructs) to ascertain symbolic meanings of festival attendance. The chapter concludes by discussing implications of this example and future uses for personal construct theory, the repertory grid and the ratings grid in measuring meanings of specific events or tourist attractions.

Chapter 13: Theme Park Tourism and Management Strategy. Theme parks represent

a relatively new concept of tourist attractions and strive to create a fantasy atmosphere of another place and time. Visual and vocal statements primarily communicate the theme as well as other senses like scent and touching. Successful development of a themed attraction is a combination of writing or story telling, creative design, financial projections, audience analysis and planning. Theme parks emerged from traditional amusement parks, dating back to ancient and medieval religious festivals and trade fairs. Chapter 13 reviews the development of the global theme park industry, as well as its scope in terms of attendance, revenue enhancement, visitor characteristics and industry organization in North America, Europe and Asia. Probable future trends of the global theme park industry are discussed, including the impact of the entertainment facilities' location and other design factors. The discussion also suggests that contemporary theme parks will develop products that enhance their guests' experiences and immerse them with fantasy feelings that they perceive unattainable, beyond their reach, or they had just simply missed in life. Theme parks of the future also will continue monitoring changes in consumer demographics, potential new markets, changing technologies and their overall impact on social, cultural and political thought.

Chapter 14: Tummy Tucks and the Taj Mahal? Medical Tourism and the Globalization of Health Care. Medical tourism, where patients travel overseas for operations, has grown rapidly in the past decade, especially for cosmetic surgery. High costs and long waiting lists at home, higher incomes, new technology and skills in destination countries alongside reduced transport costs and internet marketing have all played a role. Several Asian countries are dominant, but most countries have sought to enter the market. Conventional tourism has been a by-product of this growth – following from its tourist packaging – and overall benefits to the travel industry have been considerable. Medical tourism's rise emphasizes the privatization of health care, the rising dependence on technology, uneven access to health resources and the accelerated globalization of both health care and tourism. Chapter 14 reviews the marketing strategies of medical tourism

and offers key insights from both implemented and planned perspectives.

Chapter 15: Wine Tourism and Consumers. Chapter 15 examines the interconnections, or nexus, between wine consumer behaviour and wine tourism, including both theoretical concepts and applied research findings. Until very recently most wine tourism research had been conducted at wineries, which is very useful for evaluation of product and service quality but sheds little light on what wine consumers around the world think about wine-related travel or their actual behaviour as wine tourists. Wine tourism is defined, in terms of both demand- and supply-side perspectives. Then, in examining the inter-relationships between wine consumption and wine tourism nine specific topics are examined through literature review. These include wine region appeal; wine region locations; wine tourism destinations; wine tourism destination choice; wine marketing and awareness; wine consumer needs; wine consumer involvement; wine tourism motivations; and wine tourist behaviour. To further illustrate the interconnections and provide implications from applied research, results of wine-consumer research are presented. Chapter 15 integrates and summarizes the literature from a number of perspectives. For the empirical study, a purposeful sample was taken of wine consumers in Calgary, Canada (a city remote from wine-producing regions). They were questioned on their wine consumption habits and preferences, and their wine tourism behaviour and preferences. A Wine Involvement Scale was developed to test the theoretical proposition that those highly involved with wine would be more likely to travel for wine-related experiences, and to differentiate their travel and experiential preferences from lesser-involved wine consumers. The respondents displayed a high level of wine-related travel. The sample frame and method do not permit generalization to the whole population, but the evidence shows a clear link between wine consumption and wine-related travel in the Calgary market. Specifically, these wine consumers were found to hold distinct preferences for wine from certain countries and regions, and this predilection did influence their wine tourism behaviour. As well, their preferred wine tourism destinations also were shaped by

knowledge about regions, or wine appellations within countries. These points are summarized in a proportional map displaying the wine tourism world from the perspective of the respondents. Factor and cluster analysis revealed two distinct segments that were highly involved with wine, and they were mostly older males. Age and gender differences were found to be significant in terms of a number of important variables. This segmentation technique and the related conclusions have important implications for wine tourism development and marketing. Conclusions are drawn on how to advance knowledge in this area, and on how tourism and wine industry managers can effectively use the available concepts and knowledge.

Chapter 16: Complexity at Sea: Managing Brands within the Cruise Industry. Chapter 16 examines the management of cruise-line brands. Specifically, the chapter shows that the management of these brands can be a complex task. Managing cruise-line brands involves more than simply crafting well-defined brand images. What really matters are customers' experiences, which are shaped by shipboard employees. Brand management needs to be tied to human resource management; cruise lines need to encourage employee behaviour that best represents the company's brand. Corporate consolidation within the cruise industry means that many cruise-line brands are managed as part of a brand portfolio. As a result, cruise-line brands are managed in association with other brands; managing a brand or a series of brands within a portfolio, for a brand manager, is often more complicated than managing a stand-alone brand. Brands – whether or not they are part of a portfolio – can shape a company's stature and position within international markets. One challenge for managers is adapting a brand across different cultures and locales to suit different tastes and preferences while simultaneously maintaining equity and core identity. Brand partnerships also contribute to the complexity of brand management. Managing a cruise-line brand may involve a relationship with a non-cruise brand. Brand partnerships can span both product categories and international borders. Brands are valuable business assets. Therefore, the brand's value needs to be protected from potential threats. Brands are vulnerable to attack when the

companies that own them behave irresponsibly. Protecting the brand's reputation can be a challenge for brand managers. This chapter suggests that brand managers within the cruise industry need to – and, in some ways, have – come to terms with the complex nature of brand management.

Chapter 17: Internationalization and the Hotel Industry. Chapter 17 reports an empirical study into internationalization and expansion strategies of international hotel operators in five countries in Eastern Central Europe. A questionnaire survey was conducted of the leading chains, framed around Dunning's (1993) eclectic paradigm. The major ownership advantages include knowledge of guest requirements, strategic planning and reservation systems. Location advantages that the chapter describes consist of the size and nature of the city in which the hotel was to be located, the infrastructure within the region and the perception of the region as an attractive business tourism destination.

Chapter 18: Guests' Meetings and Hotel Group Room Reservations. This chapter provides a comprehensive review of group room reservations at hotels (and cruises) arranged by CMPs, AMPs and independents. Chapter 18 also builds from a literature review of five major databases (ABI-Inform, Business Management, Business Practices and Industry, Econ. Lit. and Lexis Nexis), and the archives of Convene, Meetingsnet and Conventions (all found on the internet). All of these yielded about 200 related articles and web postings.

Evaluating Actions/Process and Performance Outcomes

Chapter 19: Sport Events and Strategic Leverage: Pushing Towards the Triple Bottom Line. Sport events are capable of generating considerable short-term, visitation-related benefits for host communities; and a great deal of research explores the economic impacts of sport events. However, Chapter 19 recognizes that a paradigm shift is underway in parts of the international events community. While short-term economic gains remain important, some event stakeholders now look beyond 'impact' to

focus on achieving more long-term, sustainable outcomes. This move away from an ex ante, outcomes orientation towards an ex post, strategic approach to event benefits refers to the phenomenon of event leveraging. If sport events are to be sustainable, and are to retain the public and private support upon which they rely, then promised benefits must be cultivated through strategic leverage. This chapter provides an introduction to the literature on event leveraging and also proposes new directions that aim at meeting the triple bottom line of economic, social and environmental benefits for the host communities of sport events. Chapter 19 first reviews the literature on economic leverage. The chapter then addresses how the liminality commonly produced at sport events can be treated as a leveraging resource to create opportunities for social change in host communities. This area is new territory in the events literature and a model for social leverage is proposed. Following this discussion, reflections on how sport events also might be leveraged for environment benefits are made. The authors note the synergies among economic, social and environmental leverage, and conclude with both challenges and notes of caution for the international events community regarding the issue of event leverage.

Chapter 20: Deconstructing Destination Perceptions, Experiences, Stories and Internet Search: Text Analysis in Tourism Research. Chapter 20 provides an overview of developments which have resulted in an increased availability of text data thereby creating greater interest in analysing text in the context of tourism. This chapter's first section discusses different approaches to text analysis. Specifically, the chapter compares and contrasts qualitative and quantitative text analysis. Next, the chapter describes computer-assisted approaches and presents various representational techniques. The second section introduces four case studies to illustrate the depth and breadth of applications of text analysis in tourism research. The first case study employs a causal mapping technique to assess the changing market structure as perceived by managers in incentive travel. The second case study uses a hermeneutic approach to interpret consumers' perceptions of memorable experiences at a Midwest destination in the USA. The third case

study applies quantitative analytical techniques to compare the language people use to describe their dining experiences at different types of restaurants. The fourth and final case study uses search keywords to identify the nature of competition between European cities. The chapter concludes with a discussion on the growing significance of text analysis in tourism as well as several important research challenges yet to be overcome.

Chapter 21: Importance–Performance Analysis (IPA): Confronting Validity Issues. Chapter 21 proceeds in interrelated steps. The first step introduces IPA as action grid analysis. IPA is an analysis that is dependent on examination of an action grid, or grids. Examination of the literature shows IPA is not one analysis approach but many. Five types are identified. The main vehicle for examining IPA validity issues is the discussion of hypothetical applications of IPA for three types of IPA. A section that is not for a particular type of IPA is devoted to IPA responses. Comments give insights on the need for a new response structure, what the distribution of responses can imply, responses as triggers for questions and computing importance rather than requesting an importance rating. To put structural problems with models implicit in using IPA and to put chance impacting IPA results in perspective, the chapter has a section on statistical variability risk and model structure risk. A short section is about this chapter's relation to the IPA literature. The chapter concludes with comments on both practical and research implications of the research.

Chapter 22: Evaluating Tourism Management Programmes. Chapter 22 focuses on the tourism management programme evaluation practices by government auditing agencies. The national governments of several countries have audit agencies that conduct both financial and performance audits of other government departments charged with providing services and causing desired programme performance outcomes; all 50 US state governments have audit agencies that do both categories of audits (i.e. financial and performance audits). Woodside and Sakai's (2001) in-depth reviews of eight tourism management programme evaluation audits by seven government agencies offer two key disappointing conclusions. First, the majority of these audits result in highly negative

performance assessments. Second, although these audits are more useful than none at all, most of these audit reports are inadequate shallow assessments – these audits are too limited in the issues examined, not grounded well in relevant evaluation theory and research practice and fail to include recommendations that, if implemented, would result in substantial increases in performance. This chapter describes the continuing (covering several years over three decades) consistent reports of poor tourism management performance for one US state government's tourism management programme as well as the continuing lack of rigorous auditing practice by the auditing agency for the same state government. The chapter calls for embracing a paradigm shift both by state government departments responsible for managing the state's tourism marketing programmes and by the state's auditing agency in conducting future management performance audits. The call applies to all government departments responsible for managing and auditing tourism marketing programmes.

Chapter 23: Tourist Shopping Village Success and Failure. Chapter 23 explores the phenomenon of tourist shopping villages (TSVs) and the dimensions that contribute to their success by combining a traditional literature review with an expert knowledge mapping exercise. While shopping is seldom mentioned as a primary reason for travel, the activity is perhaps the most universal for tourists, and of great economic importance to local merchants. Creating comfortable and exciting shopping districts can entice tourists to visit and to extend their stay in the region. Many places around the world have developed into well-known tourist shopping destinations, whether by default or through deliberate planning. While tourist shopping can take many forms, this chapter is concerned with small tourist villages that base their appeal on retailing. TSVs are a growing phenomenon in many destinations and can be an important tool for regional development. The chapter draws on previous research reports to develop an initial framework for the systematic analysis of tourist shopping villages. Chapter 23 includes an evaluation of 29 villages in Australia, New Zealand and Canada to explore factors relating to their perceived success. On-site visits, rich photographic resources and the associated promotional

materials offer a close inspection of the physical conditions of the settings, the activities available and the shopping styles and diversity. From this perspective, the perceived success of a tourist shopping village is strongly influenced by a well-developed heritage theme combined with the presentation of the village as larger in scale, tourist focused and tightly integrated. A successful village also is supported by regional distinctiveness in merchandise as well as regional food and wine. Accessibility and seasonality appear to have a minor influence on the success of shopping villages.

Chapter 24: Monitoring Visitor Satisfaction with Destinations Using Expectations, Importance and Performance Constructs. Despite the benefits for destination managers of monitoring visitor satisfaction and the subsequent academic interest in this area, the actual implementation of satisfaction measurement is still potentially onerous and confusing. Chapter 24 considers the various quantitative frameworks – incorporating the expectations, importance and performance constructs – that are available to managers for monitoring their destination’s effectiveness in terms of meeting the needs and wants of visitors. The review systematically evaluates each construct and framework, acknowledging their potential in terms of informing management strategies, conceptual and practical concerns relating to their operationalization and subsequent modifications and extensions. Destination managers need to adopt and adapt the most appropriate framework(s) for the purposes of their investigation and to acknowledge the existence of different market segments.

Chapter 25: Tourism’s Economic Contribution versus Economic Impact Assessment: Differing Roles for Satellite Accounts and Economic Modelling. Understanding tourism’s economic contribution is essential for both practitioners and policy makers. Estimating tourism’s economic contribution to a destination (nation or region) requires a different approach from assessing tourism’s economic impacts on the destination. Tourism satellite accounts (TSAs) can estimate tourism’s economic contribution to a destination. For economic impact estimation, however, to determine the effects on key economic variables in response to changes in tourism demand, an economic model is required.

Chapter 25 first provides a brief overview and discusses tourism satellite accounts’ uses in estimating the economic contribution of tourism. Next, the chapter critically examines the validity of tourism satellite accounts. Do tourism satellite accounts provide realistic estimates of the economic impacts on the destination of shocks to tourism demand? The chapter argues that the preferred model for economic impact analysis is computable general equilibrium modelling rather than input–output modelling. To illustrate the two techniques’ differences, a model of tourism shock compares the estimates of input–output models to a computable general equilibrium model. The results show TSAs provide an important basis for CGE modelling to estimate the economic impacts of tourism shocks. Both the TSA models, in their capacity to estimate the economic contribution of tourism, and CGE models, with their capacity to estimate economic impacts of tourism shocks, are important tools for policy making. Both techniques represent substantial advances in managing tourism.

Administering

Chapter 26: Sustainability and Tourism Dynamics. The concept of sustainable tourism remains subject to substantial confusion, with regard to both precise implications and the specific patterns of resource use the concept implies. This confusion is particularly evident with regard to specific tradeoffs, policies, actions or indicators that are consistent with notions of sustainable tourism. Operational definitions of tourism sustainability require details regarding what elements are to be sustained, the level at which these elements should be sustained and the stakeholder groups whose benefits should be considered. Chapter 26 develops a dynamic model illustrating the interrelated behaviour of tourism-related economic and environmental conditions over time. The chapter characterizes fundamental notions of sustainable tourism from the perspectives of both a profit-maximizing tourist industry and the permanent residents of a tourist community. The model illustrates key findings relevant to the search for sustainable outcomes, and characterizes the potential

conflicts, hazards and tradeoffs implicit in the choice among different sustainable futures. For example, the model demonstrates that: (i) in all but the rarest of circumstances, there is no single, universal sustainable optimum; and (ii) a policy that maintains overly pristine environmental quality may be just as unsustainable as a policy that causes excessive environmental decay. Implications of the model are then discussed with regard to a pattern of tourism found in a specific destination – the Okavango Delta of north-western Botswana. Through the contrast of the dynamic model and case-study evidence for this high-value tourist destination, the chapter illustrates ways in which the theoretical model can help characterize and explain current patterns of tourism, as well as divergences between visions of sustainable tourism among different stakeholder groups.

Chapter 27: Employee Empowerment: a Key to Tourism Success. Organizations that profitably cater to the needs of customers better

than the competition are more likely to be able to sustain competitive advantage over time. Catering to customer needs is paramount to delivering desirable levels of customer satisfaction in the tourism industry. Chapter 27 proposes that the formula for executing this task is particularly fragile in tourism because of the heterogeneous and simultaneous nature of service production and consumption. Tourism experiences are rarely, if ever, delivered without in-depth employee–customer interactions. Thus, tourism experiences are people-intensive on both sides of the service fence. Additionally, tourists tend to have higher expectations for hospitality and overall levels of service quality because their context is typically more emotionally charged. An empowered workforce is a secret to success in this unique realm: employees who are inspired and enabled to make meaningful and appropriate decisions close to customers in order to take care of important customer needs.

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2 Travel Motivation: a Critical Review of the Concept's Development

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Synopsis

This chapter critically reviews travel motivation research which represents the development of the travel motivation concept over the years. The chapter applies Maslow's hierarchy of needs theory to travel motivational theory. Implicit and explicit applications of the Maslow hierarchy to tourism studies are discussed. Among those studies, the chapter highlights the approaches of the travel career ladder (TCL) and travel career pattern (TCP). The chapter examines the push and pull concept as another line of travel motivation studies. Mannell and Iso-Ahola's model of escaping and seeking dimensions, though developed as a framework of leisure motivation, informs the discussion leading to general implications and applicability in tourism studies. Also, the chapter discusses the merits of Plog's allocentrism/psychocentrism model. Plog's model helps explain the phenomenal rise and fall of travel destinations. In addition, the chapter discusses methodological issues in tourist motivation research. Building from the review the chapter closes with managerial implications.

Keywords: travel motivation; travel career ladder, travel career pattern, push/pull, escaping/seeking dimensions; allocentrism/psychocentrism.

Although expecting motivation to account for a large portion of the variance in tourist behaviour is probably too optimistic (many other interrelated influences exist), tourist motivation is none the less considered a critical variable and a driving force behind tourist behaviour (Crompton, 1979). As a critical explanatory factor of tourist behaviour, motivation is regarded as an important topic in tourism research. However, tourist motivation is not easy to study. Although possible to describe who, when, where and how, the challenge in tourism is to answer the question why (Crompton, 1979). Travel motivation relates to why people travel; consequently, this area is a relatively difficult research area of tourism inquiry. This chapter reviews some of the most significant

research pieces relating to the topic, and which document the conceptual development of the travel motivation construct.

Theory of Needs Hierarchy and its Adaptation in Tourism

The theoretical frameworks of travel motivation studies are primarily rooted in sociology and social psychology. Many tourism researchers base their theoretical analyses on Maslow's hierarchy of needs theory (Jang and Cai, 2002), which is one of the most influential motivation theories in the academic world and in the public domain. Since the publication of *Motivation*

and *Personality* in 1954, in which Maslow presents the hierarchy of needs theory, the theory has received growing attention from authors who publish in major professional journals in psychology, education, business and other social sciences. According to Maslow (1970), all human needs can be arranged in a hierarchy of five categories, beginning with physiological needs such as hunger, thirst and sex, and ascending stepwise to the needs of safety, belongingness and love, esteem and self-actualization (Fig. 2.1). An individual normally attempts to satisfy the basic needs first. After the lower-level needs are mostly sated, higher-level needs in the hierarchy emerge as salient and urgent. Human needs usually follow this hierarchical order. However, there are exceptions in which higher level needs may predominate in an individual's mind even when lower level needs have not been met (Maslow, 1970). In terms of degree of fulfilment, each need does not need to be satisfied 100% before the next level of need emerges. In fact, as Maslow wrote, 'A more realistic description of the hierarchy would be in terms of decreasing percentages of satisfaction as we go up the hierarchy of prepotency' (Maslow 1970, p. 54).

Although Maslow's theory originally was developed for clinical psychology, the premise is applicable to other areas, such as industrial and organizational psychology, counselling, marketing and tourism. Pearce (1982) applies Maslow's hierarchy to tourist motivation and behaviour, and analyses 400 cases of travel experiences or incidents provided by some 200 tourists in the USA, Europe, Canada and Australia. Each respondent was asked to write down one positive travel experience and one negative travel experience. The tourist experience data were analysed and coded into five categories in accordance to Maslow's hierarchy of needs. For positive experiences, the percentages of each need satisfied are as follows: physiological (27%), safety (4%), love (33%), self-esteem (1%) and self-actualization (35%) needs. For negative experiences, the percentages of the five categories are physiological (27%), safety (43%), love (17%), self esteem (12%) and self-actualization (1%). Based on this information, Pearce suggests that travel motivation has the properties of an approach-avoidance paradigm. He argues that tourists are attracted to holiday destinations because of the possibility of fulfilling self-actualization, love and belongingness

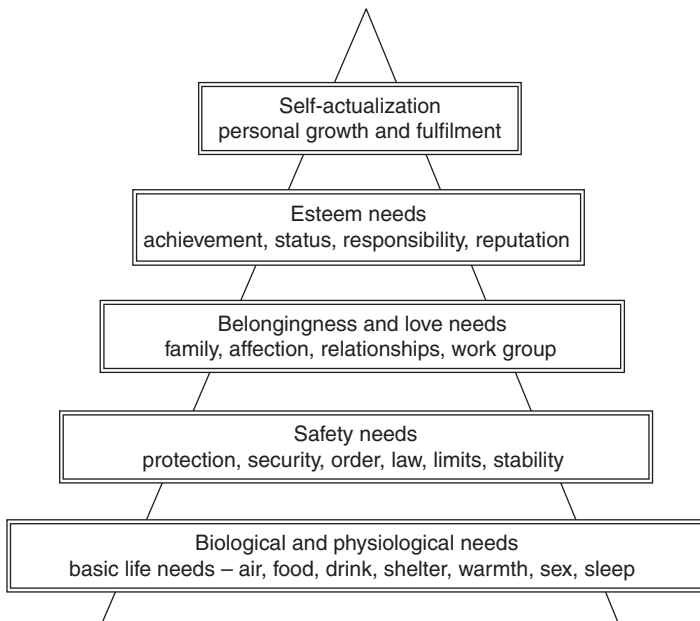


Fig. 2.1. Maslow's hierarchy of needs.

and physiological needs in that order of importance. When considering the avoidance aspect of the motivational paradigm, a concern for safety is the predominant feature, with additional emphasis placed on failure to satisfy physiological, love and belongingness and self-esteem needs.

One reason for the popularity of Maslow's motivation theory is its simplicity. However, this benefit also limits extensive application of the theory. Witt and Wright (1992) criticize the theory for not including important needs such as dominance, abasement, play and aggression, which are more suitable in explaining some tourist behaviours. Maslow (1970) does discuss two other sets of important human needs: the aesthetic need, and the need to know and understand. These needs are less known to people because they were not included in the hierarchical needs model. However, from a tourism standpoint, these needs carry more weight than others beyond the hierarchical needs model. People travel to learn about something new, and to be exposed to objects of beauty. Unfortunately, few tourism studies have applied Maslow's model in relation to these two sets of human needs.

Although Pearce (1982) reports a substantial proportion (27%) of recorded travel experiences is related to physiological needs, an examination of the coding process indicates that the physiological needs selection standard may not represent what Maslow defined. For example, an Australian respondent commented that what she or he enjoyed most in New Guinea was the food. In this case, the expressed attitude probably did not represent a physiological need as defined by Maslow (i.e. the lowest level basic needs). An alternative interpretation of this statement is that the food met certain aesthetic needs or even needs of local cuisine or culinary culture appreciation.

Travel Career Ladder (TCL) and Travel Career Patterns (TCP)

Maslow's hierarchy of needs theory as applied to tourism has been one of the important focal points in travel motivation research. Two conceptual frameworks in understanding travel

motivation – the travel career ladder (TCL) and travel career patterns (TCP) – emerged prominently in this field.

The initial idea behind the TCL (Pearce and Caltabiano 1983; Moscardo and Pearce, 1986; Pearce, 1988) probably can be traced to Pearce's earlier work on tourist behaviour (Pearce, 1982). While dealing with coded data from both positive and negative travel experiences, Pearce (1982) reports that older tourists recalled more incidents involving positive relationships (love and belongingness needs) and self-actualization needs than did younger tourists, who gave proportionally greater emphasis to physiological needs. In addition, those who travel more frequently are more likely to emphasize self-actualization and love and belongingness needs.

Essentially, the TCL model is based upon Maslow's hierarchy of needs and the conceptualization of psychological maturation towards a goal of self-actualization (Ryan, 1998). According to the TCL, travellers' needs or motivations are organized in a hierarchy or ladder, with the relaxation needs being at the lowest level, followed by safety/security needs, relationship needs, self-esteem and development needs in that order, and finally, at the highest level, fulfilment needs (Fig. 2.2). The core idea underlying this conceptual framework is that an individual's travel motivation changes with his/her travel experience. TCL postulates that people have travel careers that change over their lifespan and with accumulated travel experience. As tourists become more experienced, they increasingly seek satisfaction of higher level needs. Many people move systematically through a series of stages, or have predictable travel motivational patterns. Some travellers may predominantly 'ascend' the ladder, while others may remain at a particular level, depending on contingency or limiting factors such as health and financial considerations. Broadly speaking, the TCL proposed that people progress upward through the levels of motivation with accumulated travel experience (Lee and Pearce, 2002).

The TCL is cited frequently in the literature partly because the theory is described fully in Pearce's book *The Ulysses Factor* in 1988. Moreover, as Ryan (1998) notes, the model's applications have moved beyond the pages of

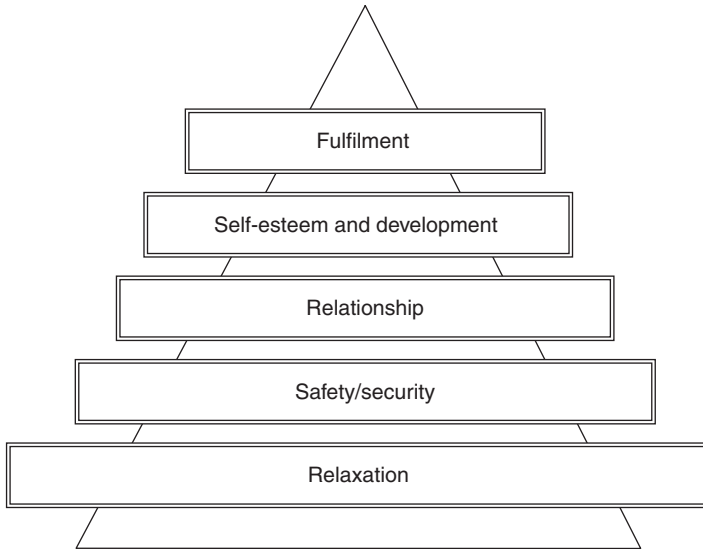


Fig. 2.2. Travel career ladder. Adapted from Ryan (1998).

academic journals to the reports of commercial consulting organizations. However, although TCL is appealing and attention-catching as a conceptual framework, no strong empirical evidence supports the theory's underlying assumptions, not even by Pearce and his colleagues (Ryan, 1998). A case study conducted by Ryan (1998) indicates that little evidence exists to support Pearce's concept. Ryan (1998) argues that, based on past visits to a destination, travellers do not show an increase in the intellectual motivation for travel. Comparing experiences of similar holiday types, the results show a significant reduction in the importance of intellectual needs as a motivation.

Another conceptual framework – the Travel Career Patterns (TCP) – was recently presented by Pearce and his colleagues (Lee and Pearce, 2002, 2003; Pearce, 2005; Pearce and Lee, 2005). Although they call TCP an adjusted version of TCL, the new model is in fact quite different. Lee and Pearce (2002, 2003) test the TCP framework empirically by conducting surveys in both Western (Australia, UK and other Western countries) and Eastern (Korea) cultural contexts. The two studies generate very similar motivational factors. Specifically, in both studies, 14 motivational factors were drawn from 74 motivational items, with

slightly different importance mean ranking orders. In the Korean context, when ranked by mean value, the motivation factors are: (1) *novelty*, (2) *escape/relax*, (3) *self-actualization*, (4) *nature*, (5) *kinship*, (6) *self-enhancement*, (7) *romance*, (8) *kinship-belonging*, (9) *autonomy*, (10) *self-development (host-site involvement)*, (11) *nostalgia*, (12) *stimulation*, (13) *isolation* and (14) *recognition*. When comparing motivational factor scores among various travel career (experience) groups, highly convergent results emerged. Findings show that within the 14 travel motivation factors, respondents at higher travel career levels give more emphasis to externally oriented motivation factors, such as *self-development through host-site involvement* and *seeking nature*. Respondents at lower travel career levels focus more on internally oriented motivation factors, such as *self-enhancement*, *romance*, *kinship (belonging)* and *autonomy*. Other factors did not show a significant difference in mean value between the high and low travel career groups. None the less, based on their importance, these factors can be divided into two clusters. One cluster includes the most important and common motivation factors to all travellers, namely *novelty*, *escape/relax* and *kinship or relationship*, while the other cluster includes motivation factors that were less

important to all respondents, such as *nostalgia, stimulation, isolation and social status*.

From these findings, Lee and Pearce (2003) propose the Travel Career Patterns model and suggest that the TCP approach can be illustrated conceptually as three layers of travel motivation, where each layer consists of different travel motives. The most important common motives (e.g. novelty, escape/relax, enhancing relationships) are embedded in the core layer. The next layer, surrounding the core, includes the moderately important travel motives, which change from inner-oriented travel motives (e.g. self-actualization) to externally oriented motives (e.g. nature and host-site involvement). The outer layer consists of common, relatively stable and less important travel motives (e.g. nostalgia, isolation, social status).

Lee and Pearce (2003) further explain that pleasure travellers at all levels of the travel career pattern are influenced by the most important and central travel motives, such as novelty, escape/relax and relationship, as well as by less important motives, such as isolation, nostalgia and social status. However, as their travel career level develops – in other words, as they grow older, pass through the stages of their lifespan and gain more travel experience – pleasure travellers' moderately important travel motives shift from internally oriented needs, such as self-development, to externally oriented needs, such as experiencing nature and host-site involvement.

Compared to the TCL, the TCP model reveals more meaningful information and explanations concerning tourist motivation. However, the TCP, as a tourist motivation model, is still under development. The question of TCP's validity requires further rigorous tests. Researchers are concerned about the TCP approach. For example, Lee and Pearce (2003) compare the lowest and highest travel career level groups, but disregard comparisons among in-between groups. Nevertheless, studies conducted by Pearce and colleagues (Lee and Pearce, 2002, 2003; Pearce, 2005; Pearce and Lee, 2005) confirm that travel motivation is multidimensional, a concept that has been proposed in many motivation studies (Pyo *et al.*, 1989; Jamrozy and Uysal, 1994; Baloglu and Uysal, 1996; Kim and Lee, 2002).

Push/Pull Factors

Although a universally agreed-upon conceptualization of the tourist motivation construct is still lacking (Fodness, 1994), the push/pull model is accepted by many researchers (Dann, 1977; 1981; Crompton, 1979; Zhang and Lam, 1999; Jang and Cai, 2002; Hsu and Lam, 2003). Push factors are defined as internal motives or forces that cause tourists to seek activities to reduce their needs, while pull factors are destination-generated forces and the knowledge that tourists hold about a destination (Gnoth, 1997). Most push factors are intrinsic motivators, such as the desire for escape, rest and relaxation, prestige, health and fitness, adventure and social interaction. Pull factors emerge due to the attractiveness of a destination, including beaches, recreation facilities and cultural attractions (Uysal and Jurowski, 1994). Traditionally, push factors are considered important in initiating travel desire, while pull factors are considered more decisive in explaining destination choice (Crompton, 1979; Bello and Etzel, 1985).

Crompton (1979) identifies two clusters of motives among pleasure vacationers, namely socio-psychological motives and cultural motives. Nine motives were generated based on an analysis of 39 unstructured interviews. The seven socio-psychological motives are: *escape from a perceived mundane environment, exploration and evaluation of self, relaxation, prestige, regression, enhancement of kinship relationships and facilitation of social interaction*; those classified as cultural motives are *novelty and education*. Although not explicit, Crompton hopes to link these motives to push and pull factors by arguing that push factors for a vacation are socio-psychological motives, while pull factors are cultural motives.

A closer examination reveals that respondents expressed one of the two cultural motives, *novelty*, synonymously with *curiosity, adventure, new and different* (Crompton, 1979). Thus, the issue appears to relate to the labelling of motives. If one substitutes *novelty* with *curiosity*, the motive is more like a push factor. Maslow (1970) discussed *curiosity* (the desire to know and to understand) as one of the human's basic cognitive needs. *Curiosity* appears to be more appropriate as a push factor. Thus, except

for the minor doubt regarding the cultural motive as a pull factor, Crompton's work on identification of the nine travel motives is insightful and an important addition to the travel motivation research.

Similarly, Dann (1977) builds his theory based on two conceptualizations: *anomie* and *ego-enhancement*. By taking a sociological approach to tourist motivation, Dann identifies *anomie* and *ego-enhancement* as two important travel motives. He further argues that both motives are 'push' factors. Dann's sociological background probably influenced the use of the term 'anomie', which is unfamiliar to the layman. Anomie represents the desire to transcend the feeling of isolation obtained in everyday life, where the tourist simply wishes to 'get away from it all'. On the other hand, ego-enhancement derives from the level of personal needs. Just as in the need for social interaction, people wish to be recognized. The need to have one's ego enhanced or boosted is analogous to the desire for a 'bodily tune-up'.

By empirically testing the hypothesis that travel motives to Barbados lay in the two concepts of anomie and ego-enhancement, Dann (1977) distinguishes the characteristics of anomic tourists and ego-enhancement tourists. The anomic tourists are typically young, married, male, above-average socio-economic status, from small towns and rural areas, and repeat visitors. Ego-enhancement tourists represent the opposite end of the spectrum. This group is more likely female, first-time visitors, from lower socio-economic strata and older than anomic tourists.

Dann's work also relates to Maslow's theory, even though he employs a sociological analysis of travel motives. Pearce (1982) notes that Dann's analysis of anomie is an implicit restatement of Maslow's love and belongingness needs, while ego-enhancement can be described by self-esteem need. Although a concentration on anomie and ego-enhancement provides some insight into tourist motivation considering the societal influence on individuals, the analysis uncovers to only a limited extent the complexities of tourist motivation. Although Dann's analysis reinforces two of the motivational concepts in Maslow's hierarchy of needs, Pearce contends the analysis fails to satisfy many of the criteria for an adequate account of travel motivation.

By definition, the push and pull model is a dichotomous approach. Surprisingly, neither Dann (1977) nor Crompton (1979) attend to this essential characteristic. Dann favours 'push' factors, and argues that an examination of 'push' factors is logically, and often temporally, an antecedent to 'pull' factors. Moreover, he argues that the question of 'what makes tourists travel' can only relate to the 'push' factors, as this question is devoid of destination or value content requirements of 'pull' factors. While Dann admits that both the anomie and ego-enhancement concepts stem from 'push' factors, he does not regard the relationship between these two concepts as dichotomous. Instead, he constructs his theoretical framework as a continuum, with anomie and ego-enhancement as the polar coordinates. Crompton also tries to conceptualize a cultural to socio-psychological disequilibrium continuum, and positions the nine motives along the continuum.

However, Dann (1977) and Crompton (1979) adopt different methodological approaches to tourist motivation research. Crompton practises a qualitative method by employing unstructured interviews and content analysis; the research process is inductive, similar to Pearce (1982). In contrast, Dann begins his research process by developing and empirically testing hypotheses, which is a deductive process. Because the two studies generated remarkable results, both approaches are valuable.

The push and pull dichotomy is adopted extensively in tourism research (Yuan and McDonald, 1990; Jamrozy and Uysal, 1994; Turnbull and Uysal, 1995; Zhang and Lam, 1999; You *et al.*, 2000; Hsu and Lam, 2003; Yoon and Uysal, 2005). Using both push and pull factors, Yuan and McDonald (1990) examine the motivations for overseas pleasure travel among tourists from Japan, France, West Germany and the UK. They identify five push factors from 29 motivational items: *novelty*, *escape*, *prestige*, *enhancement of kinship relationships* and *relaxation/hobbies*. Generally, novelty is ranked as the most important motivation factor in the decision-making process of taking overseas vacations. Seven pull factors identified from 53 attraction items are *budget*, *culture and history*, *wilderness*, *ease of travel*, *cosmopolitan environment*, *facilities* and *hunting*. Significant differences are found among travellers from

different countries on the level of importance individuals attached to the push and pull factors.

Jamrozny and Uysal (1994) study travel motivation variations among German travellers. They identify eight push factors and 11 pull factors from 30 motivational push items and 53 pull items, respectively. The push factors are *escape, novelty, family/friends togetherness, sports, adventure and excitement, familiar environment, luxury/doing nothing* and *prestige*. The pull factors are *active sports environment, unique natural environment, safety, sunshine, inexpensiveness, cultural activities, entertainment, sightseeing, local culture, different culture and cuisine and uniqueness of small towns/villages/mountains*. The study identifies five travel groups and relates group characteristics to the push and pull factors. For example, overseas travellers from Germany display variations in push motivations while travelling alone and in friendship groups, in contrast to when travelling as a family, a couple or organized tour groups. Using the same data source but a different subsample, Turnbull and Uysal (1995) examine the interrelationship of push and pull factors of German visitors to the Caribbean, North American and Latin American destinations. This study identifies five push factors labelled as *cultural experiences, escape, re-experiencing family, sports* and *prestige*, and six pull factors labelled as *heritage/culture, city enclave, comfort/relaxation, beach resort, outdoor resources* and *rural area/inexpensiveness*. Differences in the importance of push and pull factors were investigated among the three destination categories using analysis of variance. Results indicate that significant differences exist in *re-experiencing family* as a push factor and *heritage/culture, beach resort, comfort/relaxation* and *rural area/inexpensiveness* as pull factors.

Yoon and Uysal (2005) investigate push and pull motivations in a structural model that integrated satisfaction and destination loyalty. *Safety and fun, escape, knowledge and education* and *achievement* are important push factors, while *cleanness and shopping, reliable weather and safety, different culture and water activities* are important pull factors. In addition to exploring the underlying push and pull dimensions, Yoon and Uysal examine the effects of

push and pull motivations on travel satisfaction and destination loyalty. Pull motivation has a negative effect on travel satisfaction, while push motivation has no significant influence on satisfaction. However, push motivation has a significantly positive effect on destination loyalty.

Although most researchers assume that both push and pull factors are motivation factors, others do not agree with this assumption. Pizam *et al.* (1979) argue that 'pull factors, in many cases, do not play any role in motivation since they are just common sense explanations of a certain touristic activity' and 'they (pull factors) should be eliminated from the study of true tourism motivation' (p. 195). Even those studies that claim pull factors are a motivation list them as destination attributes (e.g. Turnbull and Uysal, 1995; Baloglu and Uysal, 1996; You *et al.*, 2000) and attractions (e.g. Yuan and McDonald, 1990). Some researchers differentiate push and pull factors clearly, and only accept push factors as motivation (Moutinho, 1987; Pyo *et al.*, 1989; Kim and Lee, 2002; Klenosky, 2002; Nicolau and Mas, 2006).

While push and pull factors may correspond to separate stages in travel decision making, they should not be treated as operating entirely independently of each other (Crompton, 1979). People travel because they are pushed by their own internal forces and simultaneously pulled by destination attractions and attributes (Uysal and Jurowski, 1994; Cha *et al.*, 1995). Similarly, Dann (1981) argues that pull factors may respond to and reinforce push factor motivation.

The interrelationship between push and pull factors is investigated in several studies (Pyo *et al.*, 1989; Uysal and Jurowski, 1994; Baloglu and Uysal, 1996; Kim and Lee, 2002; Klenosky, 2002). Pyo *et al.* (1989) and Baloglu and Uysal (1996) employ canonical correlation analysis to examine the relationship between push and pull factors, while Uysal and Jurowski (1994) and Kim and Lee (2002) test push and pull relationships using factor analysis and regression. All these studies suggest a significant relationship between push and pull factors.

Although the majority of studies examining push and pull relationships adopt quantitative

analyses, Klenosky's (2002) study employs a qualitative means–end approach to investigate the push and pull relationship. Based on the assumption that pull factors (destination attributes) serve as a means of explaining travel behaviour to satisfy higher-level personal values, or motivational forces (which can be regarded as push factors), Klenosky applies the means–end approach to interview 53 university students on opinions of their next spring break vacations. Following the means–end research method, interview data were analysed and a hierarchical value map was formulated from the qualitative data. The most salient pull factors identified in the research context are *beaches, historic/cultural attractions, scenic/natural resources, new/unique location, party atmosphere* and *skiing*. Four higher-end push factors traced from these pull factors are *excitement, accomplishment, self-esteem* and *fun and enjoyment*. Interestingly, Klenosky notes that a single pull factor can serve different and possibly multiple ends for travellers. For example, beaches as a destination attribute are found to lead to three different sets of means–end relationships. One set emphasized that a beach directs the consequences of socializing and meeting people, going out with others, and ultimately leads to personal value of seeking fun and enjoyment. The second set disclosed a relational link from beaches to working on one's tan, and in turn a desire to look attractive and healthy. The link finally ends at the value of self-esteem. The third set stressed the link that goes through enjoying nature and the outdoors, to escaping and getting relaxation and rest and ending at accomplishment. The evidence suggests that one pull destination attribute can be driven by multiple motivational forces. Klenosky's study enriches and complements the understanding of push and pull relationships using an alternative research method.

The push–pull concept is adopted widely in travel motivation studies. While most researchers simply employ the concept to classify and identify various motivational forces, some researchers focus on the interrelationship between push and pull factors. The adoption of both push and pull factors as travel motivation is not without controversy. A number of researchers differentiate between the push and pull concepts, and accept push factors as motivational

forces, but they treat pull factors as destination attributes or attractions.

Escaping and Seeking Dimensions

Although the question of whether tourist motivation is scaleable on one or two dimensions is not empirically supported, many researchers seek a continuum construct to explain tourist motivations. Based on their understanding mostly of leisure studies, Mannell and Iso-Ahola (1987) present a two-dimensional tourist motivation model. According to the model, two motivational forces simultaneously influence an individual's leisure or tourist behaviour. In other words, psychological benefits of recreational travel emanate from the interplay between two forces: escape from routine and stressful environments, and seek recreational opportunities for certain psychological rewards. More specifically, Mannell and Iso-Ahola argue that people are motivated to seek leisure or tourist activities in order to both leave behind the personal and/or interpersonal problems of everyday life and obtain personal and/or interpersonal rewards. Personal rewards consist mainly of self-determination, a sense of competence or mastery, challenge, learning, exploration and relaxation; interpersonal rewards are those arising from social interaction. Figure 2.3 illustrates Mannell and Iso-Ahola's theoretical framework.

Mannell and Iso-Ahola (1987) further theorize that tourism should represent more of an escape-oriented rather than a seeking-oriented

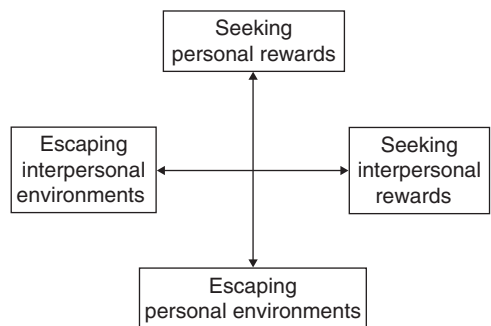


Fig. 2.3. Escaping and seeking dimensions of leisure motivation. Adapted from Mannell and Iso-Ahola (1987).

activity for most people under most circumstances. Escape-motivated vacations imply that people take vacations to avoid their over-stimulating or under-stimulating life situations. Those who escape over-stimulation participate in fewer leisure activities during a vacation and attach less importance to seeking intrinsic rewards than those who escape under-stimulation. Underlying this argument is the psychological concept *optimal arousal*. Optimal arousal is important in understanding travel and tourism motivation. Wahlers and Etzel (1985) find tourists' vacation preferences depend on the difference between their optimal or ideal level of stimulation (a personality trait) and the actual lifestyle stimulation experience. If people experience less stimulation in their lives than they desire, they tend to seek greater novelty and stimulation on a vacation. On the other hand, people experiencing more stimulation than they desire in everyday life prefer a more tranquil vacation.

As mentioned earlier, the escaping/seeking theory is based mainly on Mannell and Iso-Ahola's work on leisure motivation. They adapt the leisure motivation theory to tourism, and assume tourism is one form of leisure activity. While in a broad sense tourism and leisure do overlap, tourism is not synonymous with leisure in many respects. Tourist motivation has novel features, only partly shared by leisure, that are worthy of independent attempts at theory-building (Pearce, 1993). Accordingly, motivation theory derived from leisure studies can explain some tourist behaviours, but other aspects of tourist motivation may not be addressed. For example, people's work and living environment should be examined in order to understand their motivation for vacation. More specifically, focusing on the arousal level of people's daily life and work may yield more valuable information on their travel motivation.

Plog's Allocentrism/ Psychocentrism Model

Based on his work with the airline industry, Plog (1974, 1987, 2001) develops the influential allocentrism/psychocentrism model. In the late 1960s, 16 airline/travel companies gave

Plog the task of answering the questions of why a large percentage of the American population at the time did not fly and what could be done to turn more non-flyers into flyers. After conducting in-depth, one-on-one interviews with non-flyers, Plog (1974) found that those people shared common personality tendencies including: (i) territory boundness – a tendency to have travelled less throughout one's lifetime; (ii) generalized anxieties – a strong feeling of insecurity in daily life; and (iii) a sense of powerlessness – a feeling of little control over fortunes and misfortunes throughout their lifetime. He defines these tendencies as 'psychocentrism', and accordingly terms those non-flyers as psychocentrics. Subsequent investigations on the issue indicate that a tendency towards allocentrism exists on the opposite side of psychocentrism. Allocentric people are venturesome and self-assured. Between the psychocentric and allocentric groups are groups of near-psychocentric, mid-centric and near-allocentric individuals. In nationwide samples, the dimensions of allocentrism and psychocentrism are distributed on a normal curve, with a slight skew towards allocentrism (Fig. 2.4). Recently, Plog (2001) updated his model and re-labelled the term *psychocentrics* with *dependables*, and *allocentrics* with *venturers*. He argues that about 2.5% of the US population can be classified as dependables and slightly over 4.0% as venturers. The remainder fall in between: near-dependables, near-venturers and centrics (the largest group).

Plog's model is cited widely in tourism textbooks (Mathieson and Wall, 1982; Gee *et al.*, 1984; Mill and Morrison, 1985; Murphy, 1985; Pearce, 1987; Gunn, 1988; Goeldner and Ritchie, 2006). The extensive use of Plog's model may be due to the model's ability to explain why tourist destinations rise and fall in popularity. Based on the model, Plog (2001) argues that most destinations follow a predictable but uncontrolled developmental pattern from birth to maturity and then to old age and decline. At each stage, a destination appeals to a different psychographic group of travellers, who determine the destination's character and success. When a destination first develops tourism industry, few support services exist, such as hotels, restaurants and organized sightseeing activities. In the early stage, mass tourists do not arrive; only a few venturers visit. When the

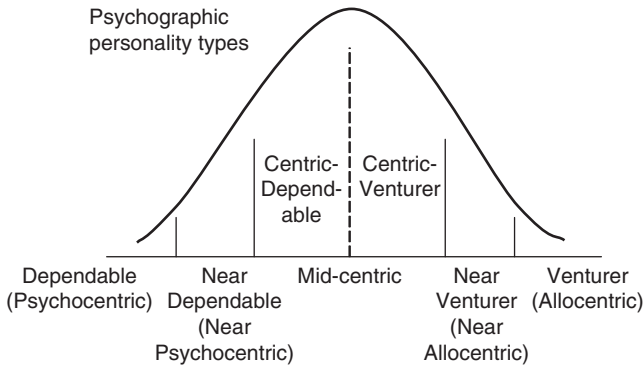


Fig. 2.4. Allocentrism/psychocentrism distribution. Adapted from Plog (2001).

venturers return home, they talk with friends and relatives about the best new spots they have discovered. Among those friends and relatives, the near-venturers, determined by their personality characteristics, visit the intriguing place they had just heard about. As shown in the normal distribution curve, there are far more near-venturers than venturers. When demand increases due to a large volume of near-venturer arrivals, local people become optimistic about the future of tourism and develop hotels, restaurants, shops selling 'native' items and other services.

In turn, when the near-venturers return home satisfied with the destination, they pass the message to their mid-centric friends. As a result, even greater demand is created. However, because the centrics seldom sway the opinions of venturers or near-venturers, they pass their views only to followers (i.e. the near-dependables and dependables). Along with the development, the destination gradually takes on a more touristy look, which is more appealing to dependables but unattractive to venturers. Following this curve, the fact that the popularity of a destination first rises and then declines can be explained.

By presenting the above scenario, Plog (2001) argues that the ideal psychographic positioning for most destinations lies somewhere in the middle of the near-venturer segment. If a destination's planners understand the psychographic curve, they can control tourism development and maintain an ideal market position.

Although generally well known in tourism research (Smith, 1990), Plog's theory imparts little understanding of tourist motivation or predicting of tourist behaviour. Some researchers criticize Plog's theory because tourists travel with different motivations on different occasions (e.g. Andreu *et al.*, 2005). For example, holidaymakers may take a winter skiing break in an allocentric destination; however, they still take their main holiday to a psychocentric destination. McKercher (2005) criticizes the validity of Plog's model by arguing that each tourist drawn to a destination has a unique relationship with the destination and that a destination can be seen to exist at multiple stages along Plog's allocentric/psychocentric continuum simultaneously. Thus, an appropriate approach to label Plog's model may be a form of tourist role and lifestyle typology. However, compared with other forms of tourist typology, Plog's model provides more explanations of tourist motivation.

Methodological and Measurement Issues

Motivation has been a focus of tourism research for several decades. Pearce (1993) argues that while many papers in the leisure and tourism literature deal with motivation, only a few widely adopted theoretical approaches exist. The reason for limited theory development may be that tourist motivation is a complex

psychological construct that lacks widely accepted research methodology and validated measurement. Pearce (1993) raises the issue regarding intellectual ownership of tourist motivation explanations. He argues that explanations of tourist motivation are likely to be tempered by the anticipated biases of observers versus actors, tourism researchers versus tourists and armchair speculators versus quantitatively minded data gatherers. Tourist motivation investigations have long appeared to be skewed mainly towards the researcher side. Thus, mainstream approaches can be labelled as 'researcher-oriented'. Mannell and Iso-Ahola (1987) note that, in the context of leisure studies:

What researchers have done is to present subjects with various reasons and ask them to rate how important each of them is to their leisure participation. Subjects have made these ratings not in relation to a particular leisure experience but as statements about their perceived reasons for leisure participation in general (p. 322).

In studies like these, data are usually analysed with a factor analysis to reduce the items into a smaller number of dimensions or motivation factors. Researchers assume that these derived factors explain most individuals' leisure motivation for most of the time. Such an approach unfortunately ignores the dynamic nature of leisure motivation.

Similar situations are observable in tourist typology research. According to Lowyck *et al.* (1992), one problem with the tourist typologies is that the results largely depend upon what the researcher has imparted to the explanations. While appearing naive and impossible to totally exclude researchers' influences from tourist motivation studies, efforts should none the less be made to reduce bias deriving from researcher subjectivity.

A positivistic or quantitative method is used commonly to first list motivation items found in the literature and then incorporate those items into a questionnaire. After data are collected by mailing questionnaires or through other survey methods, various statistical techniques, such as factor analysis, ANOVA and regression, are adopted to generate the results. The validity of this quantitative approach relies largely on the selection of motivation items for the questionnaire. Researchers can do little

about those motivation factors that genuinely exist in a tourist's mind but are not listed in the questionnaire. Using predetermined sets of items is problematic because there is no way to guarantee that dimensions researchers select are the most important motives of the respondents (Jewell and Crofts, 2001).

An alternative approach to studying tourist motivation is to adopt a qualitative methodology. Most frequently used measures are unstructured or semi-structured interviews in which open-ended questions are asked. Projective techniques, such as association and sentence completion tests, may also be appropriate. Narrative transcripts usually are coded and content analysis conducted before conclusions are reached. At the exploratory stage of tourist motivation research, a qualitative method may be more useful to generate insightful information about what motivates people to travel. Pearce (1982) and Crompton (1979) both start their tourist motivation investigations using qualitative approaches.

Recently, Jewell and Crofts (2001) advocated an under-utilized methodology, known as the Hierarchical Value Map (HVM) technique, to explore the underlying motives and needs of visitors to a heritage site. The HVM method identifies both higher and lower psychological values and their connections via a series of probing questions. In the HVM interview process, subjects are asked multiple questions. After answering each question, they must justify the answers. Based on their justification, follow-up probing questions are posed. This process is repeated until the subjects can no longer justify the previous answer. Interviews usually end by repeated answers of 'it just is' or 'I don't know'. Recorded information is then analysed following a means-end cognitive structure. All subjects' responses are combined into a collective matrix providing a representation of group-level motives. A value structure map is then created, with aggregated value linkages illustrated graphically. The value structure map not only provides information of underlying higher value motives, but also gives information on the ladder structure among various levels of psychological value expressions. Sceptical about the utility of traditional methodologies, Jewell and Crofts turned to the HVM technique, which they believe can lead to a better understanding

of visitors' underlying motives and moreover can reduce researcher bias.

From a method perspective, neither the quantitative nor the qualitative approach is error-proof for tourist motivation studies. Each has advantages and disadvantages. Qualitative motivation researchers may defend themselves by arguing that they base their results on tourists' 'own words' and 'true experience'. However, as Dann (1981) points out, a major problem is that tourists themselves may be unaware of their real reasons for travel. Dann highlights the issue by presenting four statements: (i) tourists may not wish to reflect on real travel motives; (ii) tourists may be unable to reflect on real travel motives; (iii) tourists may not wish to express real travel motives; and (iv) tourists may not be able to express real travel motives.

Because qualitative and quantitative methods can complement each other, it may be more reliable to use both approaches within a given research project. Before undertaking a large-scale questionnaire survey, conducting small-scale, in-depth interviews is advisable. Motivation items or statements derived from in-depth interviews can target tourists' real motivation more precisely than merely compiling a motivation scale from the literature. Lee and Pearce (2002) use this combination of approaches in developing their TCP model. Also, this strategy is used by other researchers to measure tourist motivation. Fodness (1994) develops a 20-item motivation scale by employing both qualitative and quantitative approaches. During the initial stage, he conducts 16 focus-group interviews with a total of 128 individuals across the USA, and generates a list of 65 vacation motivation themes. The 65 themes were rephrased as questionnaire items to collect data from recent leisure travellers via a mail survey. A sample of 402 was deemed usable and further analysed to purify the 65-item scale. A purified set of 20 items was produced representing five distinct dimensions.

Managerial Implications

Travel motivation studies attempt to answer the question 'why people travel' or 'why people visit a particular destination' because the

underlying assumption is that motivation is one of the driving forces of behaviour. Understanding specific tourist motivations and/or the nature of travel motivation can help destination managers and marketers do a better job of product/service planning, marketing communication and visitor attraction and retention.

Travel motivation is a psychological construct which holds a multidimensional underlying structure. People travel to various places to meet different needs. Destination managers should bear this behaviour in mind and develop a variety of tourist attractions and services to cater to these multiple needs. On the other hand, the same tourism product could serve multiple purposes and appeal to different travel motivations if communicated properly. Of course, a good understanding of the particular travel motivations that the product could fulfil is a prerequisite of such communication. Travel motivations identified in previous studies are also destination- and context-specific. Individuals may hold different sets of motivations when travelling to different destinations, for different occasions, and with different companions. Thus, duplicating successful management or marketing practices from other destinations that have different attributes may not be a wise move.

Individuals' travel motivations are influenced by their culture, background and previous experience. Many studies successfully use motivation as a market segmentation criterion. Without a clear understanding of the characteristics of the target markets and their travel motivations to a particular destination, marketing efforts are less effective because only products and services that provide the benefits visitors seek can induce desirable tourist behaviours. Of the motivational forces, pull factors are destination attributes, which are under a great deal of control of the destinations. Thus, destination managers could plan and develop these pull factors to their benefits to raise travellers' motivation to visit the destination.

Because travel motivations probably are destination-specific, each destination or group of similar destinations, needs to investigate its current and/or potential markets' travel motivation. Previous studies indicate that a combination of qualitative and quantitative methods is the preferred research approach to enhance

the validity of the research outcome. In addition, tourist motivation studies should be conducted on a regular basis because individuals' motivations may change over time as they mature, accumulate more travel experience and change along with the social and cultural

evolution. Travel motivation is an important and fascinating topic for both researchers and practitioners. More research attention should be devoted to this issue to further advance the understanding of traveller motivation implications for tourism management.

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3 Culture's Consequences on Experiencing International Tourism Services and Products

Quantitative and Qualitative Fuzzy-set Testing of an Integrative Theory of National Culture Applied to the Consumption Behaviours of Asian, European and North American Consumers

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Synopsis

This chapter expands upon Terry Clark's (1990) integrative theory proposal for international marketing and national culture. A theory of direct and indirect influences of national and micro-cultures on buying behaviour is tested empirically for one focal brand: the buying of consumer services and products by overseas tourists visiting Australia. The empirical study employs a research design that controls several potential confounding variables that may affect the reported measures of the dependent variables. The empirical report includes findings from face-to-face interviews of travellers from 14 Asian, European and North American countries ($n = 3651$ usable surveys); the surveys were conducted in six different languages: English, German, Indonesian/Malay, Japanese, Korean and Mandarin. Data analysis includes applying a quasi-experimental design that tests the study's central hypothesis: the theoretically predicted impacts of dimensions of national culture occur for aspects of overseas visitors' behaviours related to their holiday trips to Australia. The study supports core tenants of the integrative theory (i.e. a specific phenomenon in the buying process occurs substantially more (less) often for unique dimensions of national culture. The study supports the propositions that: (i) single and complex cultural causal expressions affect international travel behaviour; and (ii) cultural distance indexes are useful for explaining international travel behaviour.

Keywords: individualism/collectivism, uncertainty avoidance, power distance, masculinity, tourism, cultural distance, fuzzy-set, social science.

Introduction

Rhoads (2002) summarizes different sets of culturally based behaviours in North America and Europe. Today, the average German worker puts in about 1400 h a year – a 17%

decrease from 1980. Americans meanwhile work the same number of hours they did in 1980, about 1800. The differing work habits on the two continents stem in part from a choice of how to use the gains from prosperity. Europeans opt for more free time and travel;

Americans for more money and product consumption. From the perspective of many Europeans, the hard-working Americans have the wrong priorities, at a heavy price to society (e.g. less time with family, less social cohesion, higher crime). On the other hand, in the USA, economic growth, a common measure of living standard, grew at twice the rate of Europe's largest economies in the 1990s. Jobs are going to places other than Western Europe – the rate of new jobs generated in the USA was five times greater compared to EU nations since 1970.

To examine scientifically whether observed behavioural differences associate with deep-seated differences in national cultures, this chapter examines cultural differences in leisure travel behaviour, controlling for informants' ages, prior consumption, trip motive and other factors as much as possible. The analyses include both conventional quantitative approach for studying the impact of national culture on consumer behaviour (e.g. tipping behaviour correlation analysis, see Lynn *et al.*, 1993) as well as qualitative comparative analysis (QCA, see Ragin, 1987, 2000). QCA is a diversity-oriented approach that applies 'configurational thinking' (Ragin, 2000, p. 119) in grouping cases of data in permitting maximum causal complexity in social processes – QCA embraces the possibility that no single causal condition may be either necessary or sufficient for an outcome.

Earlier scholarly work in marketing by Bass *et al.* (1968) and Kuehn (1963) foreruns QCA's development in sociology by Ragin (1987, 1997, 2000). Bass *et al.* (1968) note regression assumption violations (e.g. lack of linearity and non-continuous observations) in several market segmentation studies result in misleading conclusions. Kuehn (1963) argues that simple cross-classification (including the possibility of nested classifications) analysis reveals more than discriminant analysis. In the social sciences literature, Ragin (2000) applies Boolean algebra-based methods useful for analysing complex conjunctural expressions of antecedent conditions. This technique advances research methods by moving away from the linearity assumption relevant for regression/ANOVA methods. QCA achieves both generality and complexity by studying conjunctive paths via combining various binary and fuzzy-set conditions across

several variables. The results lead to a specific outcome that researchers identify as a dependent variable.

This chapter first looks briefly at Clark's (1990) integrative theory of international marketing and national culture. Clark (1990, p. 72) proposes a culture-centred empirical approach, whereby researchers "let the data speak" within prescribed limits, . . . seems to offer the best possibility for theoretical rigour coupled with empirical discipline' to examine national culture influences in marketing and consumer behaviour. The following general hypothesis summarizes Clark's theoretical-empirical proposal. Behaviour or phenomenon Z occurs (does not occur) in nations in which personality modes A and B predominate (do not predominate) (adapted from Clark, 1990, p. 71). Clark (1990) applies Peabody's (1985) theoretical work to Richardson's (1956) cross-cultural study of operating American and British merchant vessels. While some theoretical-empirical advances have occurred since Clark's (1990) proposal (e.g. Lynn *et al.*, 1993; Lonner and Adamopoulos, 1997; Steenkamp *et al.*, 1999; ter Hofstede *et al.*, 1999; Money and Crotts, 2003; Crotts, 2004; Litvin *et al.*, 2004), a rigorous, theory-based examination of the effects of multiple national cultures across a very similar set of behaviours (e.g. Peabody, 1985) is unavailable.

This chapter's primary focus is to advance Clark's (1990) proposal by offering a 14-nation study that is theoretically driven, conventional quantitative and qualitative comparative analyses across four core dimensions of national culture. Also, this chapter empirically tests behaviour Z hypotheses from a comparative theory-based paradigm. Comparative method explains behaviour 'conjuncturally' (see Ragin, 1994, p. x). Outcomes are analysed in terms of conditions' intersections, typically more than one combination of conditions producing a certain outcome. The comparative method applies when examining a set of observed levels for each case holistically rather than examining variables across cases in probabilistic terms (i.e. empirical positivistic testing is not applied usually when using the comparative method). However, the research methods in this chapter include both the comparative method and statistical hypotheses testing.

The empirical study focuses on the consumer purchase/consumption process of completing overnight leisure visits to Australia. The fact that the field study examines the same core behaviour over the same time period reduces possible confounding effects, such as differences due to trip destination, general purpose of the behaviour and seasonal influences. The findings section includes tests of additional, possible, confounding influences (see Cook and Campbell, 1979), such as micro-culture (e.g. based on age) influence, prior visit experience and more specific motives triggering the visit (i.e. holiday trip primarily to visit friends/relatives versus holiday trip without including visiting friends/relatives). The field study results support the integrated theory's central tenants informed by Clark's proposal before and after testing for possible confounding effects. For example, the findings support the hypothesis that consumers from nations very high in autonomy (individualistic societies such as Europe, Canada and the USA) have longer visits on average in Australia than consumers from nations low in autonomy (e.g. collective societies – most Asian nations). A compelling explanation for this finding is nations high in collectivism expect a continual presence of individuals in their societies and value expatriate experiences less than nations high in autonomy. The findings do not support either the youth micro-culture influence hypothesis or the micro-by-macro-culture interaction hypothesis (e.g. the interaction hypothesis that the impacts of dimensions of national culture are lower among young compared to older people possibly because world markets are becoming more homogeneous).

This chapter makes two important contributions to the marketing, consumer research and travel leisure literatures. First, the chapter supports Clark's (1990) proposal for an integrative theory of national culture impacts related to consumer behaviour. Second, the chapter empirically tests several core hypotheses of an integrative theory using a large field survey. Both quantitative regression and qualitative comparative analysis are applied on the same data.

Defining National Culture

Culture reflects 'general tendencies of persistent preference for particular states of affairs

over others, persistent preferences for specific social processes over others, and general rules for selective attention, interpretation of environmental cues, and responses' (Tse *et al.*, 1988). Culture is the collective programming of the mind that distinguishes members of one society from another – the accumulation of shared meaning, rituals, norms and traditions among members of a society (Solomon, 1996). Culture is a product of actions that includes conditioning elements of future action (Kroeber and Kluckhohn, 1952). This definition is somewhat broader than Clark's (1990, p. 70) statement, 'the working definition of national character speaks of enduring personality characteristics among the populations of particular states'. Consequently, while the two terms may be used interchangeably with clarity, national culture is a broader conceptualization than embraces national character. National culture includes a dominant value system, personality, social relationships and public and private behaviours of a country's population. The following observations about national character apply as well to national culture

Common sense requires rejection of the notion that traits are monolithically persuasive in all individuals in any nation. Rather, theory suggests a *model* distribution of traits or a pattern of tendencies in each nation. (Italics original in Clark, 1990, p. 70.)

A substantial body of empirical work supports a core tenant of national culture research: systematic variation across countries exists on the national-cultural level. For example, Hofstede (1980) reports even less culturally integrated countries (e.g. different ethnic and/or linguistic groups) have important cultural commonalities compared to other countries' populations. Smith and Schwartz (1997, p. 112) report considerably larger cultural differences between nations dwarf the cultural differences among samples from three regions in China, three in Japan and five in the USA. Schwartz and Ros (1995) report a sample of 13 countries shows that national differences account for about three times more variance than any within-national variable examined, such as gender, education, age and marital status. However, after reviewing the above studies, Steenkamp (2001, p. 38) still emphasizes, 'The mutual influences of micro cultures and

national culture . . . need more attention.' This chapter illustrates useful methods of attending to this issue.

Triandis (1989) proposes that a country's culture is a powerful force shaping people's perceptions, dispositions and behaviours due to strong forces towards integration in nations. These forces include a single dominant language, history, educational system, political and legal system, and shared mass media, market, services and national symbols (e.g. flags, sports teams). Hofstede (1980, 2001) identifies four (later, five) core dimensions of national culture that may influence consumer predispositions (i.e. unconscious thinking, see Bargh, 1989, or 'mental programming', see Hofstede, 2001), strategic thinking/deciding processes and behaviours: individualism/collectivism, uncertainty avoidance, masculinity/femininity, power distance (and a fifth, the Confucian dynamic of long-term versus short-term orientation). Schwartz (1994, 1997) proposes three dimensions of universal human values (conservatism versus autonomy, hierarchy versus egalitarianism and mastery versus harmony).

Despite a conceptual and empirical development in national culture literature, the delimitation of culture to the nation-state, and the deconstruction of culture to three or four universal value dimensions raise several concerns. First, researchers are fully aware that multiple levels of cultures exist. This view clearly shows that culture and country do not imply the same concepts:

Culture can be conceptualized at different levels, including the national level (Dawar and Parker, 1994). Thus, studying the effects of national culture requires that there exist some meaningful degree of within-country commonality and between-country differences in national cultures (Dawar and Parker, 1994). Conceptual (Hofstede, 1991; 2001; Schwartz, 1994) and empirical (Hofstede, 1980, Smith and Schwartz, 1997) evidence indicates that this is indeed the case (Steenkamp *et al.*, 1999, p. 56).

Second, most people belong to multiple culture levels at the same time. These multiple memberships complicate the identification and understanding of national-cultural influence on consumer behaviours. Stereotyping is

a common means to categorizing information and to bring order to our environments (e.g. Fiske, 1993; Barna, 1994). A study of national cultures should recognize this overall limitation on the capacity to generalize the results and findings, as well as possibly criticism for ethnocentrism or discrimination (Peabody, 1985; Clark, 1990; Barna, 1994). This chapter contributes knowledge enhancement in national culture through exploring micro-cultural impact on national culture, and the possible moderating role of micro-culture on national culture influences on international consumer behaviours.

Lastly, overemphasizing universal or dominant national-cultural dimensions (e.g. Hofstede, 1980, 1991; Schwartz, 1994, 1997) may result in both oversimplification of culture's complex or multifaceted nature and support ignorance of variant values across nations. Despite these limitations, universally valid dimensions of national culture likely will play a substantial role in advancing theoretical rigour in cross-national research.

Values represent central goals that relate to all aspects of attitudes and behaviours (Schwartz and Bilsky, 1987). Values both transcend specific actions and situations, and serve as standards to guide the selection or evaluation of behaviour, people and events (Smith and Schwartz, 1997). The two major virtues of the concept of value – relative abstraction and generality – reflect the key feature of national culture/character-mental programming (Hofstede, 1980, 1991) and enduring personality (Clark, 1990).

Also, valid frameworks delineating dimensions of national cultural variations are crucial in creating an ontological framework. Such a framework can integrate diverse attitudinal and behavioural phenomena and provide a basis for developing hypotheses explaining systematic variation between cultures in attitudes and behaviours (Smith *et al.*, 1996). These frameworks are necessary to develop and to test cross-cultural generalizations beyond exploratory, qualitative comparisons, which are difficult to validate or replicate (Steenkamp, 2001). Additionally, national cultural dimensions show a significant relevance on cross-national consumer behaviours (e.g. Lynn *et al.*, 1993; Dawar and Parker, 1994; Pizam and Sussmann, 1995; Roth, 1995; Steenkamp *et al.*, 1999).

National Culture Theoretical Frameworks

Relevant literature pays substantial attention to developing universally occurring national cultural frameworks (see Hall, 1976; Hofstede, 1991, 2001; Schwartz, 1994, 1997). Although unified dimensions have not been reached in the literature, converging domains of national culture are examined by both conceptual (e.g. Kluckhohn and Strodtbeck, 1961; Inkeles and Levinson, 1969; Schwartz, 1994, 1997) and empirical approaches (Hofstede, 1980, 1991, 2001; Peabody, 1985; Schwartz, 1994, 1997). Table 3.1 summarizes taxonomies of national culture dimensions, based on the domain similarity.

Hofstede (1980, 1991, 2001) and Schwartz (1994, 1997) provide two rigorous comprehensive frameworks used frequently in cross-national theories and empirical research. Fernandez *et al.* (1997, pp. 43–44) emphasize that Hofstede's framework is a 'watershed conceptual foundation for many subsequent cross-national research endeavors'. Sivakumar and Nakata (2001) report 1101 citations of Hofstede's work during 1987–1997.

Hofstede's framework receives criticism due to lack of correspondence between measurement items and conceptual definitions of cultural dimensions. In comparison, Schwartz's framework provides a close match between the national-cultural domains and their strong theoretical foundations (Kagitçibasi, 1997; Steenkamp, 2001).

Hofstede bases his first four dimensions of national culture on the combination of empirical and eclectic analyses. However, Clark (1990) notes Hofstede's (1990, 1991) core four dimensions show considerable similarities with other studies, especially Inkeles and Levinson's (1969) theory driven dimensions (see Table 3.1). Hofstede's dimensions are based on the country-level approach. On the other hand, Schwartz's dimensions are the derivation of the cultural domains/dimensions, and subsequent possibilities of limited conceptual contrast at the country-level (Kagitçibasi, 1997; Steenkamp, 2001).

Regarding sampling issues, Hofstede provides indexes and rankings for the four dimensions of national culture, based on the matched samples of 117,000 IBM employees in 50

different nations (Hofstede, 1980, 1991). IBM employees are not representative of the various countries' populations. The employees studied were from the countries' middle class rather than a mix of upper or lower classes. To avoid this sampling problem, the focus in the chapter is on differences between countries rather than absolute scores.

Hofstede's sample is good for this purpose because the respondents from different countries were well matched on variables such as corporate culture, occupation, education, sex, and age; their only systematic differences were in nationality. Moreover, the validity of these data is attested by the fact that they are significantly related to a variety of other theoretically relevant, country-level data (see Hofstede, 1980, for a review)

(Lynn *et al.*, 1993, p. 482).

Another concern regarding Hofstede's framework is that the data collection took place in 1967–1973. Are country scores and indexes stable over time? Hoppe's (1990) country update in 1984 finds reasonable stability (correlation varying between 0.56 and 0.69) in Hofstede's country scores and indexes. This value system stability suggests that Hofstede's ordering of nations was not determined by the IBM sample. Furthermore, Hofstede's four cultural dimensions are accepted widely. The dimensions are used by many marketing researchers to compare countries (see Lynn *et al.*, 1993; Dawar and Parker, 1994; Pizam and Sussmann, 1995; Roth, 1995; Nakata and Sivakumar, 1996; Iverson, 1997; Steenkamp *et al.*, 1999; Money and Crotts, 2003).

The chapter's conceptual framework is based on Hofstede's four dimensions. Kagitçibasi (1997, p. 11) notes, 'Hofstede's framework is still the most comprehensive comparative study in terms of both the range of countries and the number of respondents involved.' More importantly, Hofstede's four dimensions are well suited for the development of integrative theory for international consumer behaviour research. The dimensions parallel traditional concerns in explaining consumer behaviour (see Clark, 1990, p. 73). Additionally, the usefulness of the Hofstede's framework in international marketing is well established, whereas Schwartz's framework is not applied widely.

Consequently, using the qualitative comparative analysis (QCA, i.e. data reduction that

Table 3.1. Dimensions of national culture.

Domains	Inkeles and Levinson (1969)	Hofstede (1980, 1991)	Bond (1988)	Schwartz (1994, 1997)	Kluckhohn and Strodtbeck (1961)	Trompenaars and Hampden-Turner (1997)
Relation between self, others and external environment	Self conception	Individualism/collectivism Masculinity/femininity	Integration Human-heartedness	Autonomy/conservatism Mastery/harmony	Relational orientation Human nature orientation (good/evil) Relation to environment	Universalism/particularism Collectivism/individualism Specific/diffuse involvement Emotional/neutral Achievement/ascription
Relation to authority	Relation to authority	Power distance	Moral discipline	Egalitarianism/hierarchy	Activity orientation (doing/being)	External and internal control (locus of control)
Relation to risk and uncertainty	Primary dilemmas or conflicts	Uncertainty avoidance				
Relation to time orientation		Confucian dynamism (short- versus long-term orientation)	Confucian dynamism (Short-/long-term orientation)		Time orientation	Past/present/future orientation

relies on Boolean algebra) the present report probes both national and micro cultural influences associated with specific consumption behaviours. For example, this chapter's empirical study confirms the theoretical view that national culture systematically influences international visitor search for information, length of stay and expenditure levels after controlling for prior destination experience (first versus repeat consumers), the primary motivation for the trip (purely holiday versus visiting friends and relatives (VFR)) and age (the micro-cultures of youth versus senior consumers). More specifically, overnight visitors from collective- versus individual-oriented societies may be expected to stay fewer nights whether or not the trip is motivated by purely holiday or VFR travel, a first or repeat visit or the traveller is under 30 or over 50 years old.

QCA principles focus on configurational thinking to examine diversity in causal combinations (e.g. the presence versus absence of characteristics) in a crisp or fuzzy-set perspective of a given case (e.g. Japan), or the degree of characteristic presence within the combination of characteristics from a fuzzy-set perspective.

QCA confronts the claim that because no single cause is either necessary or sufficient in the study of social phenomena, necessity and sufficiency have no place in social research. QCA advocates the study of causation from a conjunctural perspective (Ragin, 2000, p. 119). The QCA conjunctural perspective offers a way of seeing the combined influences of several national culture and micro-cultural dimensions unique from variable-oriented measurement of main and interaction effects. For example, the QCA perspective does not support Lynn *et al.*'s (1993) conclusion that Japan's national culture represents a statistical outlier in tipping behaviour with the more complex view that Japan is one of several national cultures represented by the combination of measuring *not high in masculinity* along with being low in the combination of individualism, power distance and uncertainty avoidance. This chapter's findings include and contrast both the conventional variable-oriented perspective (linear algebra) and a QCA perspective (Boolean algebra).

The relationship between the micro cultural influence of age and trip motive are examined. Even though a consistent age main effect is found, both youth and older travellers from Japan have

similar brief lengths-of-stays in Australia in comparison to American or German visitors' longer length-of-stays. While primary trip motivation, age and prior destination experience have significant main effects on behaviours such as length of stay, controlling for these variables does not eliminate the influence of cultural expressions on international consumer behaviour outcomes.

Conceptual Model of National and Micro-cultural Influences on Buying International Consumer Services and Products

Four dimensions of national culture and consumption behaviour

This study hypothesizes that Hofstede's (1980) four dimensions of national culture have substantial direct and indirect influences on international consumer behaviour relating to discretionary leisure travel to Australia. Figure 3.1 serves as a conceptual framework for the study and includes a macro summary of the direct (shown by arrows labelled 1 and 2) and indirect influences (arrow 9) of four dimensions of national culture. The following main effects for national culture are hypothesized to be substantial only for first-time visitors to Australia on a holiday-only trip – not visiting friends and/or relatives (VFR). For clarification of terms, 'holiday' refers to leisure travel that includes travelling during national holiday periods and all other vacation periods. The survey instrument includes both 'holiday/vacation' to avoid possible confusion between the British and American use of 'holiday'.

Repeat and VFR consumption behaviours probably reduce the impact of national culture on consumption plans and behaviours – arrows 3 and 4 in Fig. 3.1 serve to indicate these hypotheses. (The focus here is on examining relationships summarized by arrows 1–8; arrow 9 in Fig. 3.1 is included for completeness but these relationships are beyond the scope of the present report.)

Individualism/collectivism

Individualism/collectivism (IC) pertains to the degree to which people in a country prefer to act as individuals rather than as members of a group. In collectivist countries, close-knit social

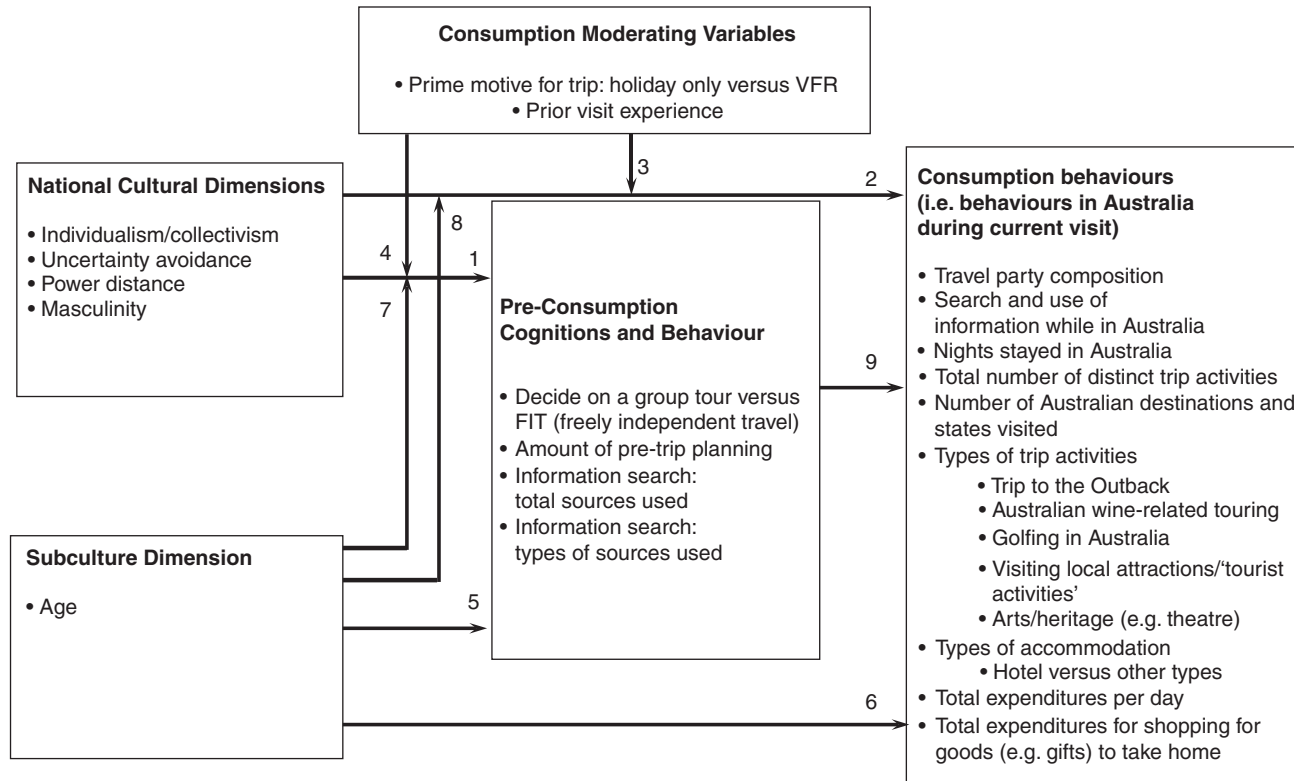


Fig. 3.1. Summary theoretical framework specifying macro hypotheses.

structures form, whereby people expect their group to care for them in exchange for unwavering loyalty. In individualistic societies, the social fabric and group norms are much looser; people tend not to follow social norms, but rather make decisions and initiate behaviours independently of others (Roth, 1995). Triandis (1989, p. 60) declares IC as 'perhaps the most important dimension of cultural difference in social behavior across diverse cultures of the world'. While IC may be worthy of independent examination, the dimension has been found to relate with other dimensions of national culture (e.g. $r = -0.67$, $p < 0.05$, with power distance, for a review see Kagitçibasi, 1997). Thus, given the limited number of nation states in the world, locating countries in all theoretically possible, high–low combinations is unfeasible. However, considering all possible combinations is useful for both theory and empirical work because each combination of high–low levels of attributes is a specific location in theoretical 'property space' (Lazarsfeld, 1937); each of these locations, in turn, may constitute a different type.

If a relatively small number of combinations exists empirically, then the researcher can reduce a multidimensional property space in a handful of categories. Lazarsfeld (1937, pp. 127–128) calls this simplification a *functional reduction*. The idea of functional reduction is echoed in Arthur Stinchcombe's remarks on typologies. He states that a 'typology is a statement that a large number of variables have only a small number of combinations of values which actually occur, with all other combinations being rare or nonexistent. This result is a radical improvement in social scientific theory' (Stinchcombe, 1968, p. 47; see Ragin, 2000, p. 79).

Applying the main tenants of IC leads to several micro hypotheses.

H_{1a}: Deciding to visit via an organized group tour occurs less frequently among people from nations high in individualism; contracting travel/visit arrangements using a group tour is more popular among people from nations high in collectivism. Group touring is one means of maintaining social approval within one's own primary group (i.e. the group decided and made the trip). Group touring may trigger reactance as a violation of personal freedom among people from individualistic nations (Bem, 1970).

H_{1b}: Pre-trip information search using impersonal, commercial sources is higher among consumers from nations high in individualism; however, pre-trip information search using personal, non-commercial sources is higher among consumers from nations high in collectivism; the number of different external information sources used is greater in nations high versus low in collectivism. In individualistic societies, people tend to make decisions and initiate behaviours independently of others; seeking help and approval in making decisions is part of the social fabric of collectivist, but less so of individualistic, nations.

H_{1c}: The composition of the immediate travel party more frequently includes two or more persons among people from nations high in collectivism and more frequently one person among people from nations high in individualism. Gaining social approval for the trip may be realized by bringing additional family members and friends on the trip and such approval probably is valued higher in nations high in collectivism versus individualism.

H_{1d}: The time away from a consumer's home nation is less among visitors from countries characterized by high collectivism versus countries characterized by high individualism. Since loyalty to close-knit groups requires frequent presence in the relevant groups, lengthy overseas travel experiences are valued less in nations high in collectivism.

H_{1e}: Greater shares of visitors from nations high in collectivism shop for products to take home and their total expenditures for goods to take home are greater compared to visitors from nations high in individualism. Gift-giving to primary group members remaining at home is one way to maintain/gain social approval, a need more likely activated among people from nations high in collectivism but not high in individualism.

Uncertainty avoidance

Uncertainty avoidance (UA) refers to the degree to which a society feels threatened by uncertain, risky, ambiguous or undefined situations and the extent to which a culture tries to avoid such situations by adopting strict codes of behaviour. In high uncertainty avoidance countries, a feeling of 'what is different is dangerous' prevails (Hofstede, 1991, p. 119). Conversely, in low

uncertainty avoidance societies, the dominant feeling about the unknown probably is 'what is different is curious' and worth exploring (Hofstede, 1991, p. 119). Consequently, this study examines the following specific hypotheses:

H_{2a}: Deciding on visiting via an organized group tour occurs less frequently among people from nations low in UA; contracting travel/visit using a group tour is more popular among people from nations high in UA. Group touring reduces unforeseen risks (e.g. physical and psychological). A pre-planned trip itinerary to and on-sight guidance by professional organizations (i.e. tour operators and travel agents) greatly reduces uncertainty.

H_{2b}: The amount of pre-trip planning is higher among visitors from high UA nations. Trip planning behaviour reduces discomfort or risks with upcoming leisure travel.

H_{2c}: The average number of information sources searched is higher among visitors from nations high in UA compared to nations low in UA.

H_{2d}: Search and use of tourism information during visits are more frequent among visitors from high UA versus low UA.

H_{2e}: Visitors from nations low in UA visit more places, including more often visiting places infrequently visited (e.g. the Australian Outback) compared to visitors from nations high in UA. Experiencing places where comparatively few people have been is highly valued by people from nations low in UA. On the other hand, avoiding experientially unknown, and possibly dangerous, places is highly desired by people from nations high in UA.

H_{2f}: The frequency of hotel accommodations versus campgrounds, motels and other types of accommodations is higher among visitors from high versus low UA nations. Experiencing professional services during a leisure trip increases security and comfort at a holiday destination.

Power distance

Power distance (PD) is the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally. Among other things, high PD reflects acceptance of hierarchical power structures, a perception of differences between superior and subordinate and a belief that power holders are

entitled to privileges; low PD reflects the opposite mental programming toward power (see Hofstede, 2001). Using Hofstede's PD index ratings for a 30-country consumer research study on customer monetary tipping behaviour, Lynn *et al.* (1993) find PD relates positively to tipping across 33 service professions and is supported empirically ($r = 0.40$, $p < 0.03$, $n = 30$ including Japan, and $r = 0.46$ excluding Japan as an outlier). Extending these findings to leisure touring behaviour leads to the following hypotheses.

H_{3a}: Shorter visits are more prevalent in countries high versus low in PD. Occupying a status rank in a hierarchical power structure requires frequent physical presence to affirm such distance. When societal ties are weaker (e.g. countries low in PD), longer trips are more acceptable.

H_{3b}: Participating in shopping behaviour and total expenditures on shopping are higher among visitors from countries high versus low in PD. Gift buying, a behaviour included in shopping, is more highly valued in high versus low in PD countries because gift giving/receiving helps to acknowledge/reinforce hierarchical status/power positions – a consequence valued highly in nations high versus low in PD.

H_{3c}: Visiting well-known local attractions, engaging in organized tourist activities (e.g. guided tours, wine-country tours) and golfing during the visit occur more frequently among visitors from high versus low PD nations. These behaviours enable visitors from high PD countries to share their experiences with others. Involvement in well-known, unique and valued destination-linked activities serves to reinforce a high status ranking. For example, golf outings to uniquely experienced, overseas golf courses enhance a golfer's status during discussions with fellow golfers back home.

H_{3d}: The frequency of hotel accommodations versus campgrounds, motels and other types of accommodations is higher among visitors from high versus low PD nations. Experiencing professional services during a leisure trip, such as hotel services, serves to demonstrate status ranking – a consequence valued higher among visitors from high versus low PD.

Masculinity

Masculinity (M) is the extent that the dominant values in society are 'masculine' (i.e. assertiveness,

the acquisition of money and things, and not caring for others, the quality of life or people). High scores on Hofstede's M index associate with male dominance, and an emphasis on achievement, independence and money. Low scores associate with fluid sex roles, equality between the sexes and an emphasis on service, interdependence and people. With the exclusion of Japan as a statistical outlier in their analysis, Lynn *et al.* (1993) report a positive association between service tipping behaviour and M ($r = 0.47$, $p < 0.02$). Several leisure travel activities likely reflect the traits that characterize M.

H_{4a}: Use of external information sources (versus unaided judgments) in planning the trip is less frequent among visitors from high versus low M nations. Independence is exhibited to oneself and others by not relying on information from external sources. Personal independence is valued highly in high versus low M nations.

H_{4b}: Travel party size is smaller among visitors from nations high versus low in M. Small group size means less caring for others (e.g. such as with friends and family members).

H_{4c}: Total number of leisure activities and destinations/states visited is less among visitors from nations high versus low in M. Materialism may be negatively associated with engaging leisure activities because destinations and states visited during overseas leisure travel are experiential and intangible.

H_{4d}: Engaging in active outdoors and sports activities occurs more frequently among visitors from high versus low M nations. These activities demonstrate personal achievements (e.g. white water rafting, scuba diving) that are valued highly by visitors from high versus low M nations.

Two behavioural moderating variables: VFR travel and repeat visitation

Figure 3.1 illustrates (arrows 3 and 4) two trip-related variables moderating the influence of national culture on overseas, leisure-travel consumption behaviours: VFR travel and repeat visitation. Both variables probably weaken the influences of national cultural dimensions on consumption plans and behaviours. Visitors travelling primarily to visit friends and relatives

probably receive suggestions on what to do and not do, and places and events to avoid, and often free accommodations during their visits. This local guidance reduces the impact of national culture on visitors. Consequently, (H_{5a}) the effective sizes of hypothesized associations among national cultural dimensions and leisure trip behaviours are lower for VFR than for holiday-only trips among first-time visitors.

Because prior visits serve to acculturate visitors to socially acceptable and unacceptable behaviour, the influence of national cultural dimensions on consumption behaviours should be less detectable among repeat versus first-time visitors. Consequently, (H_{5b}) states associations among national cultural dimensions and leisure trip behaviours are reduced for repeat versus first-time holiday-only travellers.

The direct and moderating influences of the youth and senior micro cultures

Often, marketing strategists view older consumers (e.g. over-50s) as consumers set in their ways and a market segment best to ignore. However, the share of older consumers in developed nations has grown from 12% in 1950 to over 20% in 2002 (*Economist*, 2002). In developed nations, the over-50s own three-quarters of all financial assets and account for one-half of all discretionary spending power. 'Free time and [good] health, combined with relative financial comfort and a greater readiness for self-indulgence, are creating a mature market eager to consume and explore' (*Economist*, 2002). Which view is more accurate among older consumers who do some exploring (e.g. overseas travelling)? Do consumption behaviours among older consumers reflect national culture theory-based predictions more or less closely than younger and middle-aged consumers?

'[A]s consumers move through their life cycle, they undergo predictable changes in values, lifestyles, and consumption patterns' (Mowen and Minor, 1998) complements the view that youth is a time of exploration and to rebel against the views and behaviours of parents (scenes from the movie *Rebel Without a Cause* may come to mind here). At a later stage in life, do people become their parents in the way they see things and behave? Are members of older

versus younger generations more likely to match behaviour patterns theoretically predicted from their respective national cultures? If age is an important influence of national culture on overseas leisure travel behaviour, then the differences among young travellers from nations varying in their national cultures may be smaller than differences among older travellers.

H_{6a}: as Fig. 3.1 depicts (arrows 5 and 6) a substantial age main effect exists in international leisure travel, for example, young travellers: (i) prefer FIT versus group tour; (ii) stay more nights in the destination country; (iii) do more activities; (iv) visit more destinations and states; and (v) spend less per day compared to middle-aged and senior travellers. Younger versus older travellers probably perceive more freedom to be away from home and they often have fewer family and occupational obligations compared to older travellers. Energy levels and desire to do more varied activities likely are higher among younger versus older travellers while their incomes and available spending power are lower.

H_{6b}: a substantial age by national culture interaction effect exists in international leisure travel; specifically, differences in behaviours due to national cultures are less among young versus older travellers. In Fig. 3.1, arrows 7 and 8 summarize the macro proposal that age moderates the national culture impact on travel behaviour.

Figure 3.2 suggests that age moderates national culture's impact on number of nights spent in Australia among leisure, pure holiday (not visiting friends and relatives) travellers. The prediction reflects Levitt's (1983) widely debated view that markets are becoming more similar

globally in customers' purchasing behaviour toward specific brands. If so, the purchase behaviour regarding Australia as a travel destination brand is more similar among young versus older visitors across many national cultures.

Conjunctural national culture hypothesis

H₇: Combinations of national culture dimensions, micro-cultural and prior behaviour contribute a sense of holistic understanding to how national culture influences consumer behaviour. Understanding this behaviour is useful beyond the understanding of single cultural-dimension studies. Nations consist of dimension combinations of national culture – 'type concepts' (Lazarsfeld, 1937). These sets of attributes make sense together as a unitary concept. Social scientists often use type concepts without analysing the attributes; instead, they analyse individual dimensions across types (e.g. Lynn *et al.*, 1993). Figure 3.3 shows a full typology of cultural types that builds from Hofstede's first four dimensions. In Fig. 3.3 each of the 81 combinations of attributes constitutes a 'property space' (Lazarsfeld, 1937).

Figure 3.3 summarizes 81 theoretically possible nations that reflect unique combinations of national cultural dimension levels. Due to systematic versus random differences in dependent measures, psychological and social independent variables often become clear only for respondents scoring very high versus very low on the independent variables (related to this point, see Bass *et al.*, 1968; Ragin, 1987; Gladwell, 1996; McClelland, 1998). Figure 3.3

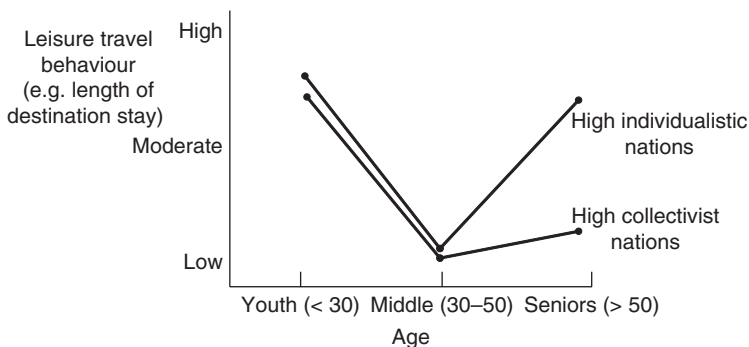


Fig. 3.2. Age subculture influences: hypothesized main and interaction effects.

<u>Core Dimensions</u>			<u>Uncertainty Avoidance</u>									
<u>Individualism</u>	<u>Power Distance</u>	<u>Masculinity =</u>	<u>Very High (1)</u>			<u>High/Medium/Low (2)</u>			<u>Very Low (3)</u>			
			<u>1</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>3</u>	
Very High	Very High (1)		1									9
	High/Medium/ Low					CAN	NET			US		
	Very low(3)					AUS, NZ			UK			
High/Medium/ Low	Very High		28							MAL		36
	High/Medium/ Low		JP							HK, SG		
	Very low					G, SW						
Very Low	Very High		55				IND					63
	High/Medium/ Low						KOR, TW					
	Very low		73									81

Key. CAN = Canada, G = Germany, HK = Hong Kong, IND = Indonesia, KOR = Korea, JP = Japan, MAL = Malaysia, NET = Netherlands, NZ = New Zealand, SG = Singapore, SW = Switzerland, TW= Taiwan, UK = United Kingdom, US = United States

Fig. 3.3. Classifying 14 nations by four dimensions of national culture.

suggests performing comparative analyses of nations using the following levels for each of the four national cultures: the 20% 'very high' versus the 60% high-moderate-low versus the 20% 'very low' or using fuzzy-set membership scores that reflect low, maximum ambiguity between fully out and fully in, and full membership in a dimension (Ragin, 2000).

Sivakumar and Nakata (2001) note difficulties controlling cross-cultural studies for possible confounding influences that examine only one dimension of national culture. The most extreme analysis compares measures for dependent variables for nations scoring very high in individualism (cell 1 in Fig. 3.3) versus nations scoring very high in collectivism (cell 81 in Fig. 3.3). Assuming that substantial differences do occur in the dependent measures, findings observed cannot be attributed to any one focal dimension of national culture since nations in cell 1 are very high and nations in cell 81 are very low in all four dimensions. Estimating differences using dependent responses for nations in cell 1 versus cell 55 is one theoretical example of comparing nations' scoring (e.g. very high versus very low on individualism while controlling for the other three major dimensions of national culture). Because national culture index scores are available only for a limited number of the total nations (50 of approximately 175 recognized nations), and because significant associations across nations occur for individualism, uncertainty avoidance and power distance (e.g. $r = -0.64$, $p < 0.05$ among 30 countries in Lynn *et al.*'s 1993 study), less than half of the cells in Fig. 3.3 categorize one or more nations. While these results may be empty empirically, empty cells are useful for reflection and for theory development.

Sivakumar and Nakata (2001) identify sets of nations for single- and two-culture dimension comparisons that provide some control for non-focal cultural dimensions. However, the attempt to achieve both high difference scores for a focal dimension as well as low difference scores for non-focal dimensions moves the researcher away from nations ranked first or last for any one cultural dimension. For example, the country ranked first in masculinity (e.g. Japan) is not found in Sivakumar and Nakata's country pair comparisons for masculinity controlling for non-focal dimensions.

Possible confounding effects and a quasi-experimental design

Due to the need to compare diametrically opposite nations (very high versus very low in dimensions of national culture) and the high likelihood of confounding possibilities, cross-cultural studies are challenging. Cook and Campbell (1979) suggest examining multiple comparisons in theory testing to rule out alternative explanations, as well as to compare any sets of nations whereby a maximum difference occurs for one dimension only. Figure 3.3 depicts the classification of nations using the described 20-60-20 segmenting rule for Hofstede's (1980) index scores for 14 nations having substantial numbers of respondents visiting Australia in the study described below. Note that one set of nations differs for one dimension only. Canada is very high and Korea and Taiwan are very low on individualism; however, all three nations score in the mid-range for the other three cultural dimensions.

From a dichotomous perspective (rather than identifying three levels for each dimension), a total of $3^k - 1$ logically possible groupings occurs for causal conditions. Thus, for four national culture dimensions, a total of 80 groups is possible; these groupings include eight single-aspect groupings (e.g. high versus low in individualism), 24 two-aspect groupings, 32 three-aspect groupings and 16 four-aspect combinations. Ragin (2000, p. 125) notes evaluating the comparability of the cases conforming to each configuration allows the researcher to make a preliminary assessment of the adequacy of an investigation's aspects selected. For example, the configuration I·U·P·~M indicates the combination of high individualism (I), high uncertainty avoidance (U), high power distance (P) and low masculinity (M). Note that mid-level dots indicate combinations of characteristics and the '~' preceding the attribute's name indicates negation.

A fuzzy-set perspective recognizes that an individual case (e.g. country) may have partial membership in all crisply defined property-space locations. Given Hofstede's scores (transformed to fall between 0 and 1) for four dimensions of national cultures by country, a very close correspondence can be established between fuzzy

membership scores (ranging from 0 to 1) rather than using dichotomous scales. Using Boolean algebra the maximum score across the dimensions defines a country's membership score for a specific property space in two or more dimensions. For example, a country with fuzzy sets scores of 0.5, 0.7, 0.2 and 0.9 for I, U, P and M, respectively, has a score of 0.1 for $I \cdot U \cdot P \cdot \sim M$, since $\sim M = 1.0 - 0.9 = 0.1$ and 0.1 is the maximum score for this country for any one dimension in combination with the scores on the other three dimensions.

Method

Data and procedure

The data were purchased from the Australian Bureau of Tourism Research as part of an ongoing annual study of international visitors to Australia (e.g. 'International Visitor Survey' and 'Supplementary Survey'). The Australian Commonwealth and State/Territory governments sponsor this survey annually. Data acquisition was supported for the study by a Cooperative Research Centre grant awarded for Sustainable Tourism in Australia.

Data were collected using exit interviews of visitors to Australia leaving on commercial flights. A quota-sampling plan was followed to achieve a representative sample of all flights from all Australian international airports. Most interviews were completed at the Sydney Airport; however, representative samples of interviews proportionate to traffic volume were completed at all seven Australian international airports. The sample ($n = 3651$) was collected during the first quarter of 2000.

All interviews were completed face-to-face with an interviewer and an adult member of each travel party in the departure lounges for specific flights. A professional marketing research firm (A C Nielsen) collected the study data. The interviewers were native speakers in the language used during the interviews and full-time employees of A C Nielsen.

The cooperation and completion rates were above 90% for respondents requested to participate in the survey. Additional factors were considered to ensure data collection representative

of visiting travellers. For example, most interview subjects arrived in the lounge area more than one hour before the departure of their flight, so care was taken to interview early, middle and late arrivals. Also, interview quotas (e.g. travel party size) were used to assure they were representative of flight population data.

Country selection

A two-step procedure classified respondents by national culture. First, early in the interview, respondents were asked their names and country of residence. Second, the following question was asked near the end of the interview: 'What is your first language, the language that you speak most at home?' To be included within a specific national culture, (e.g. Korean), the respondent had to be residing currently in the same nation of the language the respondent spoke most at home. For this study, a 'Korean' person is defined as someone living in Korea who speaks the Korean language most often at home. This screening requirement resulted in more than 90% useable completed surveys for each of the 14 nations examined.

Survey responses from the 14 nations with the largest visitor shares to Australia were selected for analysis. The 14 include seven Asian nations: Korea, Hong Kong (a unique economic/political city-state within the PRC), Indonesia, Japan, Malaysia, Singapore and Taiwan. Survey responses from four European countries were analysed: Germany, the Netherlands, Switzerland and the UK. Surveys were analysed from two North American nations: Canada and the USA. Finally, responses from New Zealand were included in the study. Visitors from these 14 nations constitute more than 75% of the total overseas visits and close to two-thirds of the total visitors to Australia.

Questionnaire

The survey instrument included 88 questions. Trip-related planning activities were included in the questionnaire. The questions included asking, 'Before you left [country of residence] did you get any information about Australia for this visit?' Respondents who did get information

were asked to identify information sources from a list of 11 specific information sources, plus ‘somewhere else’. Detailed questions on cities and places visited as well as participating in 29 specific tourism-related activities were asked.

In-depth questions were asked about expenditures in 14 categories, including prepaid expenditures, air fares within Australia during the visit, car rentals, petrol and oil costs, food, drink and accommodations, shopping, gambling and entertainment (e.g. theatres, movies, zoos, museums, nightclubs, recreation, entry fees). The respondents were not asked to report total expenditures for their current visit in Australia. Total expenses were calculated based on their answers to the individual expenditure items. ‘Total visit expenditures’ include prepaid expenses related to activities done in Australia during the visit and expenditures while in Australia for the travel party, but not the overseas air fare expenses for travel to and from Australia.

All questions were examined for clarity and ease of response in each of six major languages (English, German, Indonesian/Malay, Japanese, Korean and Mandarin) used to gather data. Six versions of the questionnaire were prepared and the professional full-time interviewers completed the face-to-face interviews in the native tongues of the respondents. This procedure encouraged top-of-mind responses to open-ended questions among visitors from countries of origins with the largest shares of visitors to Australia. For example, native Germans participating as respondents, who were capable of being interviewed in English, were requested to respond during the survey in their native language.

During pre-testing the six versions of the survey, 10 to 12 respondents completed each round of draft survey instruments. Two to three rounds of revisions were completed before the research team conducting the study was satisfied that the questions were understood clearly. The process of clarifying the questionnaires included two rounds of back-translations, for example from Japanese to Australian-English and back again to Japanese and Australian-English.

Questions on possible sources of information used prior to the visit

Each respondent was asked, ‘Before you left [country of residence] did you get any information about Australia for this visit?’ If the answer was yes, then the respondent was asked, ‘Looking at Card 26 (PAUSE), where did you get that information?’ Card 26 lists ten possible information sources plus ‘Previous visit(s)’ and ‘Somewhere else (specify)’. Multiple response data were collected when provided by the respondents. Figure 3.4 summarizes the 10 possible sources into four categories from personal-non-commercial to impersonal-commercial. These information source categories, as well as a total count of sources mentioned per respondent, were used to test relevant hypotheses.

Analyses

For testing the hypotheses cross-country (e.g. group) statistical analyses were used (e.g. Bass *et al.*, 1968, Lynn *et al.*, 1993) as well as QCA

	Non-commercial	Commercial
Personal (Face-to-face and/or Telephone)	<ul style="list-style-type: none"> • Friend or relative who has visited Australia • Friend or relative living in Australia 	<ul style="list-style-type: none"> • Travel agent • Tour operator • Airline
Impersonal (Print, Broadcast, and Internet)	<ul style="list-style-type: none"> • Films or on TV/radio programme • Travel article in newspaper or magazine 	<ul style="list-style-type: none"> • Travel book or guide • Advertising in newspaper, magazine, or on TV, radio • Internet

Fig. 3.4. Categories of sources used to ‘get any information about Australia for this visit’. Adapted from Webster (1971) and Fodness and Murray (1997).

(see Ragin, 1987; McClelland, 1998). To compare similar visitor segments across countries, four sets of data groups were created for both the statistical and comparative analyses:

- **A**-consumers: first-time visitors to Australia on a purely holiday trip (e.g. no part of the visit was motivated by business reasons and the visit did not include VFR in Australia),
- **B**-consumers: first-time visitors to Australia on a holiday-only visit who also are VFR in Australia,
- **C**-consumers: repeat visitors to Australia on a purely holiday trip (not VFR),
- **D**-consumers: repeat visitors to Australia on a holiday-only visit that also are VFR in Australia.

Theory suggests that the hypothesized impacts of the four described dimensions of national culture should vary systematically: highest for A's, moderate for B's, low for C's and lowest for D consumers. A's have the least direct and indirect experience with using the brand, Australia, and thus, their unconscious reliance on their relevant national cultures should be highest. D's most likely adjust their behaviours during their current visits to Australia based on: (i) their prior visit (dis)satisfactory experiences and consumption learning that came to their working memories during their current visits; and (ii) particularly frank suggestions of things to do and how to act offered by friends and family members living in Australia. The data analyses do not confirm these views.

Both the estimated average and median responses for each dependent measure estimated the country-level association with the four national culture dimensions. Because the pattern and size of the associations are very similar when based on mean versus median values, the findings reported below are based on averages.

Further fine-grained, comparative analyses were performed by examining data for the three age segments within each of the A's, B's, C's and D's. If the hypothesized impacts of specific dimensions of national culture are found consistently across all three age segments, the comparative analysis serves as meta-analyses (sometimes at nearly a case-by-case micro level since the sample sizes become small for some countries). The observed findings support

consistent impacts of national culture across the three age segments.

Findings

Findings for hypothesis 1: individualism/collectivism (IC) and consumer behaviour

H_{1a}: group touring and individualism/collectivism

The findings support H_{1a} group touring versus freely independent travel relates negatively with individualism (e.g. a positive relationship with collectivism). The analyses for first-time purely holiday visits and holiday visits that include VFR both support this conclusion. The findings for repeat purely holiday as well as VFR travellers replicate and extend the same findings. Tables 3.2 and 3.3 provide details.

H_{1b}: pre-trip information search using impersonal, commercial sources and collectivism

As predicted, increases in the number of impersonal, commercial information sources relate negatively ($r = -0.61$, $p < 0.01$) with collectivism (positively with individualism) among first-time visitors on purely holiday trips to Australia. Also, a significant negative association occurs for first-time visitors on holiday visits that include VFR. Tables 3.4 and 3.5 provide details.

The findings do not support the second part of H_{1b}. Rather than the hypothesized positive association, a significant negative association occurs for the use of personal, non-commercial information sources and collectivism for first-time holiday/vacation visitors whether or not their visits include VFR. Issues related to using external sources of information in highly collectivist versus highly individualistic nations (e.g. extent and manner of use) require deeper probing than possible by the study reported here.

For the third part of H_{1b}, the observed findings are opposite to the hypothesized differences. The total number of external information sources used associates negatively ($p < 0.05$), rather than positively with collectivism. This surprising finding may relate to the positive association with

Table 3.2. Associations of national culture dimensions with tourism behaviours for first-time travellers.¹

	National culture dimension			
	C	P	U	M
A. Consumption behaviour for first-time holiday-only consumers				
1. Length of visit (number of nights in Australia)	-64**	-55*	-07	-21
2. Group touring	70**	47	40	08
3. Number in immediate travel party ²	67**	41	05	26
4. Total trip expenditure per day	63**	45	03	25
5. Total shopping expenditures	37	06	53*	39
B. Consumption behaviour for repeat holiday and VFR consumers				
1. Length of visit (number of nights in Australia)	-71**	-69**	08	12
2. Group touring	67**	44	43	-05
3. Number in immediate travel party ²	59*	33	20	30
4. Total trip expenditure per day	50*	35	06	34
5. Total shopping expenditures	32	03	49*	44

¹ Key: C = collectivism; P = power distance; U = uncertainty avoidance; M = masculinity.

Pearson product-moment correlations shown; decimal points omitted; * $p < 0.05$; ** $p < 0.01$, 1-tailed tests.

² Note: Correlations listed compare ratings for dimensions of national culture and party size = 1 if more than one person in the immediate travel party and 0 if travelling alone (using raw data for party size results in the highly similar findings).

Table 3.3. Associations of national culture dimensions with tourism behaviours by repeat visit travellers.¹

	National culture dimension			
	C	P	U	M
A. Consumption behaviour for repeat holiday-only consumers				
1. Length of visit (number of nights in Australia)	-67**	-63*	-07	-07
2. Group touring	59*	25	51*	07
3. Number in immediate travel party ²	72**	65**	-27	-02
4. Total trip expenditure per day	81**	94**	-19	-16
B. Consumption behaviour for repeat holiday and VFR consumers				
1. Length of visit (number of nights in Australia)	-62**	-50*	03	-25
2. Group touring	59*	25	60*	00
3. Number in immediate travel party ²	48*	54*	-35	-04
4. Total trip expenditure per day	85**	95**	-18	-10
5. Total shopping expenditures	91**	69**	16	-19

¹ Key: C = collectivism; P = power distance; U = uncertainty avoidance; M = masculinity.

Pearson product-moment correlations shown; decimal points omitted; * $p < 0.05$; ** $p < 0.01$, 1-tailed tests.

² Note: Correlations listed compare ratings for dimensions of national culture and party size = 1 if more than one person in the immediate travel party and 0 if travelling alone (using raw data for party size results in the highly similar findings).

Table 3.4. Associations of national culture dimensions and information search behaviours among first-time travellers.¹

	National culture dimension			
	C	P	U	M
Information search by first-time holiday-only consumers				
Total number of external information sources used	-60*	-64*	23	18
Use of personal, non-commercial information sources	-60*	-52*	-15	-14
Use of personal, commercial information sources	22	-20	60*	05
Use of impersonal, non-commercial information sources	-52*	-51*	14	16
Use of impersonal, commercial information sources	-61*	-55*	19	33
Information search by first-time holiday and VFR consumers				
Total number of external information sources used	-50*	-48*	18	17
Use of personal, non-commercial information sources	-53*	-40	-18	-18
Use of personal, commercial information sources	13*	-13	57*	13
Use of impersonal, non-commercial information sources	-53*	-46*	19	35
Use of impersonal, commercial information sources	-50*	-44	08	13

¹ Note: Pearson product-moment correlations shown; decimal points omitted; * $p < 0.05$; ** $p < 0.01$, 1-tailed tests.

Table 3.5. Associations of national culture dimensions and information search behaviours among repeat visitors.¹

	National culture dimension			
	C	P	U	M
Information search by repeat holiday-only consumers				
Total number of external information sources used	-20	-35	35	10
Use of personal, non-commercial information sources	-19	-01	-15	-11
Use of personal, commercial information sources	03	-25	52*	08
Use of impersonal, non-commercial information sources	-22	-20	06	-09
Use of impersonal, commercial information sources	-21	-39	37	19
Information search by first-time holiday and VFR consumers				
Total number of external information sources used	-14	-31	44	14
Use of personal, non-commercial information sources	-17	-06	06	-05
Use of personal, commercial information sources	02	-25	58*	13
Use of impersonal, non-commercial information sources	-23	-39	22	07
Use of impersonal, commercial information sources	-15	-32	46	19

¹ Note: C = collectivism; P = power distance; U = uncertainty avoidance; M = masculinity. Pearson product-moment correlations shown; decimal points omitted; * $p < 0.05$; 1-tailed tests.

group touring found for collectivist versus individualistic nations. Individuals in highly collectivist nations may rely on information provided by organizations managing group tours rather than using different external information sources.

H_{1c}: composition of the immediate travel party and individualism/collectivism

H_{1c} receives strong support. The results show that travelling as a couple and/or with other family members or friends increases as collectivism increases. These findings are consistent using various statistical procedures (e.g. analyses of variance, correlation analyses and cross-tabulations) among the four dimensions of national culture. Only collectivism associates strongly (and positively) with immediate travel-party size.

H_{1d}: length of stay and collectivism

Findings from the data analysis provide strong support for the first hypothesis. Collectivism associates negatively with length of visit (e.g. number of nights spent in Australia during the current visit among first-time purely holiday visitors), not VFR ($r = -0.64, p < 0.01$), and among first-time holiday visitors, VFR ($r = -0.71, p < 0.01$). Among A's (first-time holiday visitors not VFR) the nation with the lowest collectivism rating (USA) has an average length of stay in Australia (17 nights) versus a 7-night average length of stay for A's from the nation with the highest collectivism rating (Taiwan).

The results include significant negative associations for length of stay for IC and power distance as hypothesized. No significant associations are found for uncertainty avoidance (UC) and masculinity (M) – and significant associations were not predicted for UC and M with length of stay. Such patterns of results among both A's and B's offer strong support for H_{1d}. Additional findings for all four segments (A's through D's) are described below.

H_{1e}: collectivism and total expenditures for goods to take home

As stated in H_{1e}, increases in collectivism relate to higher shopping expenditures for items to take home. This hypothesis receives directional support from first-time visitors segments, however

the relationship is not significant statistically ($r = 0.37$ and $r = 0.32$ for the visitors identified as first-time holiday-only and VFR travellers, respectively). On the other hand, the results provide a strong support for repeat visitor segments ($r = 0.85$ and $r = 0.91$ for visitors identified for repeat holiday-only and repeat VFR travellers, respectively). Only the uncertainty avoidance dimension of national culture relates significantly with shopping for products to take home. The PD dimension of national culture relates significantly with shopping for products to take home.

Findings for H₂: uncertainty avoidance and consumer behaviour

H_{2a}: uncertainty avoidance and the number of different information sources searched

The findings do not support H_{2a}. The total number of different information sources used is not found to associate positively with a country's level of uncertainty avoidance. While the associations observed are positive for both A's and B's, the effect sizes (e.g. measured by r) are quite small. Tables 3.4 and 3.5 include details.

Uncertainty avoidance is the only dimension of national culture that associates positively and consistently with the use of personal commercial information sources. A comparative analysis between the two highest UA rated countries (i.e. Japan and Korea) versus the two countries with very low ratings (i.e. Singapore and the UK) supports these findings. One marketing strategy implication is that high UA countries may be more receptive toward personal commercial information about marketing service products that aid consumers in reducing risks associated with trips. For example, people from high UA countries may desire personal information about trip insurance services – as well as being receptive about using personal commercial sources in planning consumption experiences.

H_{2b}: visitors from nations low versus high in UA visit more places

The findings do not support H_{2b}. The correlation analyses show a weak association ($r = 0.08$ and $r = 0.10$) for UA and average number of total places/regions visited for A's and B's,

respectively. The same low level of association occurs for visiting the Australian Outback and UA among both first-time holiday-only and first-time VFR travellers.

The total number of places/regions visited during the trip and types of places (e.g. the Australian Outback, wineries, museums and galleries and going fishing) do associate significantly and negatively with collectivism and power distance among both first-time holiday-only and first-time VFR travellers. Visiting amusement parks in Australia during the trip associates positively and significantly among both first-time holiday-only and first-time VFR travellers with collectivism. While exceptions among individual travel parties likely exist, the general conclusion appears sound. Observable consumer behaviours among visitors to Australia – places/regions visited and activities done – vary systematically by countries (e.g. very high versus very low) in collectivism and power distance but not in uncertainty avoidance and masculinity.

Findings for H₃: power distance and consumer behaviour

H_{3a}: shorter visits by visitors from nations high versus low in PD

The findings confirm H_{3a} among first-time, purely holiday visitors as well as first-time holiday visitors who are VFR in Australia. As a nation's power distance rating increases, the length of visitor stay decreases.

H_{3b}: expenditures per day and for shopping and power distance

The findings do not support the hypothesized significant positive association for power distance and visitors' expenditures per day and for shopping for products to take home. The correlations are moderately positive ($p < 0.10$, one-tailed test) in size for PD and expenditures per day.

Stronger associations are found with the two expenditure variables for collectivism versus PD. The results suggest collectivism appears to be a more relevant dimension than PD for understanding shopping behaviour. Buying products to take home as gifts may be more important to strengthen ties than to reinforce differences in status positions.

H_{3c}: destination activities and power distance

The findings do not support H_{3c}. The associations show an inverse relationship between PD ($r < -0.50$, $p < 0.05$) for all of the following: visiting the Outback, going fishing, engaging in outdoor sports, visiting museums and galleries and the number of places/regions visited. Given that visitors from nations high versus low in PD tend to have briefer visits, these findings fit a revised view that such visitors do not plan/ have the time to engage in more activities compared to visitors from low P nations.

H_{3d}: hotel accommodations and PD

The findings support H_{3d}. The frequency of hotel accommodations versus campgrounds, motels and other types of accommodations is higher among visitors from high versus low PD nations. Confirmation occurs for first-time purely holiday visitors ($r = 0.49$, $p < 0.01$) and first-time holiday visitors VFR ($r = 0.43$, $p < 0.06$).

Findings for H₄: masculinity and consumer behaviour

The findings do not support any of the three H₄ sub-hypotheses. Masculinity was not associated significantly with travel party size (H_{4a}), the amount of use of external information (H_{4b}) or the engagement in outdoors and sports activities. Although positive, the associations of masculinity with total trip expenditures per day and total shopping expenditures for products to take home were not significant statistically ($r = 0.25$ and $r = 0.39$, respectively, among first-time purely holiday visitors). For the four national culture dimensions examined, masculinity is the only dimension not to associate consistently with the described visitor behaviour variables.

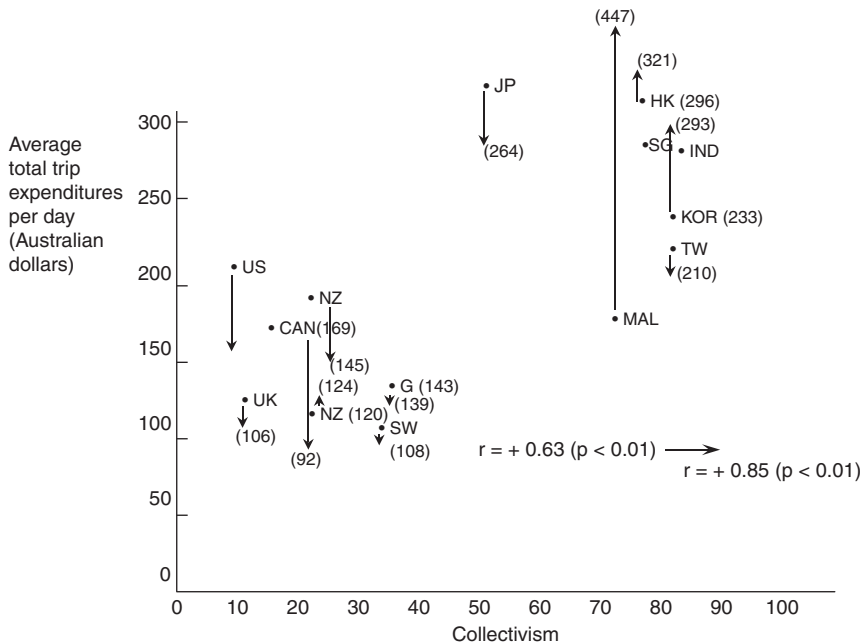
Findings for H₅: VFR travel and repeat visitation moderates the association of national culture and consumer behaviour

(H_{5a}) states that the effect sizes of hypothesized associations among national cultural dimensions and leisure trip behaviours are reduced for VFR compared to holiday-only trips among

first-time visitors. The findings do not support H_{5a}. The results show no pattern of decreasing association between the purely holiday and holiday plus VFR segments for the four national culture dimensions. The same lack of moderation due to VFR versus purely holiday travel is found among the two repeat segments. Thus, the prior view needs revising to reflect that the influence of national culture dimensions on travel behaviour variables is not weakened whether or not VFR is part of the trip.

H_{5b} receives limited and counterintuitive support. As predicted, the hypothesized associations among national cultural dimensions and leisure trip behaviours are lower for repeat versus first-time holiday-only travellers for uncertainty avoidance for expenditures for items to take home. A forward effect may occur – purchases on previous trips for items to take home may be recalled and fulfil the consequences related to uncertainty avoidance for more than one visit.

Note the significant increases in associations between collectivism and power distance with expenditures among repeat versus first-time visitors. This relationship is opposite to the expected result described by H_{5b}. Rather than lowering the predicted associations between dimensions of national culture and aspects of travel behaviour, repeat versus first-time trips increase these associations significantly (e.g. $Z > 2.00$, $p < 0.05$, for these r comparisons). Figure 3.5 shows the increasing association of trip expenditures per-day and collectivism among holiday VFR repeat travellers versus first-time holiday-only travellers. These findings show an increasing association related to repeat versus first-time visitors occurs from decreases in average daily expenditures among most nations low, and increases in average daily expenditures among nations high, in collectivism. The same pattern occurs for power distance.



Key. CAN = Canada, G = Germany, HK = Hong Kong, IND = Indonesia, KOR = Korea, JP = Japan, MAL = Malaysia, NET = Netherlands, NZ = New Zealand, SG = Singapore, SW = Switzerland, TW = Taiwan, UK = United Kingdom, US = United States

Note. For example, the average total trip expenditures per day spend by first-time Japanese visitors on a purely holiday visit was \$315 and the average spend by Japanese repeat visitors on a holiday visit that included visiting friends and relatives was \$264.

Fig. 3.5. Individualism/collectivism and total trip expenditures per day for first-time holiday-only (not VFR) visitors and for repeat visitors travelling on holiday plus VFR.

Age as a moderating variable

H_{6a}: age and overseas travel behaviour

The findings do support H_{6a} . A substantial and consistent age main effect on number of nights in Australia occurs among all first-time, purely holiday visitors to Australia. Across all the data for the 14 countries, the age–night relationship is negative and linear (not curvilinear as hypothesized and shown in Fig. 3.2). The hypothesized curvilinear relationship is found among the largest segment of Japanese holiday visitors.

Figure 3.6 includes estimates for nine consumer behaviour variables for three age groups for three countries comparing first-time and repeat holiday versus holiday plus VFR visitors (data for the other 11 countries are available from the authors). The hypothesized age–activities positive main effect does occur among Japanese holiday visitors, but the opposite pattern occurs among German holiday visitors. Compared to younger Germans, older Germans ($n = 29$) do a greater number of different activities. The findings support the following general conclusion concerning age as a main effect on the consumption behaviours examined. Age often has a substantial main effect on behaviours but the variable's influence varies dramatically from country to country. To conclude that young holiday visitors stay longer, do a greater number of varied activities and spend less on products to take home than older holiday visitors appears to be accurate only for first-time American visitors – a small share of total visitors to Australia.

H_{6b}: age moderating the impacts of dimensions of national culture

Some findings do support the view that increasing age moderates the influences of dimensions of national culture on the examined consumer behaviours (e.g. average expenditures on products to take home). No general consistent pattern confirms this proposition. Instead, the findings support the more complex view that the interactions between age and the national culture dimensions are disordinal.

For example, buying products to take home declines as age increases among first-time holiday visitors from highly collective nations; however, spending increases as age increases among

first-time holiday visitors from highly individualistic nations. Also, the share of first-time, purely holiday visitors travelling on group tours from nations high in collectivism remains about one-third across all three age groups; similar shares of group touring occur only among seniors for purely holiday travellers from highly individualistic nations.

Applying Fuzzy-set Methods

To apply fuzzy-set methods (Ragin, 2000), outcome scores are transformed to fuzzy scores. Cases with the lowest dependent scores weak but non-zero membership are assigned to a set; cases with the highest score close to the full membership value of 1.0. Ragin (2000, p. 158) emphasizes that assigning fuzzy scores with the midpoint value of 0.5 to be the mean or median of the range of a dependent value 'would be a serious mistake'. Instead, the researcher should set three important qualitative anchors based on theory and historical knowledge. These anchors include the point where full non-membership is reached (e.g. definitely not a heavy per day spender score = 0), membership score = 1.0, and the point of maximum ambiguity in whether the case (e.g. country) is 'more in' or 'more out' of the set of full membership. 'When specifying these qualitative anchors, the investigator should offer an explicit rationale for each breakpoint' (Ragin, 2000, p. 158).

For length-of-stay in Australia (e.g. number of nights in Australia), the data coding includes an anchor of zero nights. While a possibility exists that travellers on holiday arriving in Australia might visit only for a day stopover, the median number of nights is higher than zero for all case comparisons in the study – no matter how brief the visit indicated by a case's median value. A 30-night visit is assigned the maximum ambiguity value of 0.5 to indicate the crossover point into full member status into long visit membership. A 90-night (3-month) visit is assigned the start of long visit full membership – in an informal survey of five travel experts all agreed that a 90-night or longer visit constitutes a long visit.

The analysis included examining other anchors for the 0.5 maximum ambiguous and 1.0 membership levels (e.g. 60 nights and 300

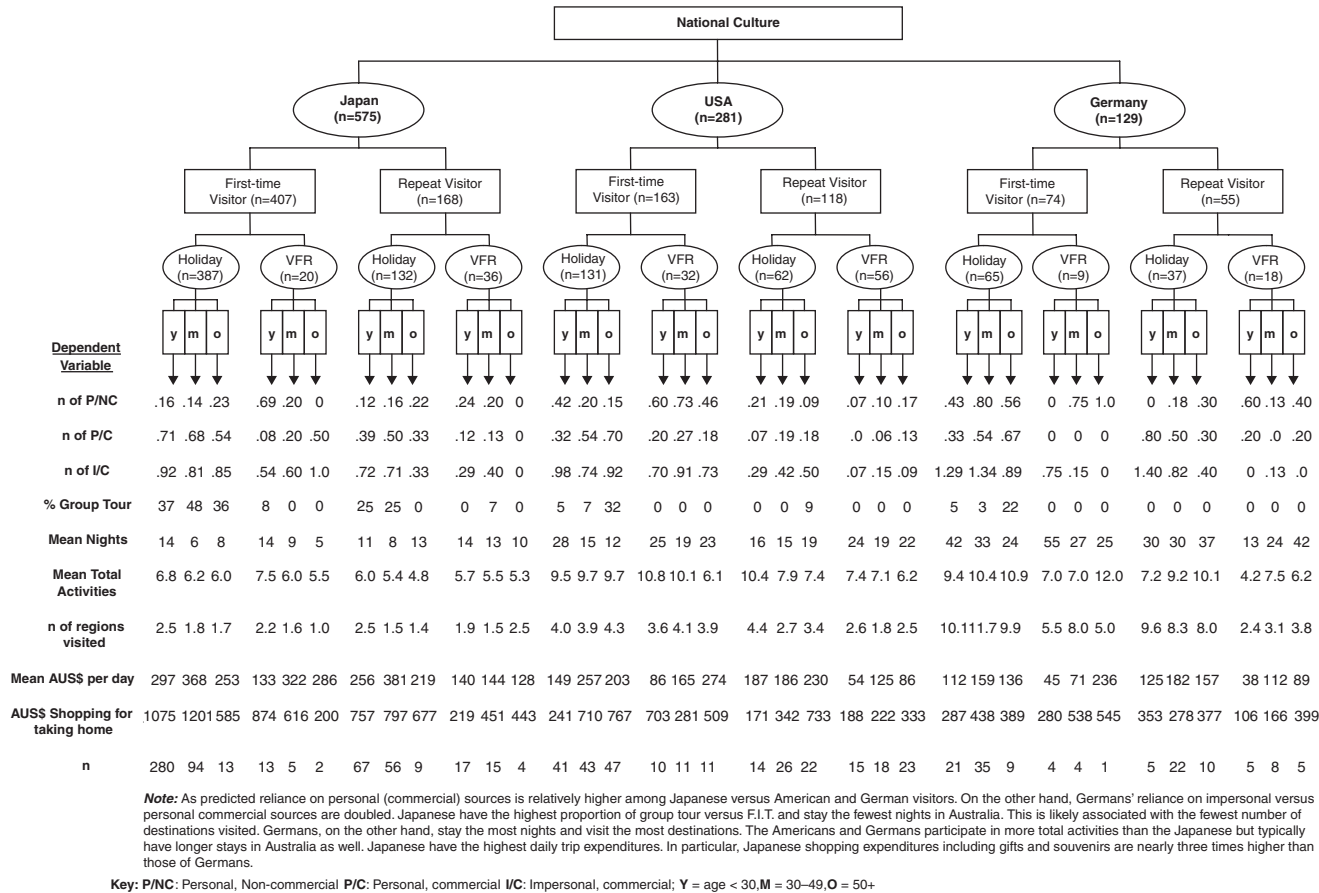


Fig. 3.6. Summary of a comparative analysis for national cultures.

nights for the full membership level). All alternative membership assignments resulted in high correlations ($r > 0.95$) with the original scores for each outcome examined in the study (e.g. length of stay, expenditures per day and visiting on a tour package).

Similar steps were followed to assign anchor values for total expenditures per day in Australia to estimate membership in the heavy spending visiting party category. Total expenditures per day's original value was estimated by summing expenditures the informants reported for 14 expenditure categories (e.g. lodging, food, gifts) and dividing the total by the number of nights in Australia each informant reported. The zero anchor-point was identified as AUS\$50 per day; the 0.50 maximum ambiguity point was identified as AUS\$200 per day; the 1.0 anchor point was identified as AUS\$350 per day. Additional anchor points were examined; all alternative anchor points examined resulted in strong correlations ($r > 0.95$) with the median and mean values of the original values.

Membership scores for cultural values were set equal to the percentage of the highest score Hofstede (2001) reports for each of the four values. For example, the high power index membership value for Malaysia equals $104/104 = 1.0$ and for Austria $11/104 = 0.11$ (see Hofstede, 2001, p. 87).

Explaining long-visit and big-spender behaviour using fuzzy-set memberships

Do cultural values account for differences in long-visit and heavy-spender memberships? Fuzzy-set analysis allows investigators to go beyond the view of conventional quantitative analysis that the cultural values compete with each other in explaining variation in dependent variables – this distorted view is compromised when independent variables are moderately or strongly correlated. For example, the highly significant negative correlation ($r = -0.83$, $p < 0.01$) for power distance and individualism illustrates the difficulty. Fuzzy-set analysis shifts the focus from variables to cases and assesses the influence of the limits of diversity found among the cases compared to the property spaces that defines all cases possibly logically.

The first task in the fuzzy-set analysis of causal conditions is to assess necessity (Ragin, 2000, p. 295). A total of $2k$ necessity tests are required, where k is the number of causal conditions in the property space. Each causal condition is tested in both original and negated forms. Thus, eight necessity tests are needed for four cultural values. A benchmark probabilistic test of necessity of 0.80 ('almost always necessary') was selected with a significance level of 0.10. Such a test requires all 14 cases ($n = 14$ or 100%) to meet the requirement that the causal condition membership score is greater than or equal to the membership scores in the outcome (e.g. long-visit or heavy-spender memberships). The lower-triangular pattern of each culture condition graphed with two outcomes reveals that none of the eight conditions are necessary for long-visit or heavy-spender outcomes. The closest any test comes to the rather restrictive benchmark proportion (0.80) is 71% for individualism and long visit.

This analysis supports Ragin's (2000, p. 89) view 'that researchers should avoid assuming that the individual causes they examine are either necessary or sufficient for the outcomes they study'. The focus should shift to techniques appropriate for studying causes that are sufficient only in combinations.

The analysis includes assessing the sufficiency of alternative causal conditions. For four causal factors (k), an analysis of a total of 80 causal expressions ($3k - 1$) needs testing, where k is the number of causal factors. In particular, one of these 80 expressions is useful for indicating outcome sufficiency of interest among Australia's international visitors. Table 3.6 includes correlations for 18 of the 80 cultural causal conditions for 14 countries for first-time holiday-only visitors to Australia by age group. The correlations are fuzzy-set membership scores for the causal conditions and the long-visit outcome.

Table 3.6 shows a consistent pattern in the replications of the conjunctions of cultural conditions across the three age groups. The findings include highly significant associations for the intersection of $I \cdot U \cdot P \sim M$ and the length of stay (or using long-visit membership values in place of length of stay). Correlations for $I \cdot U \cdot P \sim M$ and length-of-stay consistently are higher than for other causal conditions across all three specific outcomes.

Table 3.6. Correlations of long-visit membership for first-time holiday-only (not VFR) by three age outcomes with cultural causal conditions.

Condition	Youth	Middle-aged	Seniors
I	68**	54*	70**
U	09	-23	-06
P	-54*	-44	-47*
M	-17	-08	-17
I·U	62**	53*	70*
I·P	58*	48	60*
I·M	39	49	41
U·P	03	-26	-19
U·M	08	07	01
P·M	-64*	-10	-62*
I~U	64*	59*	68**
I~P	60*	52	60
I~M	60*	57*	74**
I·U·P	60*	49	60
I·U·P·M	29	41	29
I·U·P~M	75**	73**	77**
~I·U~P~M (anima)	03	15	07
I~U·P·M (animus)	23	39	27

* $p < 0.01$, ** $p < 0.01$, 2-tailed tests.

Note: Decimal points omitted.

Also, Table 3.6 examines associations of intersections identifiable as purely anima and animus cultural value combinations by length of stay. Anima is the personification, usually unconsciously, of feminine psychological tendencies in a human or a society; animus personifies masculine psychological tendencies in a human or society (cf. Jung, 1925; Neumann, 1954). The intersection $\sim I \cdot U \cdot \sim P \cdot \sim M$ combines human kindness (thinking of others), mindfulness (avoiding uncertainty), equality and motherly love. The $I \cdot \sim U \cdot P \cdot M$ combination is personified by the lone cowboy looking for adventure and distancing himself from others. For Australia, the extreme intersection $I \cdot \sim U \cdot P \cdot M$ represents pre-multicultural Anglo-only nationalistic Australia, while the intersection $\sim I \cdot U \cdot \sim P \cdot \sim M$ represents multicultural 21st-century Australia. The current 'cultural war' of the 2007 Australian national election campaign between the current Conservative prime minister, John Howard, versus Labour Party's candidate, Kevin Rudd, relates directly to the animus and anima views of Australia's past and future culture (*Economist*,

2007). This culture war illustrates two points relevant to the current study – the intersection of culture dimensions express culture complexity and cultures are living dynamic entities even though studying static snapshots of culture influences on behaviour may be worthwhile.

The findings in Table 3.6 do not include substantial associations of either extreme anima or animus representations with length of stay. Surprisingly, high values of $\sim I \cdot U \cdot \sim P \cdot \sim M$ do not relate to longer length of stays and high values of $I \cdot \sim U \cdot P \cdot M$ do not relate to shorter length of stays. While purely anima and animus cultural configurations are interesting theoretically, these patterns are not found among the 14 nations in the study.

Figures 3.7 and 3.8 show two causal condition intersections achieving sufficiency in explaining length of stay (or its transformation into long-visit membership). For a highly informative sufficiency test, a high membership score in an outcome condition (e.g. long-visit membership) associates with a high versus low membership score in a causal condition.

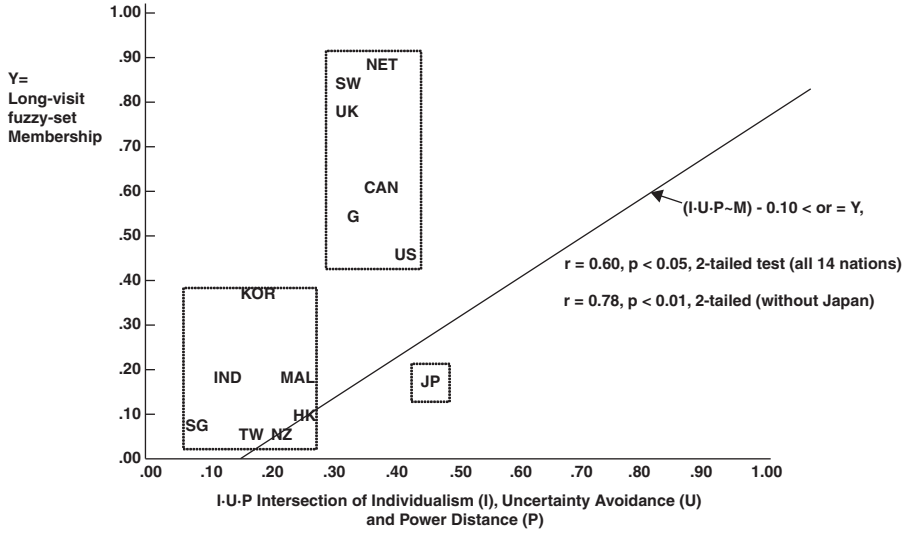


Fig. 3.7. Sufficiency test. Long-visit fuzzy-set membership among young adults by the intersection of individualism, uncertainty avoidance and power distance.

Given the precision and theoretical difficulties working with membership scores, both Figs 3.7 and 3.8 include a diagonal line for an 'adjustment for measurement and translation imprecisions'. For testing the sufficiency condition, Ragin (2000, p. 247) suggests membership scores on the outcome should be less than, or equal to, the membership scores for the causal expression. For example: $((I \cdot U \cdot P \sim M) - 0.10) \leq Y$, that is, the diagonal for the (0 to 1.0) X and Y memberships is shifted a total of 0.10 fuzz-membership units to the right on the X axis. With this adjustment in place, near misses no longer violate sufficiency with the exception of Japan in Fig. 3.7.

Generally, using an adjustment factor increases the number of causal expressions passing the investigator's sufficiency test, which in turn enhances interpretive opportunities. This factor underscores the argument that fuzzy sets are useful interpretive devices, not mechanistic transformations of conventional variables (Ragin, 2000, p. 248).

Comparing Fig. 3.8 to Fig. 3.7, the most substantial change is the shift in Japan to left of the adjusted diagonal in Fig. 3.8. This shift is due to Japan's low value for the intersection of I-U-P-M within Fig. 3.8. Rather than viewing

Japan as an outlier, the more complex causal expression I-U-P-M supports a high sufficiency explanation for the long-visit outcome.

The causal expression I-U-P-M reflects the complexity of national cultures and the findings support the usefulness of looking beyond the influence of single cultural dimension. Fuzzy-set social science provides useful tools for such examinations as identifying which observation out of 16 possible four-dimensional intersections is most indicative of international long-visit membership – and possibly additional international consumption behaviours.

How well do the 80 causal expressions relate to big-spender membership? Table 3.7 includes correlations for 18 of the 80 causal expressions. Also, Table 3.7 shows big-spender membership outcomes for each of three groups of first-time holiday-only visitors to Australia. The findings in Table 3.7 support the view that the single dimension, individualism/collectivism relates more with expenditures per day than any other single causal condition. The individualism/collectivism and expenditure per day relationship is negative. Also, the I-U-P-M causal expression relates more substantially with expenditures per day than individualism/collectivism and for most other causal expressions.

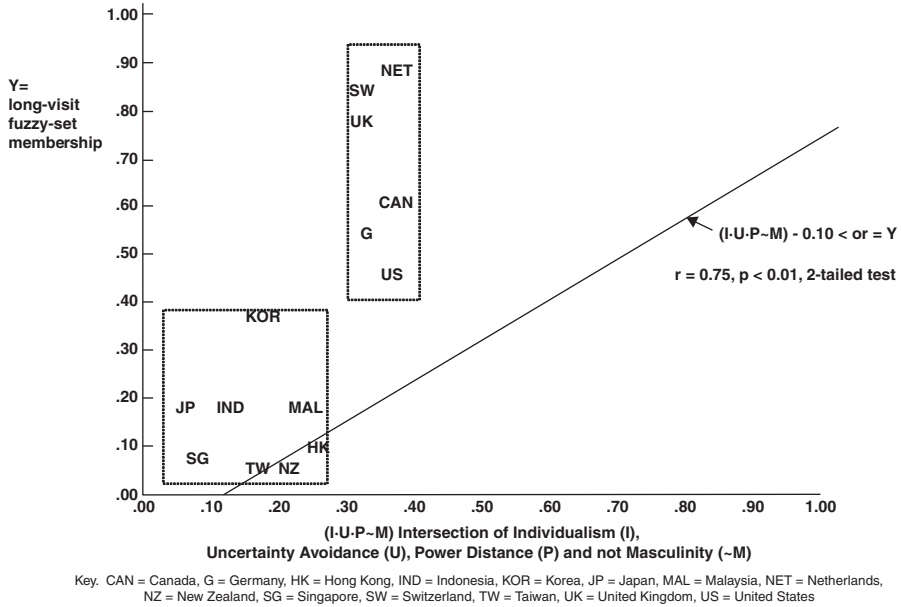


Fig. 3.8. Sufficiency test. Long-visit membership among young adults by the union of individualism, uncertainty avoidance, power distance and not masculinity (I-A-P~M).

How well do the 80 causal expressions relate to long-visit membership and big-spender memberships among young, middle-aged and repeat visitors on repeat holiday-only visits to Australia? The results are consistent with the findings for first-time visitors (findings not shown). The complex causal expression I·U·P·~M is ‘usually sufficient’ (Ragin, 2000, p. 251) for adequately explaining both long-visit and big-spender membership outcomes for both first-time and repeat holiday-only visitors among young, middle-aged and senior visitors.

The usefulness of causal expressions to study cultural dimensions lessens considerably for repeat visitors visiting friends and relatives (VFR). Compared to first-time, holiday-only visitors, the combination of repeat visiting and VFR consistently results in the following patterns: increases in average length of visits for visitors from Asian nations; decreases in the average length of visits for visitors from European and North American nations (results not shown). Consequently, combining repeat destination experience and VFR relates to a decline in causal expressions of cultural dimensions for sufficiently explaining long visits and big-spending outcomes.

Testing Cultural Distance Hypotheses

Crotts (2004, p. 83) proposes that cultural distance (CD) between overseas visitors’ home country and the host country has ‘implications to the scale and essence of the interface of tourists visiting another culture’. His analysis of survey data of US residents travelling overseas to countries similar to the USA on uncertainty avoidance (low CD) versus travelling to countries high in CD reports travelling alone more often, taking longer trips, visiting more destinations and less often travelling using tour escorts.

Findings for CD analyses in the present study support and extend both general and specific CD hypotheses. A general CD hypothesis is that visitors from low CD score countries have similar behaviours; these behaviours differ substantially from visitors from high CD score countries. Specific CD hypotheses focus on specific travel behaviours, for example, length of stay, expenditures per day and share travelling in a tour group.

Table 3.8 summarizes the associations for different cultural distance indexes and two travel

behaviour outcomes by age group. The findings support three conclusions. First, individual/collectivism is the most informative single cultural dimension in explaining tourism outcomes. Second, as cultural distance for individualism/collectivism increases (i.e. greater in comparison

with Australia) long-visit membership decreases and big-spending membership increases. This pattern holds across all three age groups. Third, the cognitive distance for the conjunctural complex causal expression I·U·P·~M is more or equally informative than any single cultural

Table 3.7. Correlations of big-spender membership for first-time holiday-only (not VFR) by three age outcomes with cultural causal conditions.

Condition	Youth	Middle-aged	Seniors
I	-40*	-55*	-48*
U	14	00	-33
P	40	35	36
M	39	19	05
I·U	-34	-57*	-50
I·P	-09	-26	-25
I·M	-26	-39	-41
U·P	02	07	-19
U·M	08	-07	-13
P·M	59*	67*	55*
I~U	-65**	-59*	-44
I~P	-37	-44	-38
I~M	-65**	-55*	-47*
I·U·P	-14	-34	35
I·U·P·M	03	-12	-28
I·U·P·~M	-73**	-67**	-47*
~I·U·~P·~M (anima)	-24	01	02
I~U·P·M (animus)	09	-02	-15

* $p < 0.01$, ** $p < 0.01$, 2-tailed tests.

Note: Decimal points omitted.

Table 3.8. Correlations for cultural distance indexes long-visit and big-spender fuzzy-set memberships for youth, middle-aged and seniors.

Cultural distance index	Fuzzy set	Youth	Middle-aged	Seniors
CD_I	Long-visit	-40*	-55*	-48*
CD_U	Long-visit	14	00	-33
CD_P	Long-visit	40	35	36
CD_M	Long-visit	39	19	05
CD_(I·U·P·~M)	Long-visit	-34	-57*	-50
CD_I	Big-spender	-09	-26	-25
CD_U	Big-spender	-26	-39	-41
CD_P	Big-spender	02	07	-19
CD_M	Big-spender	08	-07	-13
CD_(I·U·P·~M)	Big-spender	09	-02	-15

Note: Decimals omitted. CD = Cultural distance; I = Individualism; U = Uncertainty avoidance; P = Power distance; M = Masculinity; (I·U·P·~M) = the intersection of I, U, P and M.

dimension in explaining the two tourism behaviours.

Conclusions, Limitations, Implications and Suggestions for Future Research

Conclusions

This report elaborates on Clark's (1990) call for a culture-centred empirical approach for research on national culture wherein, 'theoretical approaches . . . attempt to "let the data" speak within prescribed limits' (cell 2 in Clark's Figure 1). This approach ' . . . encompasses the detached objectivity of some of the more empirical schools along with the interpretive richness of the cultural schools' (Clark, 1990, p. 72).

Applying a comparative method for examining data sets classified by behavioural contingencies – nationality, major trip motivation (i.e. purely holiday versus holiday plus VFR) and nature of the experience (i.e. first-time versus repeat) – enables the testing of hypotheses specifying when dimensions of national culture have influence on consumer behaviours, as well as when they are not influential. The absence of such a priori theoretical sense making and structuring probably would result in failure to uncover the subtle influences of national culture in consumer behaviour.

The findings support Triandis' (1988, p. 60) view that individualism/collectivism may be the most important dimension of cultural difference in social behaviour across diverse cultures of the world. While notable exceptions occur, generally the collectivism dimension of national culture has the highest impact across the various consumer behaviour variables among the four dimensions examined. Possibly the more useful point is that three of four national culture dimensions have significant influences on different aspects of the behaviours of holiday travellers visiting Australia – especially first-time purely holiday travellers' behaviours.

Examining the direct and moderating influences of age on overseas travel behaviour increases the understanding of national culture's complex nature and the influences on social behaviours. The findings do not support Levitt's

(1983) blanket proposal made over two decades ago that markets are globalizing. Instead of advocating one mental model, highly contingent and complex views are more applicable to explaining age influences for some of the behaviours in some national cultures but not others. Karl Weick's (1979) advice offered for the study of organizational behaviour also is apt in the study of international consumer behaviour: stay complex and 'a complex sensor is necessary to understand a complex world' (Weick, 2001, p. 6).

Ragin (2000) operationalizes Weick's (2001) view by showing the importance of studying causation that is both conjunctural and multiple and then by showing how to do so. Such work takes researchers usefully away from the usual lesson that social scientists draw from the observation that no single cause is either necessary or sufficient; consequently, necessity and sufficiency have no place in social research. Fuzzy-set social science frees researchers from the homogenizing assumptions of conventional quantitative (e.g. linear-additive) analysis by identifying, comprehending and systematizing the diversity in case-based data. Fuzzy-set social science permits consumer researchers to meaningfully examine the necessity and sufficiency properties of diverse causal expressions for alternative conditional outcomes (e.g. first-time versus repeat use experience in combination with holiday-only versus VFR visits).

Limitations

The empirical study described is limited in nature to international visitor behaviour to one country and for one time period. The study is further limited to self-reports of travel and destination behaviours – the data examined were not observed directly by the researchers. Since the interview data were collected while the international consumers were in the process of completing the behaviours, the study's focus probably serves to increase the accuracy of the responses and helps to reduce problems in the respondents' retrieving relevant information from long-term memories. However, the need is acknowledged for supplementing the (arms-length) empirical approach described here with additional direct observational fieldwork of

behaviours in different cultural contexts (e.g. see Costa and Bamossy, 1995; Venkatesh, 1995).

Implications for marketing practice

Implications for marketing practice start with the view that successful international marketing programmes are easier to accomplish if products and services are designed to fulfil the consequences desired by specific national markets rather than attempting to convince customers that one design fits all. For example, the relevant consequences reflective of visitors from highly collectivist national cultures include experiencing destination activities, length of stays and expenditures for products to take home that differ substantially compared to visitors from highly individualistic national cultures. The good news is often that the brand-use experience can be stretched to some extent to fulfil the consequences expected by different national cultures. Thus, marketing one-week freely independent city- and shopping-oriented visits to Australia likely would be more effective for attracting Japanese and Malaysian versus German and Swiss visitors. Product-service designs that include freely independent, one-month touring of multiple regions in Australia, including the Outback, may be more appealing to German and Swiss visitors than to Americans or Malaysian visitors.

Associating a brand with a mega-event, such as a Rolling Stones concert or the Summer Olympic Games, likely is an effective promotional strategy for attracting customers from some national cultures. The positive impact of such sponsoring strategies may be higher in national cultures high in collectivism and power distance.

Young customers' buying behaviour differs substantially from older customers – even controlling for primary trip purpose and prior experience. However, do not assume that young customers from different national cultures are more similar in their purchase behaviours compared to older consumers. First-time young Japanese visitors have distinct consumption practices from older Japanese as well as young American visitors. Given that each customer segment is sizeable, a middle-ground targeting strategy that customizes destination experiences for each segment (as well as

identifying 20 to 40 additional segments) may be necessary. While 'mass-customization' may not be implementable, in international tourism marketing the designing of products-services for specific age segments within specific national cultures deserves attention.

While many of the findings described in this chapter may appear intuitive, several relationships hypothesized a priori were not supported empirically. The need for empirically testing a marketing strategist's own mental model (according to Senge (1990) often only implicitly and vaguely aware of by most executives) is another implication for marketing practice. Overconfidence leading to marketing folly may associate frequently from marketing specific destination experiences to overseas visitors without empirically examining what these visitors seek and actually do during their visits.

Suggestions for future research

Examining the hypotheses empirically for different time periods and for visitors to countries other than Australia is necessary for confirming the findings described here and for further extending Clark's proposal for an integrative theory of national culture in international consumer behaviour. Also, based on the findings described in the present study, true experiments could be designed that include different product-service offerings designed to appeal to national cultures very high, versus very low, in collectivism, power distance and uncertainty avoidance. Such offerings could be tested in laboratory and/or field settings in counter-balanced designs to test predictions of whether or not each product-service appeals to each segment of national culture.

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4 Grounded Theory of International Tourism Behaviour: Building Systematic Propositions from Emic Interpretations of Japanese Travellers Visiting the USA

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Conventional research methods involve collecting and analysing data to rigorously test deductive theory. In contrast, grounded theory posits constructing theory from data (Glaser and Strauss, 1967). This chapter demonstrates the application of McCracken's (1988) long interview method to collect data for grounded theory development. Both emic (self) and etic (researcher) interpretations of visitor experiences uncover important insights on leisure travel decisions and tourist behaviour. Long interviews of Japanese tourists visiting Hawaii's Big Island map and compare visitors' plans, motivations, decisions and consequences. The results demonstrate the complexity of visitors' travel decisions and behaviour. Also, the findings uncover the emergence of a visitor group, the *kyooiku tsuaa* (education tour) segment on Hawaii's Big Island.

Understanding leisure travel behaviour is challenging due to the number of variables influencing travellers' decisions, behaviours and interpretations of trip outcomes. These variables include both past experiences and external stimuli. To interpret traveller experiences, a holistic approach is necessary. Grounded theory development typically includes thick descriptions of behaviour processes (Glaser and Strauss, 1967; Geertz, 1973). These descriptions provide an opportunity to collect both emic (informant

own) and etic (researcher) interpretations of the informant lived experiences and plans.

While etic reporting captures important insights on behaviour (e.g. Arnould and Price, 1993; Belk and Costa, 1998), etic reports in concert with emic interpretations allow researchers a rich method of capturing the complexities and nuances of leisure travel experiences. Self-reporting of lived experiences provides insights on both motivations and behaviour. The present study shows how grounded theory is useful for achieving deep understanding of leisure travel decisions and tourism behaviours. Employing McCracken's (1988) long interview method, personal, face-to-face interviews of travel parties provide insights on Japanese visitors' planning processes, motivations and experiences while visiting The Big Island (TBI) of Hawaii in the State of Hawaii, USA.

Japanese visitors are an important market segment in Hawaii's tourism industry because of their numbers and spending habits. In 2005, visitors from Japan represented almost 21% of all tourists, dwarfing Canadian visitors, the second largest source of international visitors, by almost three-fold (Hawaii Visitors and Convention Bureau, 2006). While Oahu is the most popular destination for Japanese tourists, their visits to Hawaii's Big Island are increasing.

According to the Hawaii Visitors and Convention Bureau (2006), the Big Island is the second most popular location for Japanese tourists and the only destination in the state to show an increase in Japanese tourists between the years 2000 and 2005. Also, Japanese tourists historically have been big spenders in Hawaii. Daily spending by Japanese tourists is the highest among all visitors with an average of \$255 per person (Hawaii DBEDT, 2006).

This study's findings support the core proposition that grounded theory enables useful mapping and description of flows of thoughts, decisions, events and outcomes within specific contexts in leisure travel (Woodside *et al.*, 2004). From the data, streams of processing and behaviours surface showing relationships among: (i) antecedent-to-trip conditions; (ii) trip planning strategies; (iii) destination activities-outcomes; and (iv) outcome evaluations. The results include gestalt understandings of conscious and unconscious thinking and behaviours (cf. Bargh *et al.*, 2001). The findings provide nuances on key activities and events affecting travellers' selection of TBI as a destination. Also, the data include insights on whether or not the participants perceive themselves as likely to return to TBI. This chapter offers unique insights for building theory and collecting interpretative data that are useful for studying leisure behaviour relevant for other destinations.

Japanese Tourist Behaviour

According to the Hawaii Visitor and Convention Bureau (2006), the average Japanese tourist visits Hawaii about three times, stays for 5 days in a hotel and reports that their trip's purpose is for pleasure and relaxation. Also, the average Japanese tourist visiting Hawaii spends about \$600 on gifts (Rosenbaum and Spears, 2006a). Surprisingly, the percentage of Japanese tourists that take group tours is declining in Hawaii. Comparing the years 2000 and 2005, about 27% fewer Japanese tourists report they are part of a group tour (Hawaii Visitor and Convention Bureau, 2006). The increase in repeat visitor percentage may be related to the reduction in package tour usage (Yamamoto and Gill, 1999). As more Japanese people travel abroad, the international experiences increase their comfort level.

A number of studies focus on specific demographic groups of Japanese tourists (Hashimoto, 2000; March, 2000; Sakai *et al.*, Mak, 2000; Mak *et al.*, 2005; Rosenbaum and Spears, 2006b). For example, single Japanese females are a unique type of tourist because they have a high level of discretionary income and they exhibit characteristics of individualism not typically associated with their culture (Hashimoto, 2000; Rosenbaum and Spears, 2006b). Also, some evidence suggests that Japan's ageing population will affect travel growth in the future (Mak *et al.*, 2005). While older Japanese are less constrained by schedules and likely are less price sensitive, their concerns about foreign food, language barriers and personal health present a different set of challenges for tourism managers (Sakai *et al.*, 2000). Finally, March (2000) identifies Japanese tourists in eight stages; however, four segments are identified as high growth opportunities in Australia: school excursion, language study, family and overseas wedding. The common link in these studies is the notion that demographic variables affect tourist behaviour.

The travel literature also examines socio-cultural influences on Japanese tourist perceptions and choices (Witkowski and Yamamoto, 1991; Reisinger and Turner, 1999; Kim and Lee 2000; Kim and Prideaux, 2005). The assumption is that a traveller's self-reference criterion affects behaviour. This notion is supported by Reisinger and Turner's (1999) finding that Japanese tourists' cultural values influence perceptions of service and interpersonal relations with hosts. Socio-cultural foundations affect trip pre-planning and framing leisure choices too. For example, Japanese tourists tend to use friends or relatives as information sources (Kim and Prideaux, 2005). Also, visitors' activities, both planned and unplanned, can be influenced by cultural differences. Compared to Anglo-Americans, Japanese tourists show more collective characteristics in their travel motivation by emphasizing family togetherness (Kim and Lee, 2000). To maintain social networks back at home, many Japanese buy *omiyagi* (souvenir) gifts. The strength of this social responsibility is evident in a study that finds 83% of Japanese tourists purchase *omiyagi*, spending an average of \$566 per person (Witkowski and Yamamoto, 1991).

Studies of Japanese tourists provide evidence that many variables can affect emic interpretations

of travel experiences. In some cases, the tourist may not understand their own behaviour, so etic interpretation also is useful. To address the complexity of these variables and challenges of interpreting the meaning, a holistic approach to analysis is needed. Grounded theory is useful for understanding the complexities of leisure travel decisions and tourism behaviours.

Grounded Theory Construction of Tourism Behaviour

Unlike most research, grounded theory is explicitly emergent. Grounded theory does not test a hypothesis; instead, this approach sets out to find what theory accounts for the research situation. In this respect, grounded theory is action research – the aim is to understand the research situation. According to Glaser (1978) grounded theory's aim is to discover the theory implicit in the data. Glaser (1978) suggests two main criteria for judging the adequacy of the emerging theory: that it fits the situation; and that it works – that it helps the people in the situation to make sense of their experience and to manage the situation better (Dick, 2000).

Previous studies of tourist purchase consumption systems provide guidance for grounded theory construction of tourist behaviour (Woodside and King, 2001; Woodside and Dubelaar, 2002; Woodside *et al.*, 2004). Purchase decisions are a sequence of mental and observable steps undertaken by consumers to buy and use products. Often these acquisitions lead to a purchase sequence involving other products. Qualitative comparative analysis (see Ragin 1987; Becker, 1998) is relevant for creating useful typologies of trip decisions. Central to consumption decisions is the proposition that prior purchases and experiences (e.g. on-site destination activities) trigger later purchases.

One study examines the decision process and doing-behaviours of TBI visitors (Woodside and King, 2001). Their study has useful conclusions for policy and positioning decisions; however, Woodside and King (2001) do not include in-depth reporting at the individual visit level. Their results imply but do not validate that grounded theory construction needs to capture the emic holistic view of

individual-level causes and consequences of processes in tourism behaviour.

Woodside and Dubelaar (2002) provide guidance for describing how specific nuances in destination-area behaviours affect other behaviours. Their study provides a variable-level analysis, two variables at a time, and thus a deep understanding of complete decisions and flows at the individual level is not possible.

Finally, Woodside *et al.* (2004) use thick descriptions to describe complex destination behaviours. They provide evidence that multiple dependent variables influence travellers' thoughts and actions. As their study is a case study of visitors to Canada's Prince Edward Island, the results need cautious interpretation. Additional testing of the propositions is necessary for learning whether or not the conclusions for building theory are location-specific.

Figure 4.1 displays nine issues relevant for grounded theory construction of flows of decisions and behaviours. The focus is on destination choices such as antecedents and consequences of implementing the decision. Although not displayed in Fig. 4.1, other tourism foci for grounded theory construction include decisions about mode/route, accommodations, dining-out and participation in specific events or activities. For these foci, decisions include alternatives that came to mind but were rejected by informants – traffic, geography and hospitality. Researchers would want to build in additional complexity in grounded theory construction to capture such acceptance/rejection processes.

Grounded theory propositions

In Fig. 4.1, the arrows represent propositions relevant to developing grounded theory and to constructing guiding questions for thick descriptions of visitors' behaviour. Following Woodside *et al.* (2004), Fig. 4.1 provides a template of topics covered during the long interview process rather than a list for variable-based analysis. The following descriptions summarize each proposition.

Proposition 1 (P1) (box 1 to 2 in Fig. 4.1) suggests the demographics and lifestyles of visitors affect how they frame leisure choices. For example, a family with a 3-year-old child

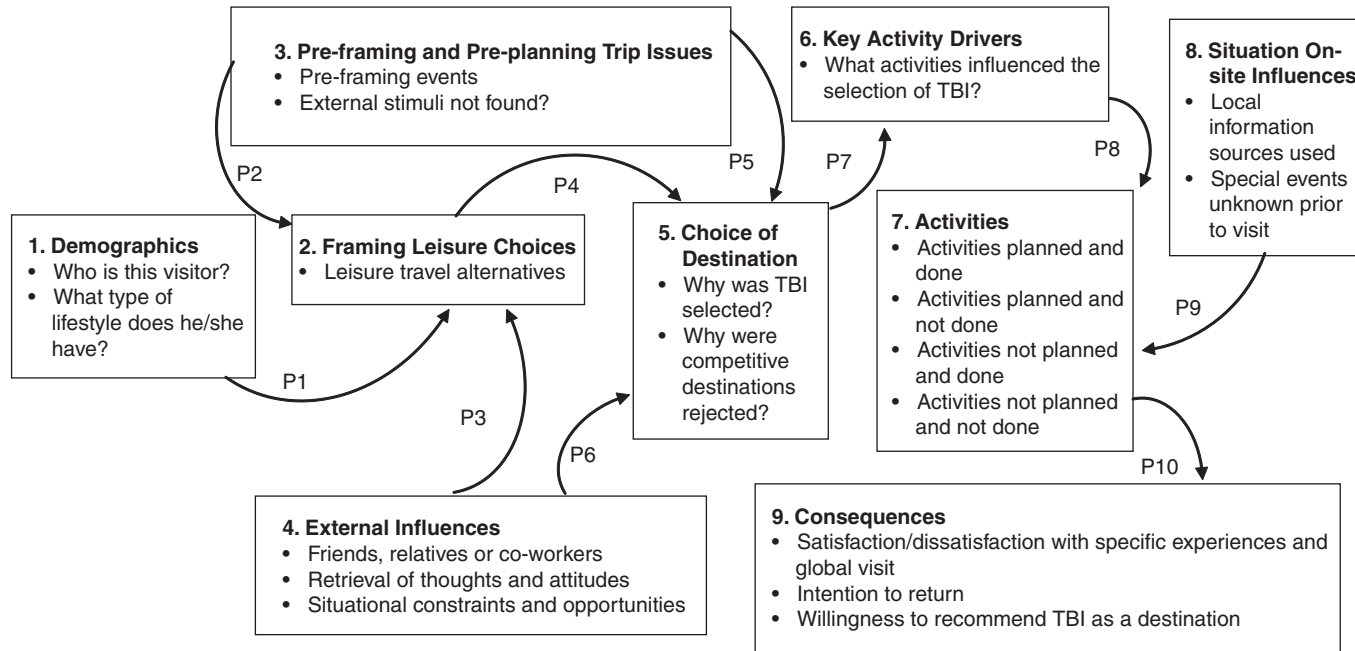


Fig. 4.1. Theoretical map. Adapted from Woodside *et al.* (2004).

would consider leisure travel alternatives with age-appropriate activities for their child. For example, does the destination have a protected, shallow lagoon with a sandy beach? On the other hand, the family with teenage children might frame their leisure trip in terms of the types of learning opportunities that they can experience. Hiking across lava fields to watch volcanic magma flow into the ocean might be more attractive to the family with teenage children than one with toddlers.

Proposition 2 (P2) (box 3 to 2) implies unexpected or unplanned events occur that may or may not affect the framing of leisure choices. For example, a television advertisement promoting a destination triggers initial thoughts about planning a visit. The advertisement represents a catalyst for collecting information, or an affirmation that a specific destination should be top of mind. In both cases, the thoughts triggered by the ad exposure represent a necessary, but not sufficient, motivation to visit the destination.

Proposition 3 (P3) (box 4 to 2) proposes external and internal personal influences affect the framing of leisure choices. For example, comments by friends or family members about positive experiences while visiting Hawaii might be retrieved from memory and mentioned during the framing of leisure choices. These external stimuli may only be proxies for the destination, but their impact is still strong. For example, family member comments about a visit to Oahu can still affect the framing of leisure choices for a trip to TBI.

Proposition 4 (P4) (box 2 to 5) purports features and benefits included in framing leisure choices affect the destination choice. For example, an opportunity to visit a coffee plantation on TBI may tip the balance when a traveller must choose between a visit to Oahu and TBI.

Proposition 5 (P5) (box 3 to 5) states that information collected for framing and trip planning affects the process of selecting and rejecting destination alternatives. This proposition suggests that the external stimuli affected the framing of leisure choices (P2) and are retrieved to influence the final destination choice.

Proposition 6 (P6) (box 4 to 5) asserts that friends' opinions and thoughts retrieved from memory influence the selection or rejection of destination alternatives. The importance of reference group influence on leisure trip planning

is noted in a recent study (Hsu *et al.*, 2006). Given the influence of reference groups on consumer purchasing behaviour, the retrieval of previous reference group encounters also is likely to influence the destination choice.

Proposition 7 (P7) (box 5 to 6) contends key activity drivers help solidify the decision to visit the destination selected. Examples of key activity drivers include concrete plans and pre-trip actions (e.g. bookings) regarding a visit to a specific destination.

Proposition 8 (P8) (box 6 to 7) claims that key activity drivers affect what is planned and done in a destination. Box 7 notes that leisure activities can be categorized into four quadrants: planned-done; planned-undone; unplanned-done; and unplanned-undone. Planned-done activities typically are key activity drivers. Visitors' decisions to choose a destination are influenced by planned participation in these activities. Data in this quadrant are useful for designing destination attractions and creating positioning statements. Since many travellers do not engage in in-depth planning (Fodness and Murray, 1999), unplanned-done activities may represent the largest share of leisure time pursuits done by visitors. Unplanned-done activities represent an opportunity for destination marketing strategists. Planned-undone activities may be the result of loss of interest, an unexpected situational contingency or the result of a trade off/replacement with a more desirable activity. Understanding the cause of planned-undone activities helps explain cases when customer visits are dwarfed by inquiries. Finally, unplanned-undone activities are when an activity is a possibility; however, the visitor does not plan or engage in the pursuit. In this case, a visitor may have an awareness of an activity (e.g. parasailing), but he/she does not have any interest in it.

Proposition 9 (P9) (box 8 to 7) proposes that visitors learn about events and activities while visiting. Exposure to the destination serves as a catalyst for affecting behaviour. This behaviour is consistent with Weick's (1995) contention that visitors sometimes only think about involvement in an activity after seeing it.

Finally, Proposition 10 (P10) (box 7 to 9) concludes that activities done (and not done) affect much of the attitude and intention consequences resulting from, and associating with, visiting a destination. In other words, visitor

experiences that result in specific outcomes are the antecedents to a good or bad trip (see Frazer, 1991).

Method

Research for this chapter includes a field study designed to examine the propositions. The field study includes 60- to 90-minute, in-situ interviews using an 18-page questionnaire. The survey instrument was structured to provide latitude for interviewers to ask probing or follow-up questions in the event that unexpected issues or experiences surfaced during the interview process.

Informants and procedure

Informants were Japanese tourists visiting TBI between August and October 2006. Both first-time and repeat visitors participated. In the case of first-time visitors, care was taken to assure informants were interviewed at the end of their visits. Most interviews were conducted at Kailua-Kona (a resort city located on the west side of TBI) in hotels, or at a tourist shopping mall located at the Waikoloa resort area – 20 miles north of Kailua-Kona. Japanese tourists were interviewed in their native language by bilingual researchers. Each informant received US\$50 and a Hawaii-themed t-shirt for their cooperation.

Informant selection was by convenience sampling. Prospective informants were approached and pre-screened with general questions about their visit and whether they would be willing to participate in an interview. Six of ten Japanese tourist parties contacted were reluctant to participate. Most cited the short duration of their visit (e.g. 3–4 days) as their reason for declining. Also, the monetary incentive may not have been sufficient to gain their cooperation.

The questionnaire includes questions asking for: (i) demographic information about members of the travelling party; (ii) pre-trip planning and sources of information; (iii) activities and destinations – both planned and unplanned; (iv) issues surrounding flights, accommodations and ground transportation; (v) eating and dining experiences; and (vi) overall impressions of the travel experience. Informants were told that their compensation was not dependent on answering

all the questions, and they could end the interview at any time. On average, the interview's duration was about 80 minutes. Nearly all questions were answered by all the informants.

A total of seven interviews was completed. Written, thick descriptions were completed for each informant. Each case study report was read and revised by the research team.

Findings

The discussion of findings builds first from individual case study analyses. The discussions include thick descriptions of each of the seven cases. Following the presentation of these findings, the discussion shifts to presenting findings from a comparative analysis of the case studies.

A Japanese family of four (including two teenagers) from Ashiya, Japan

This case study provides responses by Taeko, a Japanese woman, with elaborations during the interview provided by her husband. She visited Hawaii in August 2006 with her husband, mother and two teenage children. Prior to arriving on The Big Island (TBI), the family spent about 30 days on Oahu. On Oahu, Taeko's husband attended a training seminar at the University of Hawaii. Also, Taeko's children were busy attending summer camp. On the weekends, they rented a car and went sightseeing. Taeko and her mother spent the weekdays window shopping in Waikiki and the Ala Moana Shopping Center.

Their 3-day visit to TBI was a side trip. Taeko's mother did not join them for the side trip. Primarily, the visit to TBI was planned to visit Japanese friends that live there. Also, the family wanted to see the volcano and other natural beauty on Hawaii's largest island. The daughter had a school project on the topic of volcanoes, so she was very interested in going to view the lava fields.

The data in Table 4.1 apply to Taeko's trip. Pre-trip planning included talking with friends and reading a guide book, *Waurudo Gaido Hawaii Taiheiyō #2* (World Guide Hawaii, Pacific Ocean #2). Taeko found the book's map to be useful for their trip planning. Also, note

Table 4.1. Taeko's visit to The Big Island (TBI).

Decision area	Destinations	Route/mode to and in TBI	Accommodations while in TBI	Activities in TBI	TBI regions visited	Attractions visited
Consideration set and choices	Spend time with family; expose children to American culture	Air transport Kansai International–Honolulu-Kona; Car rental Kona to Hilo	1 month condo rental on Oahu; 3-day stay at friend's house on TBI	Visit friends; see natural beauty of TBI	Kailua-Kona; Hilo; Puna	Volcanoes National Park; Mauna Kea; Hilton Waikoloa resort
Motives	Spend time with family; expose children to American culture	A personal expense; find the most cost effective way to travel	Save money; spend as much time as possible with friends	Drive from Kona to Hilo (and back) and see as much natural beauty as possible.	See as much of TBI as possible	Daughter's school project; see unique natural environment; visit a nice resort
Information search and use	Talked with friends living on TBI; <i>Waurudo Gaido Hawaii Taiheiyō #2</i> (World Guide Hawaii, Pacific Ocean #2)	Internet search (Expedia); Japanese travel agent (HIS); contact airlines directly; car rental on Internet	Internet search for Oahu accommodations; e-mail correspondence with friends	Guidebook and local friends	Guidebook and local friends	Guidebook and local friends
Outcomes	Pleased about decision; a unique opportunity to see an interesting place and to visit friends	Chose Northwest because of frequent-flyer programme; tickets were more expensive than expected; service on airline was not very good; car rental was fine	Very comfortable; no surprises	Volcanoes National Park is amazing	Drove around entire island	Could not find Waikoloa resort; not enough time to visit Mauna Kea; enjoyed the Chain of Craters and seeing Kona beaches

that this family was price-sensitive. Taeko and her husband conducted an extensive search for the lowest air fare. Figure 4.2 includes the external influences that affected their decision to visit TBI. The primary motivations for visiting TBI were visiting friends and touring a geographically interesting location.

Description of the family visiting TBI

The travel party included Taeko and her husband, a couple in their early forties, and their son and daughter, aged 16 and 12, respectively. Taeko answered all the questions, but her husband provided elaborations on his wife's answers. She has an associate's degree from a Japanese college and she does not work outside the home. Taeko's husband has a master's degree and he is employed full time as a university professor. The family resides in Ashiya City, which is located between Osaka and Kobe, Japan.

Interview site/day

The interview was conducted during the evening of 18 August 2006. The interview site was located at the home of Taeko's friends in Hilo, Hawaii. Prior to the interview, the family took a day trip to Volcanoes National Park. They were noticeably tired from their recent touring. The interview took approximately 1 h.

Trip decisions for the total trip

Trip planning began 8 months prior to their arrival. Their trip was going to be both a business/training trip for Taeko's husband and a family trip. This trip was contingent on whether or not the husband's employer would allow him to attend a 1-month training seminar at the University of Hawaii on Oahu. After the January seminar application was accepted and the employer gave permission, Taeko and her husband started gathering information for their trip. The employer took several weeks to give permission for the trip because taking family on a 'business trip' was considered irregular. Final approval was received in March 2006, 5 months prior to their departure. No other destinations were considered. If the employer declined permission, the family would have stayed home and saved the money.

One major decision was purchasing air tickets. Taeko investigated a number of sources including a domestic travel agent (HIS Travel in Osaka), an online air ticket broker (Expedia) and airlines that fly directly from Kansai International Airport to Oahu (Japan Airlines, Northwest and United). To Taeko's surprise, the travel agent suggested that she could buy the least expensive tickets directly from the air carrier. A second surprise was that the air tickets were less expensive for a 30-day stay than for a shorter period of time. The final determinant in purchasing the air ticket was the frequent-flyer mileage award from Northwest Airlines.

TBI planning issues

This visit to Hawaii was Taeko's third. She and her husband visited Hawaii together 11 years ago. Her previous visits were limited to the island of Oahu. Taeko and her family wanted to see TBI's natural beauty as well as spend time with friends living in Hilo. Providing a learning experience for the children was important as well. The daughter had a school project on volcanoes, and their plans needed to fit with the school project. Also, the parents wanted their children to learn about US culture.

The primary source of attraction information came from friends, both those living on TBI and in Japan. The *Waurudo Gaido Hawaii Taiheiyo #2* also provided some attraction information, but the island map was the most useful part of the book. Prior to arrival, the family planned to visit Volcanoes National Park, Mauna Kea and the Hilton Waikoloa resort. At Volcanoes National Park, they wanted to watch lava flow into the ocean.

TBI visit issues

Since the family stayed with friends in Hilo, transportation was the primary visit issue. To see as much of TBI as possible, the family flew to the Kona airport and rented a car. Overall, the airplane travel was a disappointment. The tickets were rather expensive and the service on the airplanes was perceived as poor. On Northwest, the airline attendants were not very friendly; however, the flight did arrive early which partially compensated for the poor service. Also, there were some unexpected surprises on the

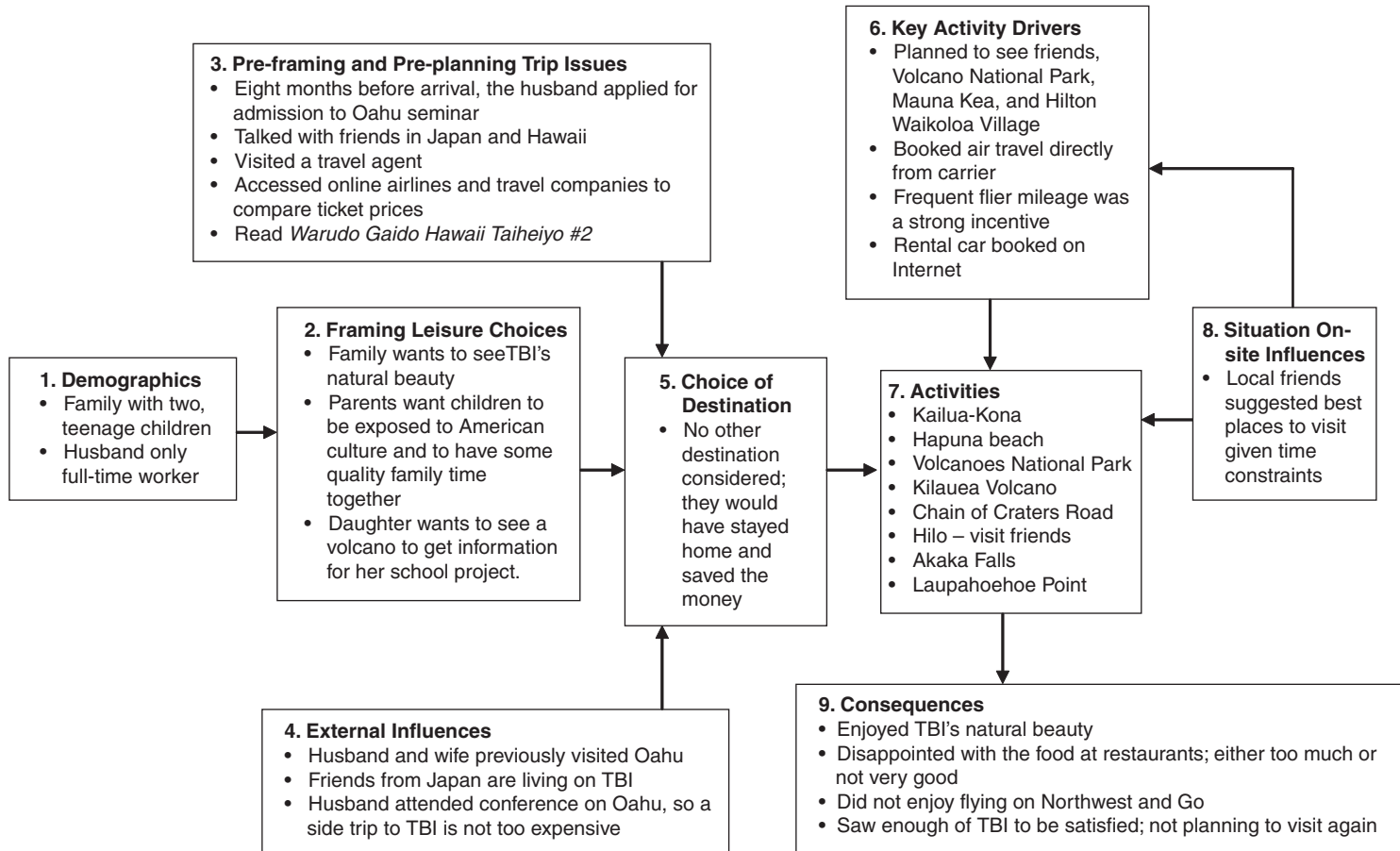


Fig. 4.2. Taeko from Ashiya City, Japan.

flight from Honolulu to Kona. On Go Airlines, the flight made an unexpected stop in Maui. While this stopover was planned, the flight itinerary did not list it. Also, Go Airlines charged passengers a fee for soft drinks. This unexpected expense was mentioned three times in the interview because it left a negative impression about the company.

The car rental was made over the internet. Both price and car style were important considerations when they booked the rental car. After investigating several car rental companies online, Taeko and her husband selected a four-door convertible from Alamo. The experience with the rental car was very positive.

Activities and attractions visited

A number of planned and unplanned visits to locations were made. The highlight of the trip was the visit to Volcanoes National Park. At the Park, the family walked through a large lava tube, viewed the Kilauea volcano and drove on the Chain of Craters Road. Also, they visited a site where hot lava flows into the ocean. Since the family drove around the island, they stopped at a number of unplanned places too. These locations are famous for their natural beauty: Hapuna Beach, Akaka Falls and Laupahoehoe Point. Although they enjoyed the unplanned stops, the impression of the planned stop was greater.

Two planned locations were not visited. Based on recommendations from local friends, the family planned to visit the Hilton Waikoloa resort. To their disappointment, they failed to locate the resort entrance. Also, time constraints forced the family to cancel their plans to drive over Saddleback Road to get a closer look at Mauna Kea and the astronomy telescopes on the top of it. Taeko particularly wanted to see the top of Mauna Kea because she read about it in the guide book. The lack of time prevented this side trip.

Eating places

Dining decisions were based on convenience and economy. Also, the children had a preference for a casual dining experience. While visiting Volcanoes National Park, the family ate lunch at Volcano House's snack bar. The

restaurant's view is spectacular, but the food was not very good. In Hilo, the family ate dinner at Ken's House of Pancakes. The quality of food was a bit better than Volcano House, but the quantity was too much.

Motives for the trip

Both Taeko and her husband had visited Oahu 11 years ago. They enjoyed the exotic location and visiting friends. Their recent trip to Hawaii was influenced by the previous positive experience, a chance to expose the children to the US culture and an opportunity to visit friends. Combining the trip with the husband's business seminar reduced transportation costs and increased the length of time the family could spend in Hawaii. The trip's timing fitted perfectly with the children's school break. Also, to their surprise, a 1-month stay reduced the price of both air ticket and accommodations.

Summary

Taeko and her family do not plan to return to TBI in the near future. While TBI interests them, family finances dictate their future travel. Both children will attend university in the future, so the family needs to start saving. Also, the supporting services did not meet their expectations. The airplane ticket was expensive, but the service was not perceived as very good. Taeko was annoyed at Go Airlines for charging a fee for soft drinks. Food at the restaurants did not meet their expectations. Food quality was low and the quantity was too great.

Japanese family of four (with two young children): Eiji from Toyota, Japan

Eiji works in automobile manufacturing in Japan. For the last 12 years, he has visited Hawaii annually. On the last 10 trips, Eiji travelled with family members. The current visit is unique because of its length. Having worked for his employer for 20 years, Eiji was entitled to take a 1-month vacation. His extended Hawaiian holiday was split between Kauai (2 weeks), Oahu (10 days) and TBI (1 week).

The data in Table 4.2 and Fig. 4.3 apply to Eiji's trip. Last year, the family visited TBI, but

Table 4.2. Eiji's visit to The Big Island (TBI).

Decision area	Destinations	Route/mode to and in TBI	Accommodations while in TBI	Activities in TBI	TBI regions visited	Attractions visited
Consideration set and choices	TBI and other Hawaiian islands	Air transport Kansai International–Honolulu-Kona; car rental Kona to Hilo	1 week condo rental in Kona (the Shores) or tour package hotel (e.g. Bay Club)	Star gazing; coffee farm; Kona beaches	Kailua-Kona; Waimea; Hilo	Kona beaches; Mauna Kea; Parker Ranch; Volcanoes National Park; coffee farm
Motives	Spend time with family; annual pilgrimage	A personal expense; find the most cost-effective way to travel; JCB credit card promotion reduced air ticket price.	Stay in a nice place that is not too expensive	Enjoy natural beauty; give children an educational experience; relax	See more of TBI than on previous trips	Son's school project; see unique natural environment; visit a nice resort
Information search and use	Talked with family, friends and co-workers; <i>Chikyo no Arukikata: Big Island (How to Travel the Globe)</i> ; other guide books	JAL internet reservation for one person because of mileage programme; Japanese travel agent for three air tickets; Japanese agent for Alamo car rental	Internet search on Japanese web site 'I Love Hawaii'	Guide books; family, friends and co-workers; 'I Love Hawaii' web site	Guide books; family, friends and co-workers; 'I Love Hawaii' web site	Guide books; family, friends and co-workers; 'I Love Hawaii' web site
Outcomes	'I can't stop thinking about Hawaii.'	Japan Airlines frequent-flyer programme; service on airline has declined noticeably; car rental was fine	The Shores is very comfortable; wish the room had an ocean view	'Star gazing is amazing!'; planning to visit next year	Drove around entire island	Lava fields are amazing; children like the white coral designs people put in the lava fields; star gazing is great

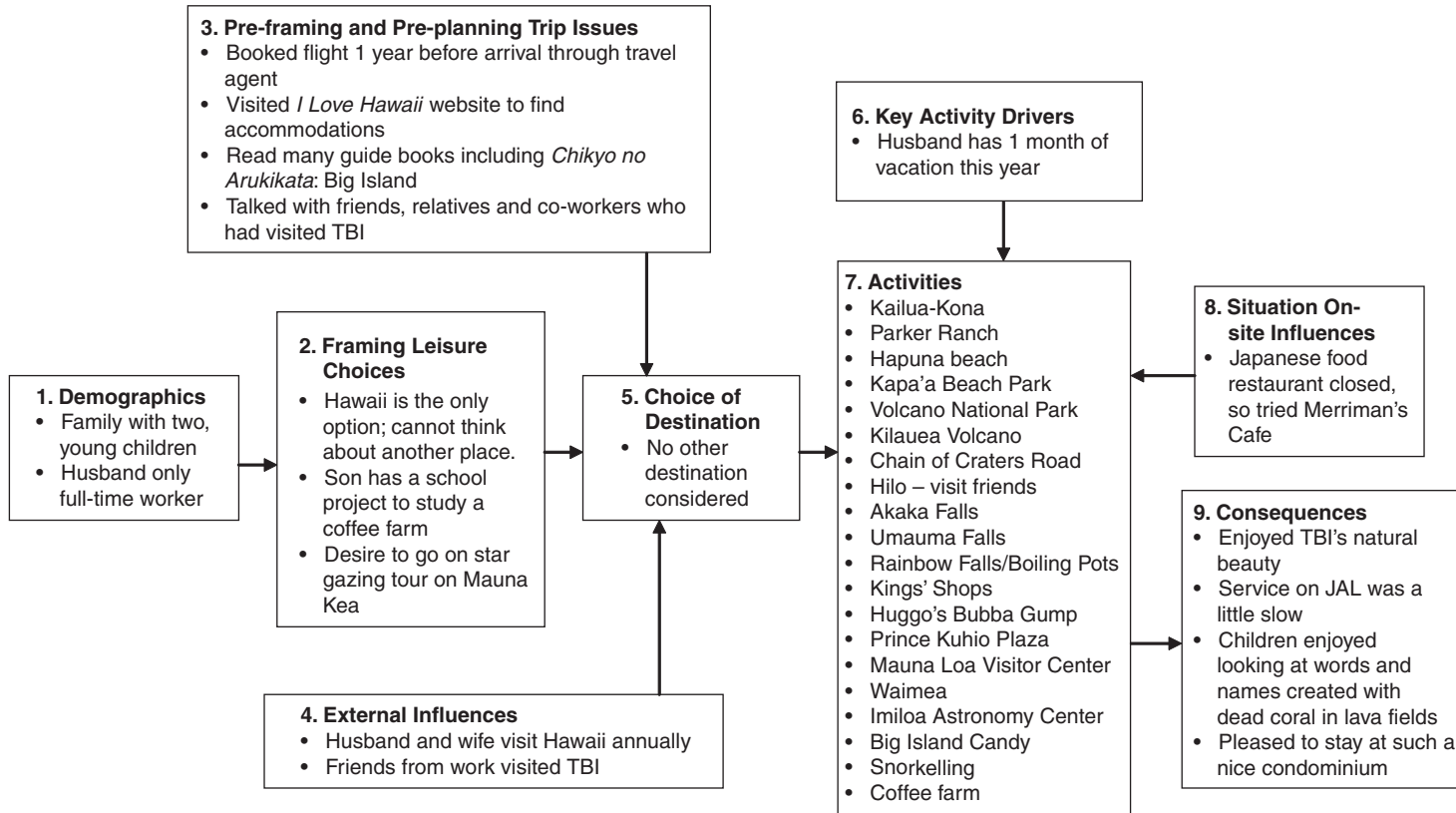


Fig. 4.3. Eiji from Toyota City, Japan.

they only stayed for 3 days. This trip provided an opportunity for them to explore more of TBI.

Description of the family visiting TBI

Eiji and his wife are in their mid-30s, and their two sons are aged 8 and 10 years. Eiji works full time for an automobile manufacturer; his wife is a homemaker. He answered most of the questions, but his wife occasionally commented as well. The family resides in Toyota City in Aichi prefecture. The nearest major metropolitan area is Nagoya in central Japan.

Interview site/day

Eiji was interviewed at the Kings' Shops located in the Waikoloa resort. He had just finished eating lunch at Merriman's Café. The interview was held in the property manager's office during the afternoon of 23 July 2006. They had arrived from Japan the previous day, so the family was tired. Eiji's wife and children were present for about half of the interview.

Trip decisions for the total trip

Trip planning began 1 year before departure. Eiji and his wife began gathering information for their next visit after the family returned from their previous trip to Hawaii. Since Eiji always had planned to spend his 20-year employment holiday in Hawaii, pre-trip planning started years earlier. Pre-trip planning included reading a number of guide books, talking to family, friends and co-workers, and online information searches. Eiji mentioned *Chikyo no Arukikata: Big Island* (How to Travel the Globe: Big Island) as a useful book for planning purposes. This travel book series is popular in Japan. Also, he was a frequent visitor to a Japanese web site called 'I Love Hawaii'.

TBI planning issues

Japan Airlines (JAL) was the airline of choice. Mileage awards from previous trips had accumulated to reach the threshold for a free air ticket. Flight arrangements for the free ticket were made online. The other three tickets were booked through the travel agent Eiji always uses. According to Eiji, the air ticket booking process was not too difficult. Their flight left from Tokyo

and it included a short stopover in Oahu where they changed airplanes for the Oahu to Kailua-Kona part of the trip. Eiji commented that the customer service on JAL appears to be declining in recent years. He thought that the airline personnel were not very efficient in serving food and drinks to passengers.

TBI visit issues

At the 'I Love Hawaii' web site, Eiji found a very favourable rate for renting a condominium called 'The Shores'. The unit he booked is owned by a Japanese person. Having been to Kona before, Eiji was familiar with this property, but the high price prevented him from making reservations previously. The family was delighted to stay in a nice condominium. In addition to close proximity to the ocean, The Shores has a nice swimming pool. Eiji's only misgiving about the accommodations is the lack of ocean view from the room. While staying at The Shores, the family planned to cook their own meals. Following the interview, they were heading to the grocery store to stock up on food.

In order to visit various parts of TBI, Eiji rented a car. He chose Alamo car rental because of a price discount. JCB, a Japanese credit card company, was running its 'Bonus Campaign' promotion. Card holders were entitled to a discount on Alamo car rental rates. Eiji contacted his local Alamo representative by telephone to make car rental reservations. Overall, the rental car met his expectations. Eiji was surprised by the inclusion of a DVD player in the rental car. He considered this feature to be a bonus.

Activities and attractions visited

The interview took place early in Eiji's visit to TBI. As a result, he had not visited too many places yet. Eiji had definite plans on the places that they were going to visit. These locations can be categorized into ocean/beaches, inland nature (volcano and waterfall) and astronomy-related destinations (e.g. Imiloa Astronomy Center). In addition, the family was going to visit a coffee farm to gather information for the older son's summer school project. To buy *omiyagi* (gifts for friends), Eiji was going to visit Big Island Candy and the Prince Kuhio shopping mall in Hilo. On their previous visit, the family had

only visited beaches that were in close proximity to their hotel, the Bay Club at Waikoloa.

Eating places

By renting a condominium, the family was going to cook most of their meals. Following the interview, Eiji was heading to the grocery store to buy food. They did eat at Merriman's Café at Kings' Village. This restaurant was their second choice. The Japanese food restaurant was closed. According to Eiji, the food at Merriman's was delicious, but he was disappointed at the selection. The family wanted to order pizza, but that menu item was sold out. They also were planning to dine at Huggo's Bubba Gump, a Cajun seafood restaurant inspired by the film '*Forrest Gump*'.

Motives for the trip

Eiji's strong attachment to Hawaii is evident from his words, 'I cannot stop thinking about Hawaii'. Days after returning from his previous visit, Eiji had contacted his travel agent to make reservations for his next trip. Perhaps these annual excursions help him to cope with his structured life in Japan. The image of white sand beaches and palm trees creates a fantasy world that he looks forward to annually. Assuming he does not have a bad experience during a future trip, Eiji probably will continue to visit Hawaii annually.

As Eiji's children get older, the family will continue to integrate educational activities into their visits. For this year's trip, a visit to a coffee farm will help with the older son's school project. Visits to Volcanoes National Park and a star-gazing tour are educational opportunities for the children. These experiences may be catalysts for future school projects during upcoming visits.

Summary

Eiji and his family are regular visitors to Hawaii. Typically, he purchases a package tour and stays for 1 week. Eiji's current trip is a departure from his usual tourist behaviour. Because of his 20-year employment anniversary, Eiji was able to spend more time in Hawaii. His activities on TBI and other Hawaiian islands suggest

interests in both natural beauty and scientific discovery. TBI offers these opportunities and should continue to provide a strong incentive for annual visits.

Japanese family of three (with one young child): Michiko from Hyogo Prefecture, Japan

This case study provides responses by Michiko, a Japanese woman. She visited Hawaii in October 2006 with her husband and son. TBI was their only destination. They stayed for 6 nights in the Waikoloa area of TBI. Although this trip was Michiko's second visit to TBI, neither her husband nor son had visited TBI previously. Table 4.3 shows the data from Michiko's trip. Figure 4.4 shows the external influences and outcomes of Michiko's visit to TBI.

Description of the family visiting TBI

The travel party included Michiko and her husband, a couple in their late thirties, and their 9-year-old son. Michiko answered most of the questions, but her husband provided additional comments as well. The family lives in Hyogo prefecture in Japan. The husband works full time for an insurance company; Michiko works part-time at a clothing store.

Interview site/day

The interview was conducted at the Ellison Onizuka Visiting Center on Mauna Kea. This location is a staging place for people waiting to acclimatize to the change in atmospheric pressure. The family was returning from a star-gazing tour on top of Mauna Kea. High altitude made the interview site cool; however, the tour company provided hot cocoa and snacks for its customers.

Trip decisions for the total trip

Trip planning began 6 months before their arrival. Michiko had visited TBI before, so she was the lead person in the planning process. Although her husband wanted to spend a few days on Oahu, Michiko decided that the entire 6 nights would be spent at TBI. No other destination was considered. Pre-trip planning was a

Table 4.3. Michiko's visit to The Big Island (TBI).

Decision Area	Destinations	Route/mode to and in TBI	Accommodations while in TBI	Activities in TBI	TBI regions visited	Attractions visited
Consideration set and choices	TBI and/or Oahu	Air transport Kansai International– Honolulu-Kona; car rental	List of accommodations listed in Hilton vacation club magazine	Star-gazing tour to Mauna Kea; Volcanoes National Park	Waikoloa; Kailua-Kona; Mauna Kea; Puna; Hilo	Bubba Gump restaurant; Big Island Candies; Kings' Shops; Hapuna Beach
Motives	To take son to see natural beauty of TBI; to relax and to forget problems	Cost effective travel; direct flight from Kansai to TBI more expensive	Chose Hilton because of vacation club membership discount	To show son TBI's natural beauty	Enjoy the natural beauty of TBI	Desire to see famous place on TBI; buy souvenirs
Information search and use	<i>Chikyo no Arukikata</i> : Big Island (How to Travel the Globe); other guide books also read	HIS Travel to book flight; Hilton Grand Vacation Club to reserve room and rent car	Search limited to choices offered in vacation club magazine	Previous visit to TBI; star-gazing tour ad in vacation club magazine; travel magazines	Previous visit to TBI; star-gazing tour ad in vacation club magazine; travel magazines	<i>Chikyo no Arukikata</i> : Big Island
Outcomes	Only visited TBI; enjoyed the trip; forgot their daily concerns; plan to come back again	Rental car too small to drive to Mauna Kea; Aloha's airplane smelled mouldy; drive from Kona to Hilo shorter than expected	Stayed at Hilton before so no surprises	Star viewing was beautiful; did not like the high cost or lack of flexibility with the organized tour; next time, explore on their own	Less rain than expected	Enjoyed spending time at the beach

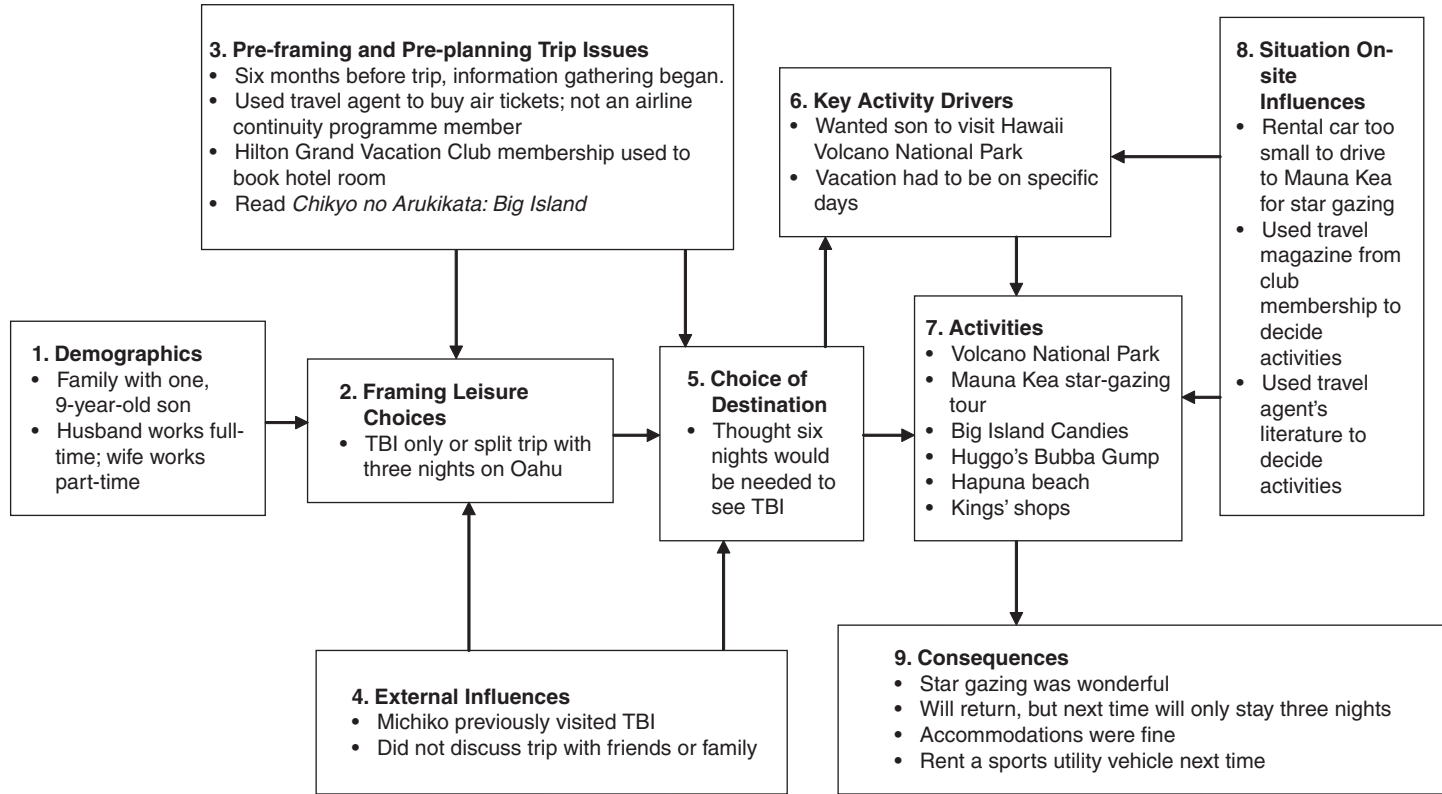


Fig. 4.4. Michiko from Hyogo Prefecture, Japan.

combination of reading travel books (e.g. *Chikyo no Arukikata: Big Island* [How to Travel the Globe: Big Island]), and recalling previous experiences at TBI.

TBI planning issues

Airplane reservations were made through HIS, a Japanese travel agency. Prior travel experience taught this family that the least expensive air tickets are purchased from their travel agent. Although a direct flight to Kailua-Kona airport was preferred, Michiko booked a flight that stopped in Honolulu because of the lower price. The family flew on Japan Airlines from Osaka to Honolulu. Neither Michiko nor her husband mentioned anything unusual about this part of the journey. From Honolulu to Kailua-Kona, the ride on Aloha Airlines was less pleasant because a mould-like odour permeated the passenger compartment.

TBI visit issues

To find accommodations, they used a travel magazine. Through the Hilton Grand Vacation Club, the family previously purchased a time-share condominium. The Vacation Club membership includes a magazine. Michiko used the magazine to locate hotel options and to select their choice, the Waikoloa Hilton. As members of the Vacation Club, they receive discount rates on hotel rooms.

Pre-trip planning identified the need for a rental car in order to visit the Hawaii Volcanoes National Park. A rental car offered more flexibility in visiting sites than a structured tour. Their rental car company choice also was based on advertisements in the travel magazine. Unfortunately, they rented a sub-compact automobile which was inadequate for driving to Mauna Kea for star gazing. If they return to TBI in the future, the family plans to rent a sports utility vehicle.

Activities and attractions visited

The primary activity planned was to visit Hawaii Volcanoes National Park. Michiko visited the park on her previous trip, and she wanted her son to see lava fields and the summit caldera. They were going visit the park on the day following the interview.

Unplanned attractions were visited as well. On their first day, the family enjoyed a relaxing day at Hapuna beach. Hapuna beach is only a 5-minute drive from their hotel. A star-gazing tour also was unplanned. When renting the car, Michiko assumed the vehicle would be adequate for driving up the mountain. Once they realized the car was inadequate for the mountain drive, the previously mentioned travel magazine provided a list of star-gazing tour operators. Michiko was not very happy about paying \$160 per person for the star-gazing tour; however, the family was delighted to see a beautiful sunset and a sky full of stars.

Eating places

Most meals were eaten at the Waikoloa Hilton's restaurants. The resort's restaurants include a wide variety of moderately expensive cuisine. Michiko did not comment on their dining experiences at the Hilton. While visiting Kona, the family ate dinner at Huggo's Bubba Gump. The restaurant was chosen because the son likes to eat shrimp – the restaurant's specialty. Also, this restaurant chain has a presence in Japan, so they probably had knowledge or perhaps previous dining experience.

Motives for the trip

Michiko's previous visit to TBI affected her decision to plan a family vacation. Her visit to Hawaii Volcanoes National Park left a strong, positive impression. She was determined to show her son the park. Although the husband and son wanted to spend time on Oahu, Michiko insisted that the entire vacation be spent on TBI. She was motivated by the need to expose her son to TBI's natural beauty.

Summary

Will Michiko bring her family back to TBI? The star gazing and lava fields are strong incentives for a repeat visit. Evidence from the interview suggests that their memories of TBI will be positive. Michiko does plan to return, but the family would stay for only 3 nights. She discovered that they could see everything in only 3 days, so the rest of the time could be spent visiting another island to broaden their Hawaii travel experience.

Japanese honeymoon couple

A young honeymoon couple provided data for this case study. Hideki and Aya were first-time visitors to TBI in October 2006. Their 6-night honeymoon was split equally between TBI and Oahu. Table 4.4 shows the data from Hideki and Aya's trip, and Fig. 4.5 shows the external influences and outcome of their visit to TBI.

Description of the family visiting TBI

Hideki and Aya are from Saitama prefecture. They are in their late twenties, and the couple was married 1 month prior to their October 2006 visit to TBI. Both Hideki and Aya answered questions. Hideki works full time for an information technology company; Aya is a homemaker.

Interview site/day

The interview was held at Kings' Shops in Waikoloa. The couple was taking a break from shopping and they were sitting on a bench relaxing. Following the interview, they planned to continue shopping because many stores were having sales.

Trip decisions for the total trip

Planning for this trip began approximately 1 year before departure. At that time, the couple decided to get married. Hawaii was the only destination considered for their trip. Their only concrete plan was to visit TBI as part of the trip. Trip pre-planning was influenced by Aya's hula teacher. Learning to hula dance is a popular activity among Japanese women. Aya's hula teacher made many trips to Hawaii, so their conversations often included stories about these previous trips. These conversations included information about interesting attractions and good restaurants.

TBI planning issues

The hula teacher's son works for ABA, a travel agency. When Hideki and Aya decided to visit Hawaii, the teacher introduced her son. To simplify trip planning, the couple decided to use the travel agent. After receiving a travel book from the agent, Hideki and Aya were able to compare tour, hotel and air travel options. The

travel agent booked air travel, accommodations and an Oahu tour for the couple. Although Aya previously visited Oahu, the hula teacher's advice was a stronger influence on trip planning.

Air transportation included flights from Tokyo to Oahu on Japan Airlines and Aloha Airlines from Oahu to Kailua-Kona. Apparently, the air travel was satisfactory because neither Hideki nor Aya commented about the flights. The travel agency also provided a free shuttle service to the hotels.

TBI visit issues

As previously mentioned, the travel agent presented lodging and tour package options to the couple. Hideki and Aya indicated that the trip schedule and price influenced the option they chose. Hilton hotels were chosen for both Oahu and TBI accommodations. In general, the couple were pleased with the accommodations; however, they were surprised that the Hilton did not provide bathrobes and toothbrushes in the rooms as is found in Japan.

Hideki and Aya decided not to rent a car. They had modest sightseeing plans. Free shuttle service was provided between hotels and the airports. Also, Hideki and Aya booked a guided island tour and a dinner cruise for their stay on Oahu. On Oahu, Aya wanted to spend as much time as possible shopping because some of the stores and items are not available in Japan. The couple had no specific plans for their visit to TBI. Hideki and Aya just wanted to relax at the Hilton resort.

Activities and attractions visited

On Oahu, the couple planned the island tour, a dinner cruise and lots of shopping at the Ala Moana Center. The couple did participate in all three activities. On TBI, they only planned to relax at the Hilton resort complex. At the Hilton, unplanned and done activities included the Dolphin Quest exhibit and the Legends of the Pacific Luau. Also, Aya discovered that a free shuttle service is available between the Hilton and Kings' Shops. Kings' Shops (Center) is similar to Oahu's Ala Moana Center. The couple made several unplanned visits to Kings' Shops for additional shopping because many stores were holding special sales.

Table 4.4. Hideki and Aya's visit to The Big Island (TBI).

Decision area	Destinations	Route/mode to and in TBI	Accommodations while in TBI	Activities in TBI	TBI regions visited	Attractions visited
Consideration set and choices	TBI and other Hawaiian islands	Air transport Tokyo International–Honolulu-Kona	Hotels listed in travel agent brochure	Shopping	Waikoloa; Kailua-Kona	None
Motives	Relax and shop	A personal expense; fit with schedule	Comfortable and close to shopping	Visit stores and buy products not available in Japan	Relax; spend time together	Relax; spend time together
Information search and use	Hula teacher; travel agent (son of hula teacher); previous visit to Oahu	Japanese travel agent	Japanese travel agent	Hula teacher; travel agent; Aya's previous trip to Oahu	Hula teacher; travel agent	Hula teacher; travel agent
Outcomes	Desire to return to TBI to see natural attractions	Free shuttle service to shopping centres was nice	No bathrobes or toothbrushes in the rooms	Bought Hawaiian print fabric	Lots of shopping because good sales	Enjoyed the resort area; want to return to TBI to see volcanoes

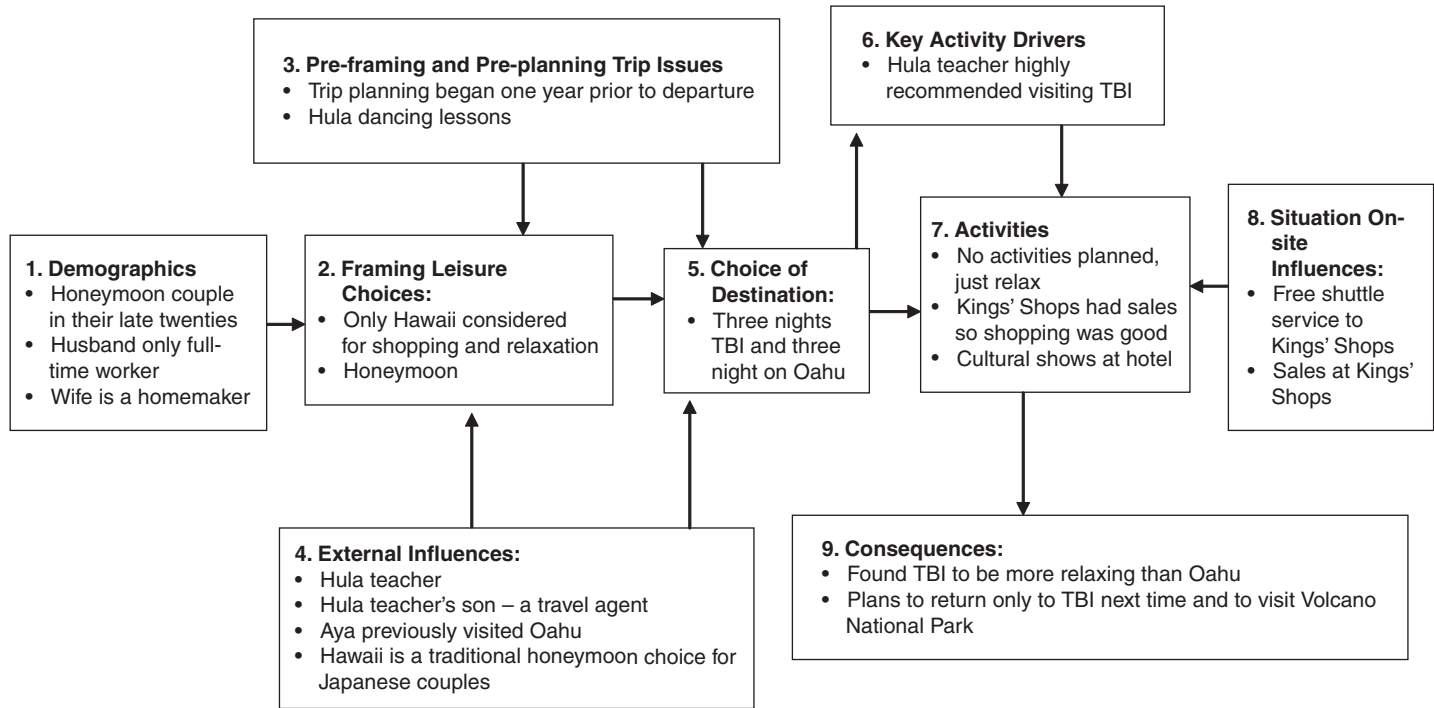


Fig. 4.5. Hideki and Aya from Saitama Prefecture, Japan.

Eating places

Dining was limited to upscale restaurants near or inside the hotel. For example, the Legends of the Pacific Luau show included dinner. At Kings' Shops, the couple ate at several restaurants. Big Island Steak was mentioned in particular. The food was very good; however, the portions served were excessive.

Motives for the trip

The honeymoon couple spent 1 year planning their trip. Their visit was designed to spend time together and to relax. On TBI, they did not venture far from the hotel. Although the teacher provided additional information, Aya's interest in hula dancing suggests a deeper connection with Hawaii. Aya's previous trip to Oahu likely influenced the decision to take hula lessons as well as placing the destination at the top of her mind.

Summary

Does this couple plan to return to TBI? Hideki and Aya stated they plan to make a future trip to Hawaii. Next time, they plan to visit just TBI. On their next visit, the couple plan to explore more of TBI's natural beauty. In particular, they want to visit Hawaii Volcanoes National Park. Also, they want to visit non-tourist areas and to try the local cuisine.

How the Propositions Apply to Japanese Tourism Behaviour

Each case provides strong support for Proposition 1, demographics and lifestyles of visitors influence how they frame leisure choices. Each family with children sought educational experiences in their visit. Two families planned specific activities to collect information for the children's school reports. Also, subtle differences are notable between families with pre-teens versus the family with teenagers. In the latter case, the family is more budget conscious because they need to save money for the children's college education. The least price-sensitive travellers were the honeymoon couple. Surprisingly, they also were the least adventurous.

The evidence also supports Proposition 2 – unexpected or unplanned events affect the framing of leisure choices. Aya's hula dancing lessons and Eiji's frequent visits to a web site about Hawaii are examples of how pre-planning affects the framing of leisure choices. Both Aya and Eiji have allowed the destination to become part of their lives. Also, each family consulted travel agents and guide books to gather pre-planning information.

Proposition 3 receives strong support. Both internal and external personal influences affected the framing of the trip to TBI. In each case, at least one family member had previously visited Hawaii. This travel experience positioned the destination in each person's top-of-mind. Conversations with family and friends also influenced the framing of leisure choices. Taeko has friends living on TBI. Also, a number of her friends in Japan previously visited TBI. Eiji talks with everyone about Hawaii. He thinks about Hawaii all the time. Once Aya decided to get married, the conversations with her hula teacher changed from casual conversations about Hawaii to discussions about specific places to visit. Also, the hula teacher strongly recommended a visit to TBI.

All four cases show evidence that features and benefits in framing leisure choices affect the destination choice as stated by Proposition 4. In each case, a decision was made about whether to split time between Oahu and TBI. Only Michiko decided to spend the entire vacation on TBI. (In retrospect, Michiko probably wishes that she had split the vacation and spent some time on Oahu.) Three families framed their trip in terms of an educational experience for their children. The natural diversity and characteristics of TBI position the destination uniquely in the minds of the travellers. Even though Hideki and Aya did not experience TBI's biodiversity, they plan to return and explore the island in more detail.

As stated in Proposition 5, the results show how information collected in the pre-framing and pre-planning phase also affects destination choice. For example, during one of Eiji's visits to the web site on Hawaii, he discovered the availability of an affordable condominium. In Aya's case, the hula lessons started as a hobby and led to a storehouse of information about TBI. Michiko's time share membership includes

a vacation magazine subscription. She used the magazine for locating the hotel and rental car. All four groups consulted with travel agents; however, Taeko did not book flights through the agent. These pre-framing activities had a profound effect on the decisions to visit TBI.

External influences also strongly influenced the destination choice as proposed in Proposition 6. Michiko's previous visit to Hawaii Volcanoes National Park left a strong impression on her. She was determined to take her son to see the lava fields. Taeko has friends that live on TBI. For her, visiting TBI served a dual purpose of providing an educational opportunity for her children and spending quality time with old friends. Eiji's previous 12 trips to Hawaii gave him a rich set of memories to influence his destination choice. Finally, Aya's hula teacher insisted that TBI be included in the couple's travel itinerary.

According to Proposition 7, once the destination has been selected, key activity drivers affect the decision to visit the destination. Evidence from each case supports Proposition 7. Taeko, Eiji and Michiko reserved rental cars for their trips. Also, both Taeko and Eiji made plans to accommodate their frequent-flyer membership of the airlines. Finally, Hideki and Aya seemed concerned with choosing a resort area that is quiet and self-contained. Regarding Proposition 7, the relationship between destination choice and activity drivers may be two-way. For example, Michiko's desire to take her son to Hawaii Volcanoes National Park strongly affected the destination choice.

Proposition 8 contends that the key activity drivers affect what is planned and done at the destination. All four cases provide strong evidence of activity driver influence. For Taeko, an opportunity to visit friends in Hilo was a strong catalyst to visit the Hawaii Volcanoes National Park. Eiji's 1-month vacation provided an opportunity to participate in many activities not possible during his typical 1-week vacation. Michiko was obsessed with taking her son to Hawaii Volcanoes National Park. While driving to the Park, the family stopped at Big Island Candies to buy gifts for friends. Hideki and Aya just wanted to relax at a big resort. The couple participated in Dolphin Quest and a Polynesian Luau show at the resort.

Strong support for Proposition 9 is found. In all four cases, information and events learned

by the visitors while visiting affected their plans and behaviours. Taeko's local friends recommended Ken's House of Pancakes for dinner. Generally, Ken's is frequented by the local people rather than tourists, so Taeko did not learn about the restaurant until she arrived in Hilo. Eiji planned to eat Japanese cuisine at Kings' Shops, but the restaurant was closed. As a result, he chose Merriman's Café. Michiko rented a sub-compact car. Later, she learned that the small car was inadequate to reach the summit of Mauna Kea for star gazing. As a result, Michiko booked a star-gazing tour. Hideki and Aya planned a quiet stay at the Waikoloa Hilton resort. Aya learned about the free shuttle service to Kings' Shops and the fantastic sales at the venue.

Finally, the evidence supports Proposition 10 – the activities done (and not done) affect much of the attitude and intention consequences resulting from, and associating with, visiting a destination. Both positive and negative experiences affected the overall trip assessment in each case. In all cases, the respondents stated that their overall impression of TBI was positive. Only Taeko does not have plans to return in the near future. In her case, this decision is based on the need to save money for her children's college education rather than a lack of interest in the destination. Exposure to TBI's natural beauty and amazing biodiversity were mentioned as positive influences. Most of the negative comments are related to poor service delivery by support systems (e.g. airlines or restaurants).

Contributions to Theory and Practice

Emic storytelling research contributes to grounded theory by demonstrating how multiple variables affect travellers' thoughts and activities. The preceding case studies support the proposition that a holistic approach is needed to understand visitor behaviour. Case studies show how memories and recollections create gestalt images affected by pre-trip planning, internal and external influences and on-site influences. In other words, no one dependent variable is both necessary and sufficient to influence travellers' thoughts or actions. Go Airline's nominal charge for soft drinks left an unfavourable impression with

Taeko, but this one action was not sufficient to create a negative visitor experience. Similarly, Michiko did not rent a large enough car to drive up the mountain. Although she had to spend extra money for a star-gazing tour, Michiko's enthusiasm for TBI has not diminished.

Both Taeko and Michiko had positive overall trip experiences; however, the likelihood of a return visit to TBI is different. Taeko did not get to see everything she planned, but the upcoming college education expenses for her children will be a barrier to a return trip. On the other hand, Michiko probably will return soon. Michiko actually budgeted too much time on TBI. For her next trip, Michiko plans to stay only 3 days because she can see everything in a shorter period of time. Michiko's family enjoyed the star gazing, and she wants to show her son TBI's natural beauty. Since Michiko's child is younger than Taeko's children, she may not be thinking about college expenses for her child.

Also, emic storytelling demonstrates the interconnection of multiple service experiences. Although service operators may operate independently, the service outcomes affect the overall impression of the global visit. State and local governments have an important role in sharing information about visitor behaviour with service providers. Efforts should be made to disseminate the pertinent information and to communicate the benefits of a consistent image. A stronger role for state and local governments may include training to improve service consistency.

The case studies provide valuable insights on a possible segment of Japanese tourists, the *kyoiku tsuaa* (education tour) segment. Three cases are families with children, and at least one parent previously visited Hawaii. Interviews uncovered the need to expose children to TBI's natural diversity. In two cases, specific locations on TBI were visited to collect information for the children's school projects. The *kyoiku tsuaa* segment is constant with Kim and Lee's (2000) conclusion that Japanese tourists are motivated by family togetherness. A main difference is the need to emphasize educational opportunities for children on TBI. Families visiting TBI will be able to spend quality time together while the children are exposed to a unique and diverse ecosystem. Also, some similarities exist between the *kyoiku tsuaa* and two segments identified by March (2000) as promising in

Australia. This finding suggests that *kyoiku tsuaa* behaviour may be present in other countries as well.

Marketing communications that target the *kyoiku tsuaa* segment should highlight learning opportunities at TBI. For example, new exhibits such as the Imiloa Astronomy Center provide an opportunity for visitors to learn about both modern astronomy and Hawaiian culture. To inform the *kyoiku tsuaa* segment about the learning opportunities on TBI, the case studies suggest a growing reliance on the internet to collect travel information.

Limitations and Suggestions for Additional Research

The case studies show the value of systems thinking in examining the influences, choices, activities and consequences of leisure travel decisions and processes (Senge, 1990). While the preceding cases are useful for building grounded theories about travellers' thought processes, further study is recommended. Large-scale surveys and field experiments will generalize the theory to populations.

Regarding the individual cases, they should not be interpreted as representative of all Japanese tourists. Efforts to collect data from tour group participants were not successful. Several people approached for interviews declined because of their tight schedule of activities. The planning process for the subset of people electing to take a tour group holiday may go through a different pre-planning process. Also, package tours are designed so that visitors do not make many decisions regarding attractions or activities.

The results suggest possibilities for future directions in research. First, are the individual maps specific to a destination, or do the maps serve as generalizations for each visitor's travel behaviour? For example, would a visitor go through the same pre-planning process when deciding to visit Seoul, Korea? A longitudinal study would answer this question as well as provide deeper insights on tourist behaviour.

A related research opportunity is to examine tourist behaviour over time to the same location. Eiji has visited TBI several times and he plans to return. A better understanding of repeat visitors' motivations and interests would be

useful for developing promotional messages to try to increase the number of destination-loyal visitors. Longitudinal studies of repeat visitors will show important changes in motivations and behaviours. For example, Hideki and Aya plan to be more active on their next trip to TBI.

A third opportunity is further investigation of the *kyoiku tsuaa* visitor segment. Additional work needs to be done to determine whether or not this proposed segment can be generalized to the population of Japanese tourists. Do many Japanese visitors fit this segment? What are the common characteristics and motivations of this group? Can TBI create and maintain a marketing mix that will compel the *kyoiku tsuaa* segment to visit?

Finally, a research opportunity stems from the difficulty obtaining data from tour group participants. Despite the decline in tour groups, nearly 43% of Japanese tourists participated in 2005 (Hawaii Visitors and Convention Bureau, 2006). Since interviews in Hawaii are problematic, perhaps the data can be collected in Japan. Scheduling interviews in Japan would allow more flexibility for participants. Also, a post-trip interview may be a welcome opportunity for the tourists to reminisce about their trips. These recollections are a rich source of information about tourist behaviour.

Training Exercises

Dave and his wife visited Hawaii's Big Island to attend a banking convention. The Appendix shows Dave's responses to a long interview.

From Dave's responses, complete the following tasks and answer the questions.

1. Create a summary of Dave's answers using the Tourism Behaviour Matrix (see Table 4.5).
2. Applying the Theoretical Map (see Fig. 4.1), create a map of the visitor interview.
3. Based on the interview map developed in Question 2, do the results support the ten grounded theory propositions discussed in the chapter? Why or why not?
4. In your opinion, will this visitor return to The Big Island in the future? To support your answer, use statements from the interview.

Instructor's Notes and Possible Solutions

This exercise's purpose is to emphasize the steps between collecting by long interview and drawing meaningful conclusions about tourist behaviour. The steps demonstrate how grounded theory enables useful mapping and description of flows of thoughts, decisions, events and outcomes within specific contexts in leisure travel. From the data, streams of processing and behaviours surface showing relationships among: (i) antecedent-to-trip conditions; (ii) trip planning strategies; (iii) destination activities-outcomes; and (iv) outcome evaluations. The findings provide nuances on key activities and events affecting travellers' selection of a destination. Also, the data include insights on whether or not the participants perceive themselves as likely to return to the destination.

Table 4.5. Tourism Behaviour Matrix.

Decision area	Destinations	Route/mode to and in TBI	Accommodations while in TBI	Activities in TBI	TBI regions visited	Attractions visited
Consideration set and choices						
Motives						
Information search and use						
Outcomes						

Students should notice a number of differences between the chapter examples and this exercise. First, the Japanese visitors are repeat visitors on a leisure trip; however, Dave is a first-time visitor attending a convention. Also, Dave is on a business trip. Since most expenses are paid by his employer, Dave is less price-sensitive than the others. Third, Dave did not undertake much pre-trip planning. The schedule, air travel and accommodations were pre-planned by the convention travel agent. All four Japanese visitors gathered a lot of information prior to departure. Finally, Dave did not choose Hawaii as a destination. He had other destination preferences, but the decision was made by his organization.

Possible solutions to exercises are listed below. If the instructor wants to emphasize writing in the course, he/she may wish to assign a narrative component as well. A narrative solution is included.

1. Create a summary of Dave's answers using the Tourism Behaviour Matrix.
2. Applying the Theoretical Map (see Fig. 4.1), create a map of the visitor interview.
3. Based on the interview map developed in Question 2, do the results support the ten grounded theory propositions discussed in the chapter? Why or why not?

All ten grounded theory propositions are supported by the data. Since the primary motivation for this trip was to attend a convention, rather than leisure travel, weaker support is found for some propositions. For example, support for Proposition 4 is not strong because the alternative to visiting was to stay home and wait until next year's convention. In this case, no specific feature or benefit of the destination served as a catalyst to visit, except the convention itself.

4. In your opinion, will this visitor return to the Big Island in the future? To support your answer, use statements from the interview.

Either alternative is possible. The key is for answers to include supporting information from the interview. Evidence to support Dave's return would stem from his fascination with the Hawaii Volcanoes National Park. He likes nature, and The Big Island has an amazing amount of diversity. Also, he stated an interest in hunting, fishing and golf. From his travel experience, Dave may have learned that world-class golf and fishing are available in Hawaii.

Working against a future visit is the 12-h airplane ride. From Atlanta, Dave has a much shorter distance to travel to visit the Caribbean, or even Florida. Also, his trip primarily was subsidized by his employer. Dave stated that comfort was an important factor in making travel decisions. Would Dave be as keen to visit if he had to pay full price for the comfort he desires?

Sample narrative

Dave is a banker from a small town in Georgia. He visited Hawaii in July 2006 with his wife. They spent a total of 6 days on TBI. The trip's purpose was to attend the annual convention for the Community Bankers Association of Georgia. Neither Dave nor his wife had previously visited Hawaii. The couple extended their stay an extra 2 days in order to see as much of the island as possible, and so the wife could shop.

Trip pre-planning was coordinated by the Association's official travel agent. Dave's only pre-trip decisions included the length of stay, and whether or not to rent a car. This visit was work-related, so most expenses were paid by Dave's employer. Figure 4.6 shows the external influences and outcomes of Dave's visit to TBI.

Description of the family visiting TBI

Dave and his wife are in their mid-50s. They have grown children who did not accompany them on the trip. Dave is employed full time, his wife is a homemaker. Travelling by chartered flight, their group included representatives of bank and associate members of the Community Bankers Association of Georgia.

Interview site/day

Dave was interviewed at the Kings' Shops located in the Waikoloa resort. He was patiently sitting on a bench at the shopping centre while his wife was shopping. The interview was held in the afternoon of 23 July 2006. This day was Dave's last one in Hawaii. His chartered flight was scheduled to depart for home that evening (11:00 p.m.).

Table 4.6. Dave's visit to The Big Island (TBI).

Decision area	Destinations	Route/mode to and in TBI	Accommodations while in TBI	Activities in TBI	TBI regions visited	Attractions visited
Consideration set and choices	TBI or stay home; go to next year's convention	Air transport chartered flight, Atlanta to Phoenix to Kona; car rental in Kona	Five nights at Fairmont Orchid (convention hotel)	Attend convention; shopping; see natural beauty of TBI	Kailua-Kona; Waiamea; Hilo; Volcanoes National Park	Volcanoes National Park; Parker Ranch; Hilton Waikoloa resort; Kings' Shops
Motives	Attend convention; spend time with wife	Business trip so comfort more important than price	Spend time with other convention attendees	Networking with association members; visiting interesting sites	See as much of TBI as possible	Dave likes outdoor activities and nature; wife likes shopping
Information search and use	Talked with family and friends that visited Hawaii	Association travel agent scheduled a chartered flight on American West; internet rental for car (Alamo)	Association travel agent pre-booked the hotel	Brochures from travel agent	Brochures from travel agent	Brochures from travel agent; family and friends
Outcomes	Pleased about decision; expected to see more white sand and palm trees on TBI	Flight and food were good; rental car company let them keep car a little longer because of late flight; did not like flying all night from the east coast	First-rate accommodations; no surprises	Would visit again; TBI was a fun and educational destination	Drove around entire island	Impressed with natural beauty, particularly on the north and east sides of TBI

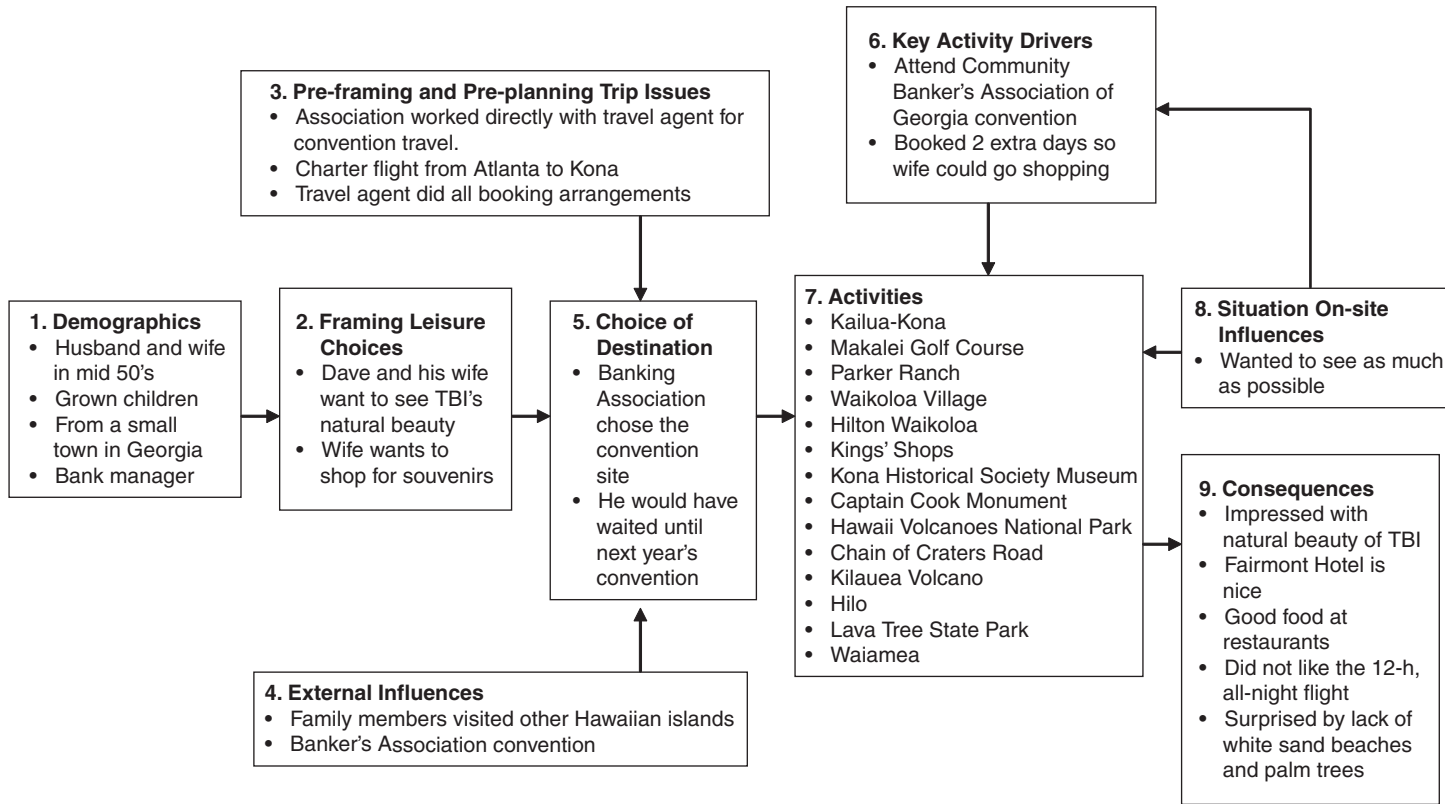


Fig. 4.6. Dave from Donalsonville, Georgia, USA.

Trip decisions for total trip

Dave's primary decision was whether or not to attend the convention. The Community Bankers Association of Georgia decided the convention's time and location. Dave was a reluctant traveller for a number of reasons. First, he was not happy about the 12-h flight from Atlanta. Also, the flights were scheduled for evening departures. Dave did not look forward to all-night flights. Finally, he is an outdoorsman who enjoys hunting, fishing and golf. Dave perceived that TBI does not offer these leisure activities. If Dave did not attend the convention, he would wait until next year's event.

TBI planning issues

Air transportation and lodging were scheduled by the Association's travel agent. Once Dave decided to attend the convention, he had decisions concerning the length of his stay and whether or not to rent an automobile. Apparently, at least two chartered flights were scheduled. Dave opted to extend his visit by choosing a flight arriving 2 days early. According to Dave, the early arrival was chosen to allow time for shopping. The decision to rent an automobile was automatic after he had decided to attend the convention. Dave wanted a car so that he could see as much of the island as possible. The car rental booking process was not extensive. Car rental was made by online booking through Alamo.

Neither Dave nor his wife read travel or guide books about TBI prior to their arrival. Dave did talk with family members about their trip. Several of Dave's siblings had previously visited Hawaii; however, they had not been to TBI. Dave's family provided information about Hawaii that created a distorted picture of TBI. When Dave arrived in Kona, he was surprised to see expansive fields of black lava. He envisioned the entire Kona coast to be white sand beaches and palm trees.

TBI visit issues

Dave did not choose the hotel. All convention attendees stayed at the Fairmont Orchid. Although the travel agent chose the hotel, Dave did see a brochure of the hotel before his arrival. The

brochure's pictures gave Dave the impression that the Fairmont Orchid is an upscale hotel. Dave's overall impression of the Fairmont Orchid was consistent with his expectations.

When Dave arrived at TBI, he discovered that the car rental agreement required the return of his vehicle 4 hours before his departing flight. Much to his surprise, the rental agent accommodated Dave's schedule by letting him keep the vehicle for an additional 4 hours. The rental car allowance of 4 extra hours left a strong, favourable impression upon Dave. He was delighted to get 4 more hours of touring that otherwise would have been spent at the airport.

Activities and attractions visited

With the exception of attending the convention, Dave did not plan to visit any specific attractions. To see as much as possible, Dave and his wife drove around the island. To assist with his touring, Dave used brochures available at the hotel to guide him. In 2 days of touring, he managed to see a considerable amount of TBI. Also, the attractions he visited varied and included state and national parks, beaches, museums, towns and various shopping centres (see Fig. 4.6). He mentioned visiting Volcanoes National Park as his most memorable experience.

Eating places

Overall, Dave noted nothing unusual or surprising concerning his dining experience on TBI. Specifically, he mentioned that the food at Edelweiss, Tommy Bahamas and the Volcano Restaurant Hotel was very good. All three of these businesses are upscale restaurants on TBI, so this assessment is not surprising. Other meals were served in concert with the convention.

Motives for the trip

Dave stated that his primary motivation for visiting TBI was to attend a convention. The trip was extended 2 days for shopping and sightseeing activities, so there appears to be more than one motivation for visiting TBI. Undoubtedly, pre-trip discussions with family members that had visited Hawaii had a strong influence as well.

Summary

The Community Bankers Association of Georgia's annual convention in Kona created an opportunity for Dave and his wife to visit TBI. Although the prospect of an overnight, 12-h airplane flight was a negative influence on the decision, input by family members that had previously visited Hawaii overcame that obstacle. Once there, Dave was a bit surprised by the flows of volcanic rock because he expected to see white sand beaches and palm

trees. After spending a few days travelling, Dave remarked favourably about TBI's unique natural beauty. Given the choice of visiting TBI or another destination, he would choose to return to TBI because it is fun and educational.

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Appendix

2006 Hawaii visitor self-report study

Date: 7/23/06

Informant: Dave, a white male in his mid-50s

Location: Kings' Shops; he was waiting while his wife was shopping

Part 1. Type of trip

1. How would you classify the trip that brings you to Hawaii? Is this a purely pleasure trip, partly, or entirely a trip related to work? If a conference, what is the name of the conference that you attending?

I am here to attend the annual convention of the Community Bankers Association of Georgia.

2. Did you start this current trip that brings you to Hawaii from your home in another state, or in a country other than the USA? Please name the city, state and country where this current trip began.

We live in Donaldson, Georgia.

3. Please describe the members of your immediate travel party for this trip. For example, are you travelling with family members? If yes, what are the relationships within the travel party?

I came with my wife. We have two grown children at home.

4. Is your immediate travel party part of a larger group? For example, are you visiting Hawaii on a group tour? If yes, please name/describe the group.

We took a chartered flight from Atlanta with other bankers. It was an all-night flight that included a 1-h stopover in Phoenix, Arizona. We arrived in Hawaii a couple of days early to enjoy The Big Island.

5. What are some of things that happened a few years, months or weeks ago that brought about this visit that includes you coming to Hawaii? [Use prompts: please provide details.]

The convention location was decided by the Association. I really didn't want to take the 12-h flight, particularly one that flies at night.

6. Is this your first visit to the state of Hawaii or have you been to Hawaii before this current trip?

This visit is my first trip to Hawaii. I hope it will not be my last one.

7. Has any other member of your immediate travel party been to Hawaii before this current visit? If yes, please name the persons and describe the prior visits that have been completed.

No, my brothers and sisters have been to Oahu.

8. Please describe the things that happened and thoughts you may have had during the years, months or weeks before the trip about the number of nights that were scheduled for this current visit in Hawaii and the total number of nights away from home.

I had no serious thoughts about visiting other places. If I was the decision maker, the convention would have been closer to home. I am a guy that likes hunting, fishing and playing golf. I would have picked a place that had these activities.

9. Is this visit to The Big Island a minor or major part of your visit to the state of Hawaii? Please describe how The Big Island came to be included in this current trip to Hawaii.

The convention was the primary reason for visiting The Big Island. We have 4 days for the convention and 2 days for shopping and touring.

10. Please describe the things that you are doing here today on The Big Island. What have you done this morning and what will you be doing today for the rest of day?

Today, we are shopping, eating lunch and driving to the southern part of the island (maybe). We have a 10:59 evening flight. We plan to do a little sightseeing.

Part 2. Flights, accommodations and ground transportation

1. What steps/events/thoughts occurred that relate to you getting flight tickets for this visit to the state of Hawaii? For example, did you use frequent-flyer miles, did you reserve tickets online, or visit a travel agent? Please describe the steps.

The Association set the whole thing up. All I did was to call the Association's travel agent and she took care of everything.

2. Was the cost of the flights paid for as a business expense or did you pay as a personal expense?

Business expense.

3. Was the airline company that you flew on something you thought about before getting tickets to visit the state of Hawaii or The Big

Island? Please describe your thoughts about different airlines relating to the current visit to Hawaii.

No, we flew a chartered flight on American West, point A to point B – with the 1-h wait in Phoenix.

4. Please describe your actual flights to the state of Hawaii and to The Big Island. What would you change, if anything?

We enjoyed talking with the other passengers. Also, the food surprisingly was good. The length of the flight (12 h) was the main problem. Also, I do not like flying all night.

5. What steps/events/thoughts occurred that relate to you getting accommodations for this visit to the state of Hawaii? For example, did you reserve accommodations online, by telephone or visit a travel agent?

The Association put the trip together. We only had to call the travel agent.

6. Please name and describe the accommodations that you are using here on The Big Island.

We stayed at the Fairmont Orchid, very nice.

7. Were the accommodations that you are using here on The Big Island something you thought about before the visit to the state of Hawaii or The Big Island? Please describe the thoughts you had before this trip about different accommodations relating to the current visit to Hawaii.

I had no influence on the choice. We knew the accommodations would be nice. There were no surprises.

8. What steps/events/thoughts occurred that relate to you getting ground transportation (such as taking taxicabs) for this visit to the state of Hawaii? For example, did you reserve ground transportation online, by telephone or visit a travel agent? Please describe the steps.

We did an online search and reserved the car online. We rented the car from Alamo.

9. Were the ground transportations that you are using here on The Big Island something you thought about before this visit to the state of Hawaii or The Big Island? Please describe the thoughts you had before this trip about different ground transportations relating to the current visit to Hawaii.

We knew that a car would be needed to get around the island. We wanted to see as much of The Big Island as possible.

Prompt: Did anything surprising/somewhat unusual happen during your use of ground transportation here on the Big Island?

Because of our late departure, the Alamo agent allowed us to keep the car for 4 extra hours.

Lava Tree State Park
Makalei Golf Course
Parker Ranch
Waikoloa Village
Waimea

Part 3. Sources of information about Hawaii and The Big Island

1. Before this visit to Hawaii, did you talk with friends, travel agents, family members and/or local Hawaii persons about this current trip to Hawaii?

Yes, we talked with family members, but they had only visited Oahu.

2. If yes, who did you talk with and what were the topics of the conversations?

We asked them what they had seen, how they felt about their experience and whether they would go back again.

3. What information did you learn and/or find useful before visiting Hawaii? Please describe.

We were expecting to see palm trees and white sand beaches. The large lava flows were a big surprise.

Part 4. Places visited and activities on The Big Island

Where did you visit or definitely will visit during your visit to The Big Island?

Captain Cook Monument
Chain of Craters Road
Hawaii Volcanoes National Park
Hilo
Hilton Waikoloa
Kailua-Kona
Kilauea Volcano
Kings' Shops

Part 5. Eating out and dining experiences

Please name and describe some of your eating out and dining experiences during your visit to The Big Island.

Edelweiss, Tommy Bahamas and Volcano Restaurant Hotel.

We had very positive dining experiences at each restaurant.

Part 6. Memories of The Big Island

What do you think will be your memories of your visit to The Big Island after this trip is over?

The scenery is so different than what we expected. It is very beautiful here. I found it difficult to tell the difference between the locals and the visitors.

Part 7. Alternatives

1. If you had the chance not to make this trip to The Big Island and spend your time and money on something else, what would you spend your time and money on?

If we did not take this trip, we would wait until next year's convention.

2. Which would you do if you had a choice between this visit and the other activity?

We definitely would have chosen to come here. It has been fun and educational.

5 Tourist Harassment and Responses

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Synopsis

The expansion of tourism into new geographic and cultural frontiers has highlighted the importance of visitor satisfaction and safety. This chapter provides a review of the literature on tourist harassment, a relatively neglected area of study. The first section briefly examines the nature of harassment and offers a benchmark definition: 'any annoying behaviour taken to the extreme'. The second reviews the extent and types of harassment principally in developing-world destinations from the limited literature available. The chapter covers macro as well as individual vendor or micro types of harassment. The chapter gives some emphasis to two trouble spots: the Caribbean in general and Jamaica in particular. The third section presents two case studies where survey research has tracked the contours of harassment in detail: Barbados and Turkey. The fourth section notes some causal factors from the history of destinations with considerable experience. The chapter also offers general policy implications as well as ten specific steps tourism destination strategists might consider for preventing or responding to harassment.

Introduction

In the developing world, the spread of contemporary tourism beyond the traditional peripheries toward emerging Eastern European, Asian and Pacific markets and, to a lesser extent, the Middle East and Africa has thrust worldwide holiday travel across new and unfamiliar frontiers (Manera and Taberner, 2006). In addition, the emergence of the so-called 'new tourists' (Poon, 1993), who shun mass tourism resorts for more authentic natural and cultural experiences, has sustained the popularity of low-density ecotourism and pushed visitation into formerly relatively pristine areas in both warm and cold water regions (Baldacchino, 2006). Because of the economic dependency of these new locales on tourism and increased competition around the world, these incursions, in combination with expanded discount airfares, e-commerce and

independent booking, have placed new emphasis on customer satisfaction, quality service and visitor safety.

Although certainly acts of terrorism, civil unrest and criminal victimization are more serious and more studied tourist threats, there exist other threats to both emerging and established tourism centres. Among these is the issue of harassment. Harassment, although difficult to define, is a more pervasive and common problem affecting destinations across the globe. Researchers are paying increasing attention to the long-run impact of terrorism and internal conflict on tourism development (Tarlow, 2006a) as well as post-event crisis management strategies (Mansfield and Pizam, 2006). In addition, the contours of individual tourist victimization are emerging in the literature. For example, in the case of theft and other forms of property crime, visitors provide lucrative and

conspicuous targets because they tend to carry much portable wealth, ignore caution, are unfamiliar with criminogenic hot spots and are less likely to report crimes or to return as witnesses at trial (de Albuquerque and McElroy, 1999; Tarlow, 2006b). In some instances, they become victims by their own decisions to pursue risky and even illicit activity (Harper, 2006).

On the other hand, tourist harassment is a relatively neglected area of study, and perhaps the least well understood, and hence is the focus of this chapter. The chapter has four sections. The first briefly examines the nature of harassment itself and provides a benchmark definition. The second reviews the extent and types of harassment principally (but not exclusively) in developing-world destinations garnered from the limited academic and travel literature available. Some emphasis is given to two trouble spots, the Caribbean in general and Jamaica in particular. The third presents two case studies where survey research has tracked the contours of harassment in detail: Barbados and Turkey. The fourth notes suggestions of causal factors from the history of destinations with considerable experience and offers general policy implications as well as specific steps addressed to tourism destination strategists for preventing or responding to harassment.

The Problem

A number of factors explain why academic research lags the rise of this global phenomenon. First, since crime does not include harassment in most destinations, harassment is not tracked statistically and thus given low policy priority. Second, harassment is difficult to quantify objectively since it is a subjective experience. According to McElroy (2003, p. 179), '...what is good merchandising to the vendor is badgering behavior to the visitor'. Third, handling complaints is difficult since short-staying tourists may not feel it is worth the irritation of reporting while the perpetrators are sometimes transients themselves who move in and out of tourist locales and are difficult to identify. As a result, lacking evidence and specific information on the nature, extent and locale of harassment incidents, tourist officials

cannot easily mount effective control mechanisms and the problem persists. Furthermore, because of anomie, many tourists do not know what to do when faced with harassment.

Another somewhat confounding problem is that there are various types of harassment but no over-arching framework for clearly discriminating between them. In this general overview, two broad types are discussed: at the macro level, institutional harassment at the hands of government officials and other authorities; and at the micro level, individual harassment at the hands of vendors and other service providers. Although the latter is in fact more common and more prevalent in the literature, the former is indeed, from the view point of the visitor, an occasional source of unwarranted and sometimes unjust annoyance.

The theoretical approach taken in this chapter embracing both macro and micro harassment types is the passive so-called Foucauldian view. In this formulation, visitors are seen as the targets of a host of influences exercised by a variety of brokers: customs/immigration officials, travel agents, airline and hotel employees, street vendors and guides and other destination service providers. Because tourists are often conspicuous in their new setting and operate on unfamiliar political, cultural and sometimes linguistic turf and often 'stripped of many of their cultural and familiar ties and protective institutions' (Cheong and Miller, 2000, p. 380), they are considered vulnerable and insecure and must adapt to local norms. As a consequence, their freedom is sometimes circumscribed by local customs and behaviour. In the spirit of this passive perspective and for specific purposes of this study, we employ the benchmark definition of harassment (from the viewpoint of the tourist victim) used by de Albuquerque and McElroy (2001, p. 478): 'any annoying behaviour taken to the extreme'. From the viewpoint of the host perpetrator, harassing is simply the refusal to take 'no' for an answer.

The Globalization of Harassment

Harassment is quite ubiquitous across the international tourist economy and takes a variety

of forms. For example, selected cases of 'official' harassment at the macro level are reported from both developed and developing regions. Immigration and customs officials are often the perpetrators. In Vancouver, Canada, tourists of Hong Kong ancestry have been subjected to extensive airport delays because they are often suspected of drug smuggling (Wood, 1997). In Australia, a Melbourne doctor recently claimed intimidation by Immigration Department personnel caused a visiting Lebanese woman to die of a heart attack (*The Australian*, 2005). In the USA, Louisiana police have shaken down out-of-state visitors detained for routine traffic offences for cash and property (McGinnis, 1997). More recently, in the post 9/11 era, US police have badgered and even arrested Arab American domestic tourists loitering or taking pictures/videos around bridges and government buildings (*Detroit Free Press*, 2003). News reports of what is perceived as anti-Arab harassment – humiliating airport security checks, indefinite incarcerations on suspicion of links to terrorism – have deflected many foreign Arab tourists away from the USA toward more hospitable Middle East destinations like Lebanon, Egypt, Morocco and Jordan (Seelye, 2002). Moreover, with the tightening of homeland security measures in 2003 and 2004, over a dozen visiting European journalists have complained of harassment by customs officials, detention and even deportation (Cowell, 2004).

Similar instances are noted in developing countries. For example, US tourists primarily of Mexican descent have been subjected to heavy fines and long interrogations by federal police at the Acapulco airport (*Associated Press*, 2000). In Indonesia, British tourists and returning residents often had to bribe immigration officials to avoid intrusive searches, detentions, verbal abuse and character denigration (Jardine, 2001). Very recently, in an attempt to enforce fundamentalist Islamic Law (*sharia*), police in Bali have harassed Western beach tourists for 'indecent exposure' (Bronstein, 2006). Similarly, in 2003 female tourists on Malaysian beaches complained of being shouted at and harassed by morals police (*New Straits Times*, 2003). In Phuket, Thailand, bribery payments have become a way of life for tourist entrepreneurs. Mafia types and local officials extort fees from sidewalk peddlers, unlicensed taxis, beachfront bars,

souvenir vendors and shop owners, costs which are quickly passed on to visitors (*Bangkok Post*, 2005).

However, the micro or individual badgering of tourists by persistent local vendors is even more intractable and universal than official or macro harassment. For some time micro badgering has been a problem in traditional European destinations. For example, in a major survey of tourism in Spain over nine out of ten respondents reported that 'there are places (in Spain) that suffer from tourism harassment and 84% see this as having a negative impact on tourism areas. . .[and] this destroys the tourism image and produces visitor dissatisfaction' (Molina de Aragon, 2007). Recently, the phenomenon has been escalating in many high-density resort areas in developing countries. For example, in Morocco the relentless harassment of visitors forced the government to clamp down and even imprison some unlicensed tour guides and other hustlers (Aizenman, 1998). Excessive hawking in Bali forced police to segregate vendors on the flat portion of beaches and away from the down slope area to the sea (Cukier, 1998). In 2000 some Kenyan beaches were so crowded with peddlers and beach boys that local police had to rescue visitors (*African News Service*, 2000). In Pokhara, Nepal, in 2003, the tourism outlook was bleak because of reported harassment along the trails. Indian trekkers bound for the Annapurnas were being forced to pay an expensive 'revolutionary tax' to Maoist dissidents (*Nepali Times*, 2003).

In Turkey, Kozak (2002) explains the prevalence of host-guest commercial friction in terms of cultural differences that pit the aggressive tactics of local shopkeepers/restauranteurs against the reserve of Western tourists who believe the customer should make the first move. In 2004 in India, tourist police patrols were deployed in key locations across the capital city of New Delhi to protect foreign visitors from cheating by local taxi and rickshaw drivers, a practice common at beach resorts in Goa where drivers often overcharge 'claiming their meters are broken' (*The Times*, 2004, p. 4). In a series of lectures at the University of Hawaii, Tarlow labels this form of price gouging 'crimes by dispersion'. In this case, the fare increases only marginally to avoid being reported but spread out over many tourists produces

considerable revenue for the taxi driver. Price gouging is also routine at Vietnam's annual Perfume Pagoda Festival where aggressive food and souvenir vendors accost tourists and locals alike (*Vietnam Investment Review*, 2003). In the past even fake shrines have been constructed to extract cash from visitors.

In developing countries in particular, various forms of sexual harassment proliferate. Even granting that sexual norms vary across cultures, and that what might be condoned as normal behaviour in one may be considered offensive in another (Cortina and Wasti, 2005), the harassment of visitors for sex has long been a permanent feature across the tourism landscape. For example, Bowman (1996, p. 87) reports on the relentless badgering of female tourists by Palestinian merchants to enhance their masculinity among their peers and 'to play out scenarios of vengeance against foreigners who, in their eyes, oppressed them both economically and socially. . .'. According to Zinovieff (1991), the situation is somewhat similar in popular destinations in Greece. In the Northern Marianas in 2001, blatant street solicitation and the peddling of escort services have produced a government crackdown and tarnished Saipan's image as a family-friendly, honeymooner destination (Daleno, 2001). In Bangkok, Thailand, in 2000 a fleet of women-only buses was launched to reduce crime and harassment of local women and female visitors (*The Sunday Times*, 2000). In Aceh, Indonesia, in 2002 two foreign women on tourist visas, detained for alleged immigration violations, complained of threatened violence and sexual harassment by local soldiers. In Barbados and along other selected beaches of the Caribbean archipelago, the daily propositioning of female tourists by beach boys is a long-term local practice (de Albuquerque, 1999a). On the other hand, there certainly are examples from Caribbean and Asian Pacific destinations where foreign male tourists are harassed by female prostitutes (Oppermann, 1999).

The Caribbean

Nowhere is tourism more significant than in the insular Caribbean. According to latest estimates, it represents over 15% of total regional

GDP and employment and over 20% of exports and capital formation (WTTC, 2006). The Caribbean's landscape is dotted with some of the highest resort room densities on the globe, and its waters are ploughed by roughly half the world's cruise ship capacity. The dominant position of the visitor industry has become even more strategic in recent decades with the decline of traditional staple exports because of EU consolidation, the loss of manufacturing employment to Mexico through NAFTA and the drop in US aid on the heels of communism's collapse. In addition, a host of long-standing problems plague tourism itself (*The Economist*, 2000). These problems include high cost, infrastructure wear-down, periodic disasters, environmental degradation and the age-old slavery-conditioned regional ambivalence toward servility. Moreover, the historical colonial balkanization of the islands has in part prevented the mounting of an effective region-wide promotional campaign to successfully brand the Caribbean, counter competitive threats from emerging markets and attract new tourists seeking alternatives to the mass vacation experience.

As a result of this constellation of forces, the Caribbean's share of world tourism has been slowly declining since the early 1990s. Not surprisingly rising crime and harassment have been implicated in this competitive slide (Pattullo, 1996). According to King (2003, p. 168), the primary concern of four out of five visitors to the Caribbean is being the target of harassment, defined as 'being approached by overly aggressive vendors or others attempting to sell something'. In Puerto Rico, for example, the insular region's second largest destination, harassment has become a serious policy issue (Davila Colon, 2005). Such perceptions are warranted since vendor harassment is endemic in several traditional destinations. In Jamaica, for example, police have been deployed at the main cruise docks on the north coast to protect arriving passengers from persistent hawkers and theft. In Barbados, wardens have also been dispatched to popular beaches to curb vendor pestering and to nightclubs to protect female visitors from sexual harassment by beach boys (de Albuquerque, 1999b). The problem is also surfacing in emerging islands like Cuba (Henthorne and Miller, 2003) and even in so-called ecotourism destinations like Dominica. With the

fastest expanding cruise traffic in the region, visitor complaints prompted local authorities to criminalize harassment to allay tourists' fears (AP Worldstream, 2001).

Jamaica

Nowhere has the badgering of visitors been more visible and damaging than in Jamaica where tourism is the leading economic sector and harassment has long been an industry irritant. According to Taylor (1993, p. 119), the early 20th century witnessed police patrols on the streets of the capital city of Kingston to protect visitors from 'beggars, unofficial tour guides and vendors . . . and magistrates fined and imprisoned the "harassing masses"'. However, the problem has intensified in the past decade and reached a flash point in 1997 when a number of cruise lines threatened to drop Jamaica from their itinerary citing persistent passenger harassment. According to McDowell (1998), a visitor satisfaction survey in the same year revealed that 56% of respondents reported harassment, i.e. 'were hassled to buy drugs, were followed, badgered for sex or pushed into taxis – not just at the docks but elsewhere, especially in shopping areas'.

The government's response was twofold: (i) a multiple increase in fines for soliciting sex, aggressive peddling, unlicensed vending and abusive/threatening language (Carroll, 1998); and (ii) plans to establish craft villages and to promote training in job skills related to tourism. Despite some temporary improvement, the situation progressively deteriorated until in mid-2001 three cruise lines did pull out to pursue less harassed ports in Mexico and Puerto Rico (Collins, 2001). In the private sector, heightening hotel security and the rapid growth in Jamaica and elsewhere of the all-inclusive resort are the main responses. While such full-service facilities indeed protect guests, Pattullo (1996, pp. 74–76) argues they have earned both the wrath of offsite restaurants, taxis, guides and other vendors by restricting their income opportunities as well as the resentment of local residents who can only access all-inclusive beaches with expensive passes. As a result, the problem continues. Frequently, North American visitors are accosted by drug

peddlers, and sometimes repeated refusals by the former produce angry backlashes from the latter, occasionally with racial overtones.

Two Case Studies

There are few published surveys of harassment behaviour in the academic literature. This is unfortunate since without an empirical examination of the specific contours of harassment types, levels and locations policy makers cannot appreciate the scope of the problem nor design effective mitigation measures. This section summarizes what is known about this phenomenon from detailed studies in Barbados and Turkey.

Barbados

The first significant Barbados survey was carried out by Systems Caribbean Limited (1995). The survey was conducted quarterly during 1991–1994 and covers over 9000 visitors. Results reported by de Albuquerque and McElroy (2001) show that nearly 60% of those surveyed over the 4-year period experienced some ('a lot' plus 'a little') harassment. British tourists reported the highest incidence partly due to their long 2-week average stay while Caribbean visitors reported the least, partly due to their misidentification as locals by vendors. Younger, more adventurous tourists recorded significantly more complaints than the elderly confined to their hotels or guided tours. Repeat visitors with more destination experience reported less harassment than less-familiar first-time visitors. More complaints were also reported by tourists staying close to shopping and nightclub hot spots than those in more secluded areas. Self-administered respondents reported more incidents (61%) than interviewed respondents (45%) indicating actual harassment may have been higher than recorded levels. Finally, there were no discernible differences between male and female visitors, except in the case of sexual harassment.

Concerning location, most incidents occurred at the beach although harassment frequently took place in the streets and during

shopping trips. Caribbean tourists experienced comparatively more problems at these last two locations, and this may partly explain the significance of shopping to West Indians on holiday. Very few of those harassed (10%) reported trouble at their hotels, an indication of the relative security provided by guards who routinely keep vendors and drug peddlers off the premises.

Concerning the types of harassment, clearly vendor persistence was the number-one problem. Four out of five victims reported being annoyed by vendors without uniforms. This was followed by drug peddling (27%), verbal abuse (14%), sexual harassment (8%) and physical abuse (2%). Some respondents reported more than one type of harassment. Much of the nuisance selling involved small souvenirs, clothing, fruit and services like massages and hair-braiding. In the case of drug peddling, these hustlers tended to single out younger tourists along popular beaches and in nightclubs. When visitors persisted in their refusals, they were sometimes verbally abused and frightened by the harassers. Higher levels of verbal abuse were reported by other European and Caribbean tourists and tended to surround commercial interchanges. In the former case, the authors conjectured that some of the abuse was the result of vendor frustration at attempts to communicate with non-English speakers:

When tourists do not respond or wave vendors off because they do not understand, this is generally perceived as being rude, especially among middle-aged female vendors. It is not uncommon for the latter to give surprised tourists a tongue lashing, Caribbean matriarch style

(de Albuquerque and McElroy, 2001, p. 486).

In the latter case, in similarly charged circumstances Caribbean visitors were observed to be 'less intimidated or [less] reluctant to retort with a few harsh words of their own'.

Nearly all instances of sexual harassment were reported by female tourists with somewhat higher levels for European and Canadian visitors because, according to de Albuquerque (1999b), they appear to Barbadian beach boys as more liberated and affluent than their American and British counterparts. Given the ubiquity of the beach boys and perhaps the sensitivity of the subject, the authors suggest such badgering

may have been underreported. Such harassment arose at beaches where visiting single women were accosted by various beach boys over several days as well as at nightclubs where they were repeatedly asked to dance. Such harassment is difficult to control since many of the perpetrators have legitimate jobs as beach chair attendants and water sports operators. Finally, only 2% of tourists reported physical abuse, ranging from simple shoving to robbery. Although Barbados is by-and-large a relatively crime-free destination, most visitor victimization is not violent but property-related crime.

In response to these complaints, local authorities mounted several initiatives: deploying additional beach wardens and police patrols at hot spots, police training in harassment sensitivity, placing vendor booths in designated beach areas, improving the organization of taxi queues and unsuccessfully lobbying to criminalize harassment. In addition, Barbados began to quarterly track harassment patterns. Between 1996 and 2000 overall harassment levels rose slightly; four out of five victims complained about overzealous vendors. As previously, most incidents occurred at the beach, incidents being less frequent in the streets and shopping venues and least frequent at hotel properties. However, there were marked increases in the percentages of victims reporting drug peddling (45%) and sexual harassment (16%) (CTO, 2001). Such trends suggest that policy measures taken thus far have not noticeably curtailed the problem.

Turkey

Kozak's (2007) recent case study of Marmaris, Turkey, considers harassment a service failure in the context of the consumer satisfaction vein of traditional marketing literature. In contrast to the multiyear Barbados surveys, the Marmaris case study is relatively small in scope, targeting a sample of 256 exclusively British tourists visiting the region during the summer of 2003. This narrow focus was used 'to minimize problems with questionnaire translation and response patterns that could reflect cultural bias' (Kozak, 2007, p. 389). On the other hand, the Marmaris case study attempts not only to identify typical patterns of harassment but also to explore how harassment affects the holiday experience as

well as visitor perceptions about why harassment takes place and effective steps in its mitigation.

Two-thirds of the respondents were relatively young (25–44 years), and the majority were middle-class, had visited Turkey before and stayed an average of 2 weeks in B&B and self-catering establishments. This last behaviour contrasts with non-British tourists who invariably prefer all-inclusive resorts. Results indicate that close to half reported harassment with vendor persistence being the most common. In contrast to the Barbados case, sexual harassment is more frequently mentioned and drug peddling is less often cited. This latter case may reflect the fact that Turkish drug enforcement laws are very strict. On the other hand, as de Albuquerque and McElroy (2001) report, most incidents took place on the beach and in the streets and the fewest occurred at hotel environs. Accordingly, the most often identified harassers were vendors and beach/yacht staff while the least were hotel staff and drug peddlers with tour guides and taxi drivers in between. Regarding the impact of harassment on the quality of the vacation experience, harassed visitors – in contrast to their non-bothered counterparts – reported significantly lower levels of overall holiday satisfaction, willingness to recommend the destination to others and intention to return.

Tourists also were surveyed about their perceptions of the motivation for harassment. Not surprisingly, almost four out of five indicated to maintain livelihoods, (i.e. to keep in business/to get more money). Regarding sexual harassment, similar to the Barbados study, some respondents indicated that European women tended 'to dress provocatively' and were believed by locals to 'have lots of cash' (Kozak, 2007, p. 393). Finally, with respect to minimizing the problem, again not surprisingly the two most common tourist responses were to 'allow tourists to do what they want', (i.e. resist pressuring them for sales), and to take legal action. The latter was interpreted to mean fines and/or prosecution. On the other hand, Kozak notes that regulations and fines already exist on the books. Thus the remaining and continuing problems are inadequate local enforcement and responsible vendor compliance. The study concludes with a plea for enhanced hospitality training for shopkeepers and other service providers.

Determinants and Responses

Although little formalized theorizing is available on the antecedents to harassment, the literature suggests a number of causes. Although Kozak (2002) argues from Turkey's experience that harassment is an early feature of the life cycle as a destination advances from informal stages to consolidation and acceptance, many reports of the most sustained complaints come from popular, high-density resort areas where tourism is highly institutionalized. According to Pattullo (1996), the problem is partly a function of a destination's dependence on tourism and partly of its level of poverty. We would add it is also a function of how well low-income groups are integrated into the tourist economy and share in its economic benefits. In a similar vein, Robinson and Boniface (1999) identify sharp visitor–resident socio-economic as well as cultural discontinuities as general conditions conducive to harassment. In this type of potentially conflictive milieu, both de Albuquerque and McElroy (2001) and Kozak (2007) focus on the specific case of visitor–vendor interaction and identify communication and especially cultural differences as the source of the problem.

For example, in the Barbados study informal interviews with vendors of all types (souvenir sellers, taxi drivers, jet ski operators, hair braiders, beach masseurs) revealed that being aggressive, hawking one's product/service loudly, pursuing customers in public spaces on the beach and in the streets were all hallmarks of good Caribbean salesmanship. Moreover, sellers had significant difficulty understanding why tourists routinely preferred to compartmentalize their vacation experiences (not buying souvenirs while sun-bathing), could not afford to purchase 'a little something' and would not engage them in polite conversation. Regarding this last point, de Albuquerque and McElroy (2001, p. 488) state:

The differences here are cultural. In North America and Europe one does not normally respond to greetings or approaches by strangers in public places. In the Caribbean, however, there is much more intercourse, economic as well as social, in public spaces. It is considered polite to say good morning and good night, even to strangers, and bad

manners not to answer when politely addressed. Vendors often saw more than rudeness in tourist responses, resorting at times to racism as an explanation, indicative of the inevitable undercurrent of antagonism that emerges in encounters between relatively rich guests and poorer black hosts.

Similarly, Kozak (2007, p. 394) sees cultural differences behind the conflicts observed between hawking Turkish shopkeepers and bypassing and/or browsing tourists: 'While local shopkeepers see inviting tourists into their shops to buy something as a way to encourage business or help their customers, tourists from the West perceive this as being harassed, because in their culture the customer is expected to initiate shopping.'

Despite these polarizing cultural distances and frequent commercial misunderstandings, harassment can damage the quality of the vacation experience, reduce the propensity to return and may even tarnish the destination's image and economic future. Given that there is absolutely no way to stop all harassment and that no one recipe fits all circumstances, a number of concrete steps can be undertaken to deal with the problem. The first includes creating a standing committee of all major tourism stakeholders to meet quarterly to review harassment issues and to plan contingent responses before matters become acute. Because of the problem's persistence and the cultural divide, achieving sustainable tourism will require 'a destination's long-run commitment to cooperative attempts among associations representing policy makers, hoteliers, cruise lines, and vendors and taxi drivers to collaboratively find creative solutions to their conflicts. . .' (de Albuquerque and McElroy, 2001, p. 490).

Second and more specifically, special Tourism Oriented Policy/Protection Units (TOPs) should be established and deployed in areas of high tourism concentration (Tarlow, 2005). Ideally, it is recommended that these TOPs officers patrol on foot, be multilingual and extroverted and enjoy working with foreign visitors. The more visible they are, the less harassment. Third, resources should also be devoted to conscious-raising seminars/lectures open to hotel and restaurant employees. The focus would be twofold: to emphasize the cost of harassment to all tourism workers, and to make sure that

employees understand that, in cases of unwanted sexual overtures, the penalty could involve being fired. Similar meetings dispensing similar information should also be regularly scheduled with vendors, taxi drivers and other service providers. Such round tables would allow all sides to air grievances with the mutual goal of cooperatively resolving conflicts and improving the destination's reputation for service quality.

Fourth, public service programmes could be initiated to more effectively address and anticipate the needs of the visitor. For example, for the community at large a positive anti-harassment public relations campaign should be mounted stressing citizens' responsibility to protect visitors and make them feel welcome. Along these lines, a 30-second television spot indicating appropriate 'dos' and 'don'ts' can help change behaviour. To a great extent, what litter is to ecology, harassment is to tourism. Fifth, to improve the comfort level of the visitor, a short in-house video can be developed for showing on airlines, cruise ships and in hotels that would take note of certain cultural differences so that tourists know what to expect. Such videos can be done with cartoons or in a light manner so as not to upset visitors, but rather to assure them that it is not inappropriate to say 'no', and that they have rights and recourses in the case of continued harassment.

Sixth and related, a series of harassment report centres should be created to which guests can e-mail complaints. These written complaints will serve to map out high concentrations of harassers and types of harassment. Visitors should also be encouraged to call in problems with public telephones placed strategically in zones of intense tourism activity and high harassment concentration. Seventh, tourists also can be helped by clear signage at airports and popular attractions that indicate what cab fares are. Police officers and/or TOPs personnel should be stationed in such areas to ensure that tourists are not taken advantage of. In a similar vein, brochures could be made available, particularly at rental car agencies and hotels, that identify the 'best hassle-free route/location maps'. Eighth, improved lighting at high-tourism zones/attractions should be considered since increased exposure enhances both the comfort level of the visitor as well as the risk to the harasser.

Ninth, governments and tourism organizations should begin to carefully track harassment patterns quantitatively (type, location, etc.) so that the problem can be treated as a serious policy issue. Such information will provide the standing committee and all tourism stakeholders with a more accurate and in-depth understanding of the contours and intensity of the problem. Finally, however effective these short-term strategies are in reducing harassment, in the long run decision makers must make a concerted and continuing effort to accomplish the difficult task of integrating those at the economic margin, who comprise the majority of harassers, into the tourism mainstream.

Executive Exercises

Exercise 1:

Many tourists complain about cultural harassment in the market place. The problem stems from differing standards for social norms. For example, Western tourists accustomed to set prices may be uncomfortable haggling over prices with local vendors. On the other hand, visitors accustomed to merchants enticing customers to enter their stores may be surprised when shopkeepers passively wait inside for customers to ask for assistance.

Consider a Western tourist visiting a bazaar where each store sells a similar variety of merchandise. In this country, store owners believe their income is based on individual ability to entice visitors to enter the shop rather than the merchandise's quality. To address the potential conflict, begin by mapping the following questions:

- Begin to trace the harassment issue from both the visitor's and the shop owner's perspectives.
- How many times may a visitor be asked to enter a store until an invitation becomes harassment?
- How often do visitors actually complain to police?

After returning home, some visitors report in travel blogs and newsletters the areas and streets that should be avoided by future travelers. The visitors were so uncomfortable visiting these areas that they feel compelled to warn

other travellers. This harassment may be harming the locale's overall image. How would you develop an anti-harassment task force? What internal creative marketing ideas would you develop?

1. Ignore the problem and call it cultural.
2. Send in undercover agents and humiliate the street merchants to force them to stop harassment.
3. Show merchants that harassment does not pay and is economically counter-productive.
4. Train female police officers to use a two-pronged approach: one, education of merchants that such behaviour is no longer acceptable; and two, if the behaviour persists, with permission from the destination's legal authorities, both fine and if necessary arrest street merchants who perform such actions.

Exercise 2:

During a busy holiday, a group of religious missionaries converge on an airport to save lost souls. Despite the airport's announcements that travellers do not have to pay attention to the religious solicitations, avoiding contact is difficult. The missionaries go after travellers waiting in line to board a plane or rushing from gate to gate. When asked to stop such proselytizing, the missionaries argue that they are in a public place and that their actions are exercises of their freedom of speech and religion. Also, the missionaries state that their religious beliefs demand that they share their faith with others and do everything possible to prevent non-believers from going to hell. Other employees overhear the 'conversation', but they do not interfere because they fear the proselytizers will sue them for depriving them of their constitutional rights.

- Is there such a thing as religious harassment?
- At what point do the airport employees step in to protect the passengers' rights of privacy?
- Should this form of religious expression be protected or challenged on an international basis or on a country-by-country basis?

Training Exercise Solutions

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Consider a Western tourist visiting a bazaar where each store sells a similar variety of merchandise. In this country, store owners believe their income is based on individual ability to entice visitors to enter the shop rather than the merchandise's quality. To address the potential conflict, begin by mapping the following questions:

- Begin to trace the harassment issue from both the visitor's and the shop owner's perspectives. To accomplish this goal the researcher will need to employ a series of observational techniques. First, look at the Weberian symbolic interaction. List each action viewed both from the shopkeeper's perspective and from the perspective of the visitor. Then observe body language. Finally, note how many visitors enter the store and compare these traffic patterns with those in, say, the downtown section of town where this practice is not used. Make sure to standardize store visitation per X amount of potential customers in order to get a fair statistical reading.
- How many times may a visitor be asked to enter a store until an invitation becomes harassment? To begin to solve this research problem, the investigator will need to have a series of face-to-face encounters with visitors to the shops. Some form of focus group may be used. Be careful to distinguish between Western cultures and other demographics such as gender and age. Finally, keenly observe the body language being used along with tone of voice and compare those findings to the verbal information given. Often people's body language and words do not match. Thus the researcher may have to discern where a person is being polite rather than openly showing annoyance.
- How often do visitors actually complain to police? First, go to the police department

and ask for any public records that may be available. Make sure to bring identification and a letter from some official asking the police to cooperate with you. Make sure the letter is written in the local language and carries an official seal. Assuming police records are kept and available (if not, this negative finding is also a finding), then begin to look at actions per a standardized number of visitors, some form of a 1-in-K format. The researcher should go to the market place and carefully observe the number of harassment issues he/she sees. Be sure to have a pre-set definition of harassment so that the researcher's own bias does not colour the statistical findings. Begin by examining the observed number of harassment incidents and compare these to what the police reports state.

After returning home, some visitors report in travel blogs and newsletters the areas and streets that should be avoided by future travellers. The visitors were so uncomfortable visiting these areas that they feel compelled to warn other travellers. This harassment may be harming the locale's overall image. How would you develop an anti-harassment task force? What internal creative marketing ideas would you develop?

1. Ignore the problem and call it cultural.
2. Send in undercover agents and humiliate the street merchants to force them to stop harassment.
3. Show merchants that harassment does not pay and is economically counter-productive.
4. Train female police officers to use a two-pronged approach: one, education of merchants that such behaviour is no longer acceptable; and two, if the behaviour persists, with permission from the destination's legal authorities, both fine and if necessary arrest street merchants who perform such actions.

To solve this problem the worst scenario would be to ignore it. Instead first consider translating the blogs into the local languages. Then remember that nothing talks as loudly as money so a plan will be needed to show merchants that harassment is counter-productive to their bottom line. Experts from abroad do not have the social capital or clout to accomplish

such a goal. Instead, the researcher will have to use some form of a reputation methodology to learn who among the harassers carries the most respect and clout. This person must then convince the locals that such actions are counter-productive. Female police officers may also be sent into the area and used as decoys (much as police use female officers in other forms of crime prevention and interdiction) to both identify and arrest those causing the problem.

Exercise 2:

During a busy holiday, a group of religious missionaries converge on an airport to save lost souls. Despite the airport's announcements that travellers do not have to pay attention to the religious solicitations, avoiding contact is difficult. The missionaries go after travellers waiting in line to board a plane or rushing from gate to gate. When asked to stop such proselytizing, the missionaries argue that they are in a public place and that their actions are exercises of their freedom of speech and religion. Also, the missionaries state that their religious beliefs demand that they share their faith with others and do everything possible to prevent non-believers from going to hell. Other employees overhear the 'conversation', but they do not interfere because they fear the proselytizers will sue them for depriving them of their constitutional rights.

- Is there such a thing as religious harassment? To a great extent the answer to this question depends on local laws or interpretation of laws. In some nations the majority religion is allowed to proselytize to the extreme, in other nations any form of 'religious noise pollution' would be considered harassment. To a great extent the answer to this question is in the mouth

of the speaker, the eyes of the law and the ears of the listener. Using our definition of harassment (on the part of the perpetrator) as the repeated refusal to accept 'no' for an answer, if the missionary is targeting a particular person who does not wish to listen, then that would be considered harassment. If on the other hand it is merely a speech not directed toward any one individual, that may be annoyance but not harassment.

- At what point do the airport employees step in to protect the passengers' rights of privacy? The employee's response may be based on the principle of harassment. If passengers are asking to be allowed to be alone, then this may be an issue of harassment. Needless to say, how much freedom of speech is permitted depends on a nation's laws and local custom. In the USA not every action is protected under freedom of religion (one cannot use hard drugs as a religious exercise), and the harassment may fall under noise pollution laws. Employees should enter into this issue only after passengers have complained.
- Should this form of religious expression be protected or challenged on an international basis or on a country-by-country basis? There is almost zero possibility that there will be an international agreement on such an issue. Religious differences are simply too great. Instead this form of religious protection or expression will have to be based on a nation-by-nation status. In those places where the harassment becomes uncomfortable, the market may act as a deterrent as visitors may tend to shy away from those areas.

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6 Deconstructing Backpacking

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Synopsis

This chapter deconstructs the well-established tourist categories. Specifically, this chapter questions the inherent tendency of previous classifications to couple together the meanings that tourists assign to their experiences and their external practices of travel. To illustrate this analytical position, the chapter presents the theoretical distinction between *types* and *forms* of tourism that Uriely *et al.* (2002) employ to deconstruct backpacking tourism. This analysis finds that those tourists who comply with the external travel practices associated with backpacking (*form*) differ in the meanings they assign to their experiences (*type*). Accordingly, Uriely *et al.* (2002) suggest that the backpacker tourist category can be further segmented by the meanings that backpackers associate with their tourist experiences.

Introduction

As part of an attempt to capture the essence of tourism, early conceptualizations of tourist experiences were not concerned with the variety of meanings and motivations associated with it. While theorists, such as Boorstin (1964), MacCannell (1973) and Turner (1973), propose different conceptualizations regarding the nature of the tourist experience in modern society; all present homogenizing portrayals. Tourism's diverse and plural realm was addressed by typologies developed during the late 1970s and the early 1980s (e.g. Cohen, 1972, 1979; Plog, 1977; Smith, 1978; Krippendorf, 1984). This typology emergence marks the first step in the shift from essentialist and unifying depictions of the tourist experience as a general type toward pluralizing conceptualizations that stresses its diverse characteristics (Uriely, 2005). A second step in this direction is carried out by recent studies that show further deconstruction of well-established typologies by stressing the tourism experience diversity of tourists within

existing typological categories (Uriely *et al.*, 2002; Wickens, 2002).

This chapter stresses the need for cautious and sensitive analyses of tourist categories that would capture the existing variety in tourism. Specifically, this chapter aims to advance the second step in the shift toward pluralizing depictions of tourism, in which well-established categories are further deconstructed. Accordingly, this chapter presents the theoretical distinction between *types* and *forms* of tourism that Uriely *et al.* (2002) apply for deconstructing the tourist category of backpackers. A review of the backpacking literature reveals that *type*- and *form*-related attributes are used indistinguishably for differentiating backpackers from mass tourists (Cohen, 1972, 1973; Vogt, 1976; Riley, 1988). In contrast, Uriely *et al.* (2002) differentiate between backpacking as a *form* of travel characterized by various practices and backpacking as a *type* of travel identified by a tourist's attitudes and motivations.

To determine explicitly how much backpacking as a *form* of tourism is related to

backpacking as a *type* of tourism, Uriely *et al.* (2002) interviewed 38 Israeli travellers, who comply with conventional *form*-related attributes of backpacking such as participating in long trips without a rigid itinerary to developing world destinations, using public transportation, staying at inexpensive accommodations and eating in low-priced restaurants. The *type*-related attributes of these activities are analysed in light of a revised version of Cohen's (1979) phenomenological typology, which includes six tourist experience modes. Specifically, each interviewee was classified into one of Cohen's *modes*, according to her/his travel motivations, the meanings she or he assigned to both routine living in the home environment and backpacking experience.

Theoretical Tools

This chapter presents the theoretical distinction between tourism's *type* and *form* as a sensitive and systematic analytical tool for classifying tourists (see Uriely *et al.*, 2002). Tourism's *form* refers to visible institutional arrangements and practices by which tourists organize their journey such as length of trip, itinerary flexibility, destinations and attractions visited, means of transportation and accommodation and contact with locals. Tourism's *type* refers to less tangible psychological attributes such as tourists' attitudes toward fundamental values of their own society, motivations for travel and the meanings they assign to their experiences.

The distinction between tourism's *types* and *forms* questions the validity of previous tourist typologies to couple together indistinguishably external practices (*form*) and internal meanings (*type*), and to assume that tourists who exhibit similar behaviours also share the same motivations and meanings. In this regard, Uriely *et al.* (2002) do not argue these concepts necessarily are unrelated to tourism practices; however, the authors argue tourists' behaviours probably are determined by numerous factors and circumstances that may not be related to their exclusive dispositions and moods. These assumptions suggest that although tourism's *form*- and *type*-related attributes are interrelated, they are not necessarily combined.

As a result, *form*- and *type*-related should be examined separately.

Uriely *et al.*'s (2002) analysis of backpackers' *type*-related attributes draws from Cohen's (1979) phenomenological typology of tourist experiences. The typology revision includes six tourist experience modes that range from the quest for mere pleasure to the search for meaningful experiences.

Cohen's (1979) search for meanings is conceptualized as a quest for a centre while stressing the midpoint as the zone of sacred moral values that exists in every society (Eliade, 1969; Turner, 1973; Shils, 1975). Accordingly, Cohen's (1979) tourism experience modes are characterized by the meanings assigned by travellers to both the centre of their own societies in everyday life and their quest for centres of other cultures during excursions. The first mode, referred to as recreational, is associated with entertaining but shallow activities. This mode of tourist experiences serves the need for taking a break from the pressures of daily living in order to restore the strength needed to cope. People engaging in this type of tourist experience, although stressed by their daily living, are committed to the 'centre' of their own society. The second mode of tourist experiences, referred to as the diversionary mode, involves the pursuit of mere pleasure without any quest for the

		Travel Motivations	
		Mere Pleasure	Profound Experiences
Attitudes Toward Daily Life	Alienated	<i>Diversionary</i>	Experiential Experimental Existential
	Meaningful	Recreational	(Humanists) (Dualists/Pluralists)

Fig. 6.1. Cohen's modes of tourist experiences: attitudes toward routine living and travel motivations.

centre. While recreational mode is associated with visitors who perceive their daily life as meaningful, diversionary mode refers to visitors alienated from their everyday goals and values.

The three remaining tourist experience modes relate to people who are alienated from the centre of their own society. Each tourist group searches for meaning in the centres of other cultures while travelling. Specifically, the third mode of tourist experiences, termed the experiential mode, involves the quest for observing the authentic life of others without any attempt to be converted to or even engaged in their life. The fourth mode of experiences, called experimental mode, refers to travellers who try to participate in the authentic life of others as part of their pursuit for an alternative cultural centre. The fifth mode of tourist experiences, termed the existential mode, refers to individuals who are already committed to an elective centre. This elective centre is culturally and geographically external to the tourist's own society. While these individuals live their daily routine in a spiritual exile, their travel to a remote 'centre' serves their desire to actualize and sustain their spiritual existence. Uriely *et al.* (2002) adds a sixth mode that suggests some travellers may be attached to more than one spiritual centre. Such individuals might perceive their routine living at home as meaningful yet still search for profound experiences while travelling. These tourists – who might travel in the experiential, experimental or existential modes without being alienated from their own society's culture – appear in the revised typology as a humanistic mode of tourist experiences (Uriely *et al.*, 2002). By using the revised version of Cohen's (1979) typology for the *type*-related analysis, Uriely *et al.* (2002) aims to determine explicitly how much backpacking as a *form* of tourism is related to backpacking as a *type* of tourism.

Discussion of Backpacking as Type and Form

Cohen's (1972) seminal backpacking study differentiated between institutionalized and non-institutionalized tourists. The former complies with the conventional features of mass

tourism, while non-institutionalized tourists, prevalently middle-class young travellers, are referred to in the literature by various terms such as drifters (Cohen, 1972), nomads (Cohen, 1973), youthful travellers (Teas, 1974), wanderers (Vogt, 1976), hitchhikers (Mukerji, 1978), tramping youth (Adler, 1985) and long-term budget travellers (Riley, 1988). Recent studies address these travellers as backpackers (Loker, 1993; Loker-Murphy and Pearce, 1995; Loker-Murphy, 1996). Despite the literature's multiplicity of terms, the general consensus is that the various non-institutionalized tourist groups constitute a distinct category of tourism that differs from institutionalized mass-tourism (Cohen, 1972, 1973; Vogt, 1976; Loker, 1993; Loker-Murphy and Pearce, 1995; Riley, 1988). As indicated above, however, the notion of backpacking as a distinct tourism category involves an indistinguishable usage of *form*- and *type*-related attributes.

In terms of *form*-related attributes, the literature suggests that backpackers tend to travel for long periods with a flexible schedule (Cohen, 1972, 1973, 1982; Vogt, 1976; Riley, 1988). Also, backpackers are characterized as low-budget travellers (Teas, 1974; Riley, 1988). They eat in low-priced restaurants, use public transportation and do not stay in expensive hotels (Cohen, 1972, 1973; Vogt, 1976; Riley, 1988; Loker, 1993; Loker-Murphy and Pearce, 1995). These behaviours create more opportunities than their institutionalized counterparts to initiate direct encounters with the local population. Institutionalized tourists primarily are confined to institutions operated for the exclusive use of tourists. Backpackers also are characterized by the so-called *type*-related characteristics. These *type*-related characteristics include a tendency to hold anti-establishment or ambivalent views toward their own culture, a quest for adventure, authenticity and profound experiences; and a self-perception as travellers rather than tourists (Cohen, 1972, 1973; Vogt, 1976; Riley, 1988).

In contrast to combining *form* and *type* characteristics, Uriely *et al.* (2002) separate *type* and *form* characteristics of backpacking. Their analysis of the backpackers' *type*-related attributes yields three relevant insights. First, the findings indicate that different Israeli backpackers conformed to different *types* of tourist experiences suggested by Cohen (1979).

Some backpackers visualize their trips as recreational; other backpackers seek new experiences to expand knowledge and to explore their own psyches. Although a few interviewees were very critical of Israeli society and expressed serious doubts about belonging to that society, most of them, while critical of various aspects of Israeli culture, had no doubts regarding their commitment to that culture. Second, the findings indicate that tourists can be attracted to both home and the host societies. Some interviewees were intrigued by their experiences in the host countries. They felt that their lives were enriched by their excursion without feeling estranged from Israeli society and culture. This finding corresponds to the humanistic type of experience discussed in Cohen (1979). Note, Cohen's typology does not include this explicit typology. Third, the analysis reveals that some individual backpackers corresponded to more than one type of tourist experience across their backpacking biography or even during a single trip.

As noted earlier, Uriely *et al.*'s (2002) target population is limited only to those travellers who complied with conventional *form*-related attributes of backpacking. The study reveals that the *form*-related practices shared by these backpackers function as major elements of their discourse and ideology, through which self-differentiation from the image of the conventional mass tourist is highly valued. Specifically, the findings show that backpackers develop attitudes that approve of and respect those who fully comply with the *form*-related attributes described above, which signify the backpackers' identity. Accordingly, status is gained by those who travel for long periods of time, have no itinerary barriers, maximize 'best value' purchasing and depart from the beaten track of tourism in the visited areas. On the contrary, backpackers who deviate from these norms are considered 'fake' or 'not serious' backpackers. An interesting artefact is that backpackers tend to downplay trip segments in which they did not follow these *form*-related codes of the backpacking ideology. Based on the revealed diversity of type-related attributes among backpackers combined with their commitment to the *form*-related ideology of backpacking, Uriely *et al.* (2002) suggest that contemporary backpacking should be regarded as a *form* rather than a *type* of tourism.

Conclusions

The analysis of *type* and *form* presented above suggests that the backpacker tourist category can be further segmented by the meanings that backpackers associate with their tourist experiences. Clearly, this conclusion relates to Uriely *et al.*'s (2002) definition of *type* and *form* concepts as analytical tools of deconstruction. Specifically, note that while the analysis of *types* corresponded to Cohen's multi-type categorization (1979), the *form*-related analysis refers only to two analytical constructs: institutionalized and non-institutionalized tourism (see Cohen, 1972).

This typology for understanding backpacking behaviour has limitations. Since *form* and *type* are only theoretical constructs, these concepts cannot be expected to completely cover the complexity and variety of actual backpacking. Thus, one may always expect to find individual travellers who do not comply with any *form* or *type*, regardless of how these concepts were constructed. This limitation also creates opportunities for future research.

Perhaps further classification into sub-*forms* of non-institutionalized tourism would point to more homogeneous groups of backpackers in terms of their *type*-related attributes. For example, those travellers who pursue the main centres of backpacker tourism in Asia might differ from travellers who prefer more 'off the beaten track' locations in terms of their motivations and the meanings they derive from travel. Thus, the relations between *types* and *forms* of backpacking should be further reconsidered in analytical terms and examined with respect to backpackers from other nationalities and locations.

Future research on backpacker tourism could address the social and economic implications of this study. For example, local resident attitudes toward backpackers could be related to their differences in terms of their approach toward local religions or other cultural centres. In this respect, developing world destinations visited mostly by recreational and diversionary backpackers whose ignorance and lack of interest in local 'centres' might be accompanied by disrespectful behaviour. Here, backpackers may be considered undesirable guests by local residents.

Finally, the heterogeneity among backpackers provides an opportunity to investigate these tourists from a marketing point of view. In this context, future attempts to segment the backpacker market could associate the different types of backpackers with a range of tourist products and services.

This chapter presents evidence to place doubt on the implicit inclination that tourists who behave similarly also share the same motivations and meanings. Accordingly, this chapter calls for a much more cautious approach. Indeed forms of tourism and leisure cannot be independent of cognitive and psychological aspects; instead, they should not be conceived as being determined by them. Thus, visitors electing organized tours – the apparent polarity of backpacking – join tour groups for extremely diverse reasons. Tour group participants may derive very different types of satisfaction. A recent study of British holidaymakers in Chalkidiki, in the region of Northern Greece,

confirms this proposition (see Wickens, 2002). The study concludes that the level of holidaymaker institutionalization is akin to an individual mass tourist category. Individual mass tourists are characterized by highly diversified patterns of interests and activities. Accordingly, these individuals are further classified into five sub-types in accordance with the following dominant motivations: those who place a strong emphasis on the local culture; those who search for sensual and hedonistic pleasures; those who wish for a romantic experience; those who quest for sunshine and hot climate; and those who enjoy the familiarity provided in a holiday destination to which they return on an annual basis (Wickens, 2002). In conclusion, Wickens suggests that ‘. . . future studies should focus on multiple types of tourism, by identifying and examining the different micro-types, which are specific to the study’s particular situation’ (2002, p. 849).

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7 Tourism Demand Modelling and Forecasting

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Synopsis

This chapter provides an overview of the recent developments in tourism demand modelling and forecasting since the 1990s. While a wide range of forecasting models is available for tourism demand forecasting, tourism managers should use models that are based on solid economic theories and provide reliable forecasts. In addition, this chapter suggests that in addition to forecasting error magnitude, directional change errors and turning point forecasting should be studied. Moreover, since no single model consistently generates superior forecasts across all situations, combining the forecasts generated from different forecasting methods improves tourism demand forecasting accuracy.

Keywords: tourism demand; modelling; forecasting.

Introduction

Tourism demand modelling and forecasting have been of great interest to both academics and practitioners for a number of reasons (Song and Turner, 2006). First, the success of many businesses depends largely or totally on the state of tourism demand, and ultimate management failure is quite often due to the failure to meet market demand. Because of the key role of demand as a determinant of business profitability, estimates of expected future demand constitute a very important element in all planning activities. It is clear that *accurate* forecasts of tourism demand are essential for *efficient* planning by tourism-related businesses, particularly given the perishable nature of the tourism product.

Second, tourism investment, especially investment in destination infrastructures, requires long-term financial commitments and the sunk

costs can be very high if the investment projects fail to fulfil their design capacities. Therefore, the prediction of long-term demand for tourism related infrastructure often forms an important part of project appraisal.

Third, government macroeconomic policies largely depend on the relative importance of individual sectors within a destination. Hence, accurate forecasts of demand in the tourism sector of the economy will help destination governments in formulating and implementing appropriate medium- to long-term tourism strategies.

Fourth, the demand for tourism in a particular destination is one of the key factors that determine the destination's competitiveness and accurately assessing the future tourism demand will help the destination to position itself on the world market in order to compete.

The past 20 years serve witness to great advances in tourism demand analysis in terms

of the diversity of research interests, depth of theoretical foundations and advances in research methods. This chapter aims to provide an overview of the recent developments in tourism demand analysis and forecasting. More than 100 empirical studies published since 1990 are covered in this review, and the general trends in tourism demand analysis over this period are summarized. Attention is focused on six areas: origins/destinations; measures of tourism demand; explanatory variables; functional forms; model specification and estimation; and demand elasticities – income elasticity, own-price elasticity and cross-price elasticity. The current status of tourism demand forecasting research is also reviewed in this chapter with some suggestions for future studies.

Quantitative Approaches to Tourism Forecasting

The rapid expansion of international tourism attracts researchers' attention in tourism demand modelling and forecasting. Guthrie (1961) performed the first empirical research on tourism forecasting followed by Gerakis (1965) and Gary (1966). During the past four decades, many forecasting models, either quantitative or qualitative, have been proposed with diverse research interests. Among which, the quantitative approach has played a very important role in tourism demand studies. This section mainly focuses on the econometric models and the associated issues, such as origin and destination, measure of tourism demand, explanatory variables, function forms, model specification and estimation, diagnostic test and demand elasticities including income elasticity, own-price elasticity and cross-price elasticity.

Origin and destination

Due to the great contribution to international tourism and prosperous regional economic growth, western European and North American countries were the focus of tourism forecasting research prior to the 1990s. During this period, both inbound and outbound tourism in these regions dominated the international

tourism flows, which encouraged research on demand for tourism in these countries/regions. Among the reviewed studies, 74 and 63 of them looked at the demand for tourism in western European and North American countries, respectively. However, the continuous growth in tourism demand in the Asia and Pacific region in recent years has received considerable attention in research. Among all the reviewed studies, 26 were related to Australia (both inbound and outbound tourism demand), eight were connected with Hong Kong and Macau (mainly inbound tourism) and 35 focused on Japanese and Korean tourism.

Measures of tourism demand

Although measures of tourism demand at disaggregated levels can provide good insights on the operations of different tourism product/service markets, empirical research, however, has been mainly focused on modelling and forecasting aggregate tourism demand at the destination. The aggregate demand is normally measured by one of the following indicators at the destination level: tourist arrivals, tourism expenditure, budget share of tourism receipts/expenditures, import/export of tourism, tourist nights and tourist arrivals in hotels and apartments. Compared with the early tourism forecasting research, current measures of tourism demand have not changed much. Tourist arrivals and tourism expenditure are still the two most frequently used measures of tourism demand. In recent years, tourist expenditure, in terms of either absolute values or budget shares has been increasingly used in the specification of the demand system models, and these models include the Almost Ideal Demand Systems (AIDS) and the Linear Expenditure System (LES) models. A major difference between the pre-1990s research and the current research is that researchers have now paid much more attention to tourism demand at disaggregate or product level.

Explanatory variables

The antecedents of tourism demand rely heavily on the purpose of visit. More importantly,

different market segments are associated with different influencing factors. Therefore, substantial agreement exists among researchers in terms of the explanatory variables that need to be considered in tourism demand analysis. The main explanatory variables that have been involved in the empirical research include population, income, travel costs, exchange rates, substitute prices, dummy variables, lagged dependent variables and deterministic trends.

International tourism flows depend on the population sizes in the origin countries. An increase in the destination population would have a positive influence on the demand for outbound travels in the origin country/region. Generally speaking, the effect of population on the demand for tourism has been considered by dividing the dependent as well as some of the explanatory variables by population in the origin country/region, e.g. the per capita data are used in estimating the demand models (Song and Turner, 2006).

Income of origin country/region is often included in tourism demand forecasting models as an explanatory variable and usually enters the demand function in per capita form (corresponding to the specification of the demand in per capita terms). In most of the reviewed studies the income variable is often measured by the personal disposable income or private consumption expenditure in the origin country/region, normally in constant price terms. The income of origin countries is expected to have a positive influence on tourism demand.

Travel costs (in constant price terms) are expected to have a negative influence on tourism demand. Due to the data unavailability, the average of economy class air fares from an origin country to a destination has been used by some researchers (e.g. Witt and Witt, 1992) to represent the travel costs in tourism demand analysis. However, this variable was found to be insignificant. This finding might be due to the fact that the direct link between the demand for tourism and the travel costs was destroyed as a result of averaging various economy class air fares.

Exchange rate is another explanatory variable commonly involved in the demand analysis. It represents the cost of living of tourists in the destination and usually appears in the demand model either as a specific tourist's cost

of living variable or as a deflator to the destination/origin's Consumer Price Indices. In reality, tourists pay much more attention to the exchange rates in the destination countries rather than to the costs of living there, thus the exchange rate has been considered by most of the studies that use the econometric approach to tourism demand modelling and forecasting as an important influencing factor on tourism demand. However, it should be noticed that the use of exchange rate only to represent the travel costs may lead to biased results, as the exchange rate in a destination may be counterbalanced by a relatively high inflation rate.

According to economic theory, substitute price of an alternative tourism product/service is also an important determinant of tourism demand. For instance, an increase in holiday price in France is likely to increase the demand for holidays in some other countries nearby such as Portugal, Spain and Italy. The effect of the substitute prices on the demand for tourism could be modelled by specifying the tourists' costs of living in the destination relative to a weighted average of the costs of living in alternative destinations. The weights are generally based on the previous market shares of the alternative destinations and are often allowed to vary over time.

In order to capture the effects of one-off events, dummy variables have been included in many of the empirical studies (Li *et al.*, 2005). The two oil crises in the 1970s were shown to have significant impacts on the international tourism flows, followed by the Gulf War in the early 1990s and the global economic recession in the mid-1980s. Other regional events such as the 11th September terrorist attacks in the USA have shown the same negative impacts. Huang and Min (2002) discuss the influence of earthquakes on the Taiwan tourism industry and Min (2005) looks at the impact of SARS on tourism demand in Taiwan.

Lagged dependent variable, which is an autoregressive term of the demand variable, can be justified as a variable that measures tourists' habit persistence. Once tourists have been holidaying in a particular country or region and liked it, they tend to return to the same destination in the future, as there is much less uncertainty associated with holidaying in

the same destination compared with travelling to a previously unvisited foreign country. Furthermore, knowledge about the destination spreads as people share their travel experiences, which reduces the uncertainty for potential visitors to that destination. In fact, this 'word-of-mouth' effect may play a much more important role in destination selection than advertisements by travel agents.

A second justification for the inclusion of lagged dependent variable in tourism demand functions comes from the supply constraint in the destinations. Supply constraints may take the form of shortages of hotel accommodation, passenger transportation capacity and trained staff, and these often cannot be increased rapidly. Time is also required to develop contracts among tour operators, hotels, airlines and travel agencies. Similarly, once the tourism industry has become highly developed, it is unlikely to dwindle rapidly. If a partial adjustment mechanism is postulated to allow for rigidities in supply, this results in the presence of a lagged dependent variable in the tourism demand function, with the parameter lying between zero and unity (Gujarati, 1988; Song and Witt, 2000).

Deterministic trend variable appears in some of the earlier tourism demand studies. The deterministic trend describes a steady change of the dependent variable over time. However, the inclusion of this variable in the model is problematic and may cause a serious multicollinearity problem, as the trend variable is often related to the income variable. With this borne in mind, recent studies have been less keen to include this variable in the demand modelling exercise (Li *et al.*, 2006).

Functional forms

During the period 1960s–1990s, log-linear regression was the main functional form of tourism demand research. Log-linear models were employed in 73 studies, 17 used linear models and 3 looked at the non-linear functions. Additionally, the semi-log functional form (both linear and non-linear) was involved in 14 studies. Some researchers report that the log-linear function provides a slightly superior result than the other functional forms (Crouch, 1992; Vanegas and Croes, 2000).

The use of a log-linear model has the following advantages. First, estimating the demand elasticities is convenient. Second, the log transformation reduces the integration order of the variables, so that standard cointegration (CI) analysis could be easily carried out. Despite these advantages, the log-linear model has its limitations. The estimated elasticities from the log-linear model (within the traditional fixed parameter framework) are constant over time. This condition is too restrictive as tourists' behaviours change over time. As a result, the demand elasticities may also vary over the sample period (Song and Wong, 2003). More importantly, the log-linear demand model may not be very useful in modelling and forecasting the demand for short-haul travel (Lim, 1997a,b). Fortunately, this problem could be solved by rewriting the model in the state space form (SSF), which could then be estimated by the Kalman Filter (Kalman, 1960).

Model specification

Tourism demand models can be divided into different classes according to different criteria. In this chapter, the division is based on the numbers of measurement equations in the model. Consequently, tourism demand models can be divided into two categories: single-equation models and system or multi-equation models.

Single-equation models include two subclasses, single-equation models with fixed parameters and single-equation models with time-varying components.

Studies before the 1990s mainly used the traditional regression approach, in which the demand model was specified in static form and very limited diagnostic tests were reported after the model was estimated. In the mid-1990s, the dynamic tourism demand models, such as the Autoregressive Distributed Lag Model (ADLM) and Error Correction Model (ECM) started to appear in the tourism demand analysis literature. With these methods, the spurious regression problem is solvable. Hendry (1995), Pesaran and Shin (1995), Syriopoulos (1995) and Song and Witt (2000) include details of ECM.

Although the time-varying parameter (TVP) model is a multiple equations model, it is

still considered as a single equation approach, as there is only one equation in the model that measures the demand for tourism. The Structural Time Series Model (STSM) also belongs to this category. The STSM incorporates stochastic and seasonal components into the classical time series model. These components are stated in the state space form (SSF) and estimated by the Kalman Filter. In this model, a time series is decomposed into trend, seasonal, cyclical and irregular components. To overcome the limitation of the conventional time series model, that is, the incapability of examining the effects of other economic determinants on the variation of the demand series, the causal variables (explanatory variables) are incorporated into basic STSM. This newly developed model is named causal STSM or CSM. The BSM or CSM has been successfully applied in the field of tourism demand forecasting by several authors including González and Moral (1995, 1996), Kulendran and King (1997), Kulendran and Witt (2001, 2003a) and Turner and Witt (2001).

Due to the limitations of the single equation models, such as their dependency on the assumption of the explanatory variables being exogenous; the models cannot be used to test for either the symmetry or the adding up hypotheses associated with demand theory; the system-equation models have been employed to solve these problems. The system-equation approach was first introduced in the 1950s by Stone (1954) in the context of structural macroeconomic models that were used for policy simulation and forecasting purposes. Since its development by Sims (1980), the Vector Autoregressive (VAR) model has been closely related to macroeconomic forecasting and lately to tourism demand forecasting. In this model, all the variables, apart from the deterministic variables such as trend, intercept and dummy variables, are specified purely as autoregressive processes, i.e. all variables in the system are modelled as a function of the lagged values of themselves and the lagged values of other variables. Song *et al.* (2003), Witt *et al.* (2003, 2004) and Wong *et al.* (2007) use VAR in tourism demand forecasting.

The Almost Ideal Demand System (AIDS) model was proposed by Deaton and Muellbauer (1980) and has since been the most widely

used system-equation method for customer behaviour analysis. Although this model has received considerable attention in food demand analysis, utilization of AIDS in tourism demand modelling and forecasting has been rare. A few exceptions include O'Hagan and Harrison (1984), White (1985), Syriopoulos and Sinclair (1993), Papatheodorou (1999), Lyssiotou (2001), De Mello *et al.* (2002) and Divisekera (2003).

Another recently developed model specification, known as the *neural networks* model, has also gained increasing attention in tourism demand forecasting research. This method consists of interconnected processing elements called nodes or neurons that work together to produce an output function. These neurons are interconnected with numerical weights, which can be adjusted during the training (learning) process. This learning process can be treated as a computational simulation of the human brain. A feed forward neural network with supervised learning processes was brought into tourism demand analysis in 1999 by Law and Au. Law and Au (2000) further extend the model by incorporating a back-propagation learning process to improve the forecasting accuracy of neural network-based tourism demand forecasting models. In addition, Pattie and Snyder (1996) use a back-propagation neural network model with two hidden layers to forecast monthly overnight stays in US national park systems. In-depth discussions about these models are presented in the section entitled 'Models with time-varying component' where the empirical findings of these models are discussed.

Diagnostic testing

The reliability of the forecasting models in generating forecasts depends on the appropriate specification of the models. Whether a model is correctly specified or not could be assured by calculating the various diagnostic tests. Therefore, diagnostic testing forms an important part of a model's estimation. Little attention was paid to this aspect before the 1990s as suggested by Witt and Witt (1995). As a result, the inferences from the estimated models were highly sensitive to the statistical assumptions,

especially when the sample sizes used for the model estimations are small (Lim, 1997a, b).

However, this situation is new since the mid-1990s. In addition to the conventional diagnostic statistics, such as the goodness of fit coefficient and the Durbin-Watson (DW) statistic for autocorrelation, many recent empirical studies included a battery of diagnostic statistics. The tests for unit roots, higher-order autocorrelation, heteroscedasticity, non-normality, misspecification, structural breaks and forecast failure have been widely used by researchers. In particular, Kim and Song (1998), Song *et al.* (2000), Kulendran and Witt (2001), Lim and McAleer (2001, 2002), Payne and Mervar (2002), Dritsakis (2004) and Song and Witt (2003) all report a full range of diagnostic statistics that is available.

Tourism demand elasticities

Research findings on tourism demand elasticities were thoroughly reviewed by Crouch (1992, 1994a, 1994b, 1995, 1996) and Li *et al.* (2005). Consistent with their findings, more recent studies have also shown that the income elasticity is usually greater than 1, which means that the demand for international tourism, especially the demand for long-haul travel, is usually a luxurious activity.

The own-price elasticity is usually negative, although the magnitude varies considerably. Smaller values of own price elasticity compared with income elasticity suggested that the sensitivity of tourists' responses to tourism price changes is much lower than to income changes indicating that the demand for international tourism tends to be price inelastic.

The long-run and short-run elasticities can be calculated from the co-integration (CI) equation and the ECM, respectively. With regard to the income elasticity, lower degrees of significance in ECMs than those in the CI models indicate that income influences the demand for tourism more in the long run than in the short run.

Cross price elasticity is significant in many of the empirical studies suggesting a substitution effect among alternative destinations. Building from the values of estimated cross

price elasticity, policy makers could decide appropriate market strategies. If the cross price elasticity suggests a complementary effect among alternative destinations, a joint marketing/development programme would be appropriate for the destinations involved in order to maximize their competitive advantages.

Empirical Findings of Forecasting Models

This section details model specifications and estimations of the models that the previous section discusses.

Single equation econometric models

Models with fixed parameters

In the early 1990s, econometric modelling and forecasting of tourism demand was still restricted to static models. These models tend to suffer from a number of problems including spurious regression, model misspecification and inappropriate functional forms (Song and Witt, 2000). Since the mid-1990s, however, dynamic modelling approaches such as ADLM and ECM have been applied in the tourism demand literature with a view to overcoming these problems.

ADLM was first proposed by Hendry (1986), and further developed by Pesaran and Shin (1995). ADLM is a general-to-specific approach. This modelling method usually starts with a general functional form that contains both the current and lagged values of the variables in the model and then stepwise reduction is applied for the estimation of this general model. The starting general model normally takes the form of:

$$Q_{it} = a + \sum_{n=1}^p \Phi_{i,n} Q_{i,t-n} + \sum_{n=0}^{q_i} \beta_{i,n} X_{i,t-n} + \varepsilon_{it} \quad (7.1)$$

where Q_{it} denotes tourist arrivals from the origin country/region i , $X_{i,t-n}$ denotes a vector

of exogenous variables with a lag length of q_j and $\beta_{i,n}$ is the coefficient vector.

The above model is first estimated and the least insignificant variables are then removed from the model one by one according to the statistical significance and economic relevance of the estimated coefficients. This process is repeated until all variables left in the equation are statistically significant and economically sound, that is, the signs and magnitudes of the coefficients are consistent with the demand theory. In addition, the final specific model should be simple in structure and possess the desirable statistical properties, that is, the estimated model should display the lack of autocorrelation, heteroscedasticity, forecasting failure and non-normality.

ECM is a dynamic model in which the movement of the variables in any period is related to the previous period's disequilibrium from their long-run relationships. Transforming ADLM to ECM models is relatively easy as Song and Witt (2000) demonstrate. The following equation represents an ECM model:

$$\Delta y_t = (\text{Current and lagged } \Delta x_{jt} S, \text{ lagged } \Delta y_t S) - (1 - \Phi_1) \left[y_{t-1} - \sum_{j=1}^k \beta_j x_{jt-1} \right] + \varepsilon_t \quad (7.2)$$

The Engle and Granger two stages approach (Engle and Granger, 1987) is useful for estimating the ECM. The long-run cointegration regression model is

$$y_t = \beta_0 + \sum_{i=1}^n \beta_i x_{it} + u_t \quad (7.3)$$

Equation (7.3) is first estimated using OLS indicating a long-term relationship among the independent and dependent variables. In the second step, the corresponding ECM of Equation (7.4) is estimated:

$$\Delta y_t = \sum_{i=1}^p \Delta y_{t-i} + \sum_{j=0}^q \Delta X_{t-j} + \left(y_{t-1} - \beta_0 - \sum_{i=1}^n \beta_i x_{it-1} \right) + \varepsilon_t \quad (7.4)$$

When estimating Equation (7.4), the third element on the right hand side of Equation (7.4),

$$\left(y_{t-1} - \beta_0 - \sum_{i=1}^n \beta_i x_{it-1} \right)$$

is replaced by the estimated u_t from Equation (7.3) lagged by one period. Equation (7.4) reflects the dynamic nature of the demand model.

However, a major problem occurs in estimating the ECM using the Engle and Granger two-stage approach. It is likely that the bias in the first stage will be carried over to the second stage if the sample size is small. In order to overcome this problem, Wickens and Breusch (1988) propose a one-stage approach to the estimation of ECM. The procedure is to estimate the following model that incorporates both the short- and long-term relationships.

$$\Delta y_t = (\text{Current and lagged } \Delta x_{jt} S, \text{ lagged } \Delta y_t S) - \lambda y_{t-1} - \sum_{j=1}^k \gamma_j x_{jt-1} + \varepsilon_t \quad (7.5)$$

where $\lambda = (1 - \Phi_1)$ and $\gamma = (1 - \Phi_1)\beta_j$.

Song *et al.* (2003) give a full account of the estimation of ECM using both the Engle and Granger two-stage and the Wickens and Breusch one-stage approaches in the case of forecasting the tourism demand for Denmark. Other empirical studies using ECM in forecasting tourism demand include Kulendran and King (1997), Kulendran and Witt (2001), Veloce (2004) and Li *et al.* (2006).

Through the application of ECM, the spurious regression problem is solvable. An additional advantage of using ECM is that the regressors in an ECM are almost orthogonal, which avoids the occurrence of multi-collinearity (Syriopoulos, 1995).

Models with time-varying component

The STSM and TVP models belong to this category of single equation econometric models. Compared with traditional econometric models, STSM incorporates stochastic and seasonal components into the classical econometric models. SSF specifies the stochastic components and the Kalman Filter (KF) estimates these components.

The construction of basic STSM or BSM is based on the identification of unobserved components which are directly interpretable by the data. A time series y_t can be decomposed into

a trend component μ_t , a cycle component ψ_t , a seasonal component γ_t and an irregular component ε_t . The trend captures the long-term movements of the series, the cycle component is a sine-cosine wave with constant frequency τ , the seasonal component is modelled by seasonal dummies and the irregular component is assumed to be a white noise. The specification of the basic STSM is:

$$y_t = \mu_t + \psi_t + \gamma_t + \varepsilon_t \quad \varepsilon_t \sim NID(0, \sigma_\varepsilon^2) \quad (7.6)$$

The trend component is specified in its most general form as follows:

$$\mu_{t+1} = \mu_t + \beta_t + v_t \quad v_t \sim NID(0, \sigma_v^2) \quad (7.7)$$

$$\beta_{t+1} = \beta_t + \delta_t \quad \delta_t \sim NID(0, \sigma_\delta^2) \quad (7.8)$$

where v_t and δ_t are disturbances mutually uncorrelated and with the irregular component, ε_t . The cyclical component is specified as:

$$\begin{bmatrix} \psi_{t+1} \\ \psi_{t+1}^* \end{bmatrix} = \rho \begin{bmatrix} \cos \tau & \sin \tau \\ -\sin \tau & \cos \tau \end{bmatrix} \begin{bmatrix} \psi_t \\ \psi_t^* \end{bmatrix} + \begin{bmatrix} \omega_t \\ \omega_t^* \end{bmatrix} \quad (7.9)$$

where $\tau \in [0, \pi]$ is the cyclical frequency, $\rho \in [0, 1]$ is the damping factor of the cycle, ψ_t^* appears by construction and ω_t, ω_t^* are independent normally distributed disturbances, mutually uncorrelated and with equal fixed variance σ_ω^2 .

The seasonal component is defined to allow the seasonal patterns to change over time. That is,

$$\gamma_{t+1} = \sum_{j=1}^{s-1} \gamma_{t+1-j} + \kappa_t \quad \kappa_t \sim NID(0, \sigma_\kappa^2) \quad (7.10)$$

where s is the number of seasons per year. Thus for monthly data $s = 12$, and for quarterly data $s = 4$. Without the disturbance term κ_t , one has the deterministic case and the season components sum to zero over the previous year. It is often preferable to express the stochastic seasonality in the following trigonometric form:

$$\gamma_t = \sum_{j=1}^{[s/2]} \gamma_{jt}$$

where $\gamma_{j,t+1} = \gamma_{jt} \cos \lambda_j + \gamma_{jt}^* \sin \lambda_j + \kappa_{jt}$
 $\gamma_{j,t+1}^* = -\gamma_{jt} \sin \lambda_j + \gamma_{jt}^* \cos \lambda_j + \kappa_{jt}^*$

$$j = 1, 2, \dots, [s/2]$$

in which the κ_{jt} and κ_{jt}^* are zero mean white-noise processes uncorrelated with each other with a common variance.

With explanatory variables being introduced into a BSM, it becomes CSM:

$$y_t = \mu_t + \psi_t + \gamma_t + X_t \Gamma + \varepsilon_t \quad (7.11)$$

where X_t is the vector of explanatory variables, and Γ is the coefficient vector which is constant over time. In other words, the regression coefficients are regarded as deterministic rather than stochastic. This is the limitation of the CSM. It should be noted that, if the trend, seasonal and cycle are all specified in deterministic forms, the above CSM will become a traditional static regression model with seasonal components.

Applications of both BSM and CSM are successful in tourism demand forecasting. González and Moral (1996) show that the BSM outperforms ARIMA and deterministic trend models. Kulendran and King (1997) demonstrate that BSM forecasts more accurately than the simple autoregressive (AR), the ARIMA and the ECM models in the short run (1 and 2 steps ahead). The overall forecasting performance of BSM in Kulendran and Witt (2001) is shown to be superior to the ECM and SARIMA models. González and Moral (1995) adopt CSM in forecasting the demand for Spanish tourism and the results show that CSM outperforms the SARIMA model as well as ECM. The same results were obtained by Turner and Witt (2001).

However, researchers report that with additional explanatory variables, CSM does not always produce promising results compared with BSM. Kulendran and Witt (2003a, 2003b) compare the forecasting performance of both BSM and CSM with the no-change, moving average (MA), ARIMA, SARIMA and ECM models. BSM presents the second best performance following the no-change model. CSM only outperforms the SARIMA model. The reason why CSM could not generate more accurate forecasting results may be the inappropriate treatment of explanatory variables in the model. Although the deterministic variables, such as trend, cycle and seasonality, are all regarded as stochastic, all other explanatory variables are still assumed to have constant

coefficients. This indicates that the economic structure that underpins the model does not change over time, which is unrealistic. Consequently, CSM did not give the expected forecasting performance.

In overcoming the unrealistic assumption on the constant coefficients of explanatory variables in the forecasting models, the TVP approach to model estimation should be used. The TVP model relaxes the restriction on the model parameters by allowing them to change over time. The TVP model was not applied to tourism demand forecasting until the late 1990s and the number of published studies in this area is still small. Song and Witt (2000) and Song *et al.* (2003) examine the capability of the TVP model in forecasting international tourism demand in comparison with several other fixed parameter models such as ADLM, ECM and VAR. These studies assessed the forecasting accuracy in terms of error magnitude based on the mean absolute percentage error (MAPE) and root mean square percentage error (RMSPE). The results show that the TVP model outperforms all competing models for 1- to 4-years-ahead forecasts. Witt *et al.* (2003) investigate the forecasting performance of the TVP model in terms of both error magnitude and directional changes. The comparison results show that in both assessments the TVP model is ranked the second best among seven candidates for the 1-year-ahead forecasts. Song and Wong (2003), Song *et al.* (2003) and Li *et al.* (2006) reach a similar conclusion. Summarizing the empirical findings of these studies, it is apparent that the TVP model tends to be superior to the alternative models suggesting that the TVP model is suitable for short-run tourism demand forecasting.

Despite the promising results generated by the TVP model, the data in the empirical research are all annual time series, which means that the trend, cycle and seasonality influences on tourism demand are not taken into account in the modelling process.

System of equations approach

Due to the heavy dependency on the assumption that the explanatory variables in the tourism

demand model are exogenous, the single equation models would have to be abandoned if this assumption is violated. Instead, the system of equations approach should be used for tourism policy simulation and forecasting.

The VAR model

The VAR model is a flexible and easy to use model for the analysis of multivariate time series data. The model was developed by Sims (1980) who treats all the variables apart from deterministic variables, such as trend, intercept and dummy variables, as endogenous. Moreover, the VAR model has been closely related with some of the recent developments in multivariate cointegration analysis. The VAR model is specified as follows:

$$Y_t = c + \Pi_1 Y_{t-1} + \Pi_2 Y_{t-2} + \dots + \Pi_p Y_{t-p} + \varepsilon_t, \\ t = 1, \dots, T \quad (7.12)$$

where $Y_t = (y_{1t}, \dots, y_{nt})'$ denotes an $(n * t)$ vector of time series variables, Π_i is $(n * n)$ coefficient matrices and ε_t is an $(n * 1)$ vector of regression errors which are assumed to be contemporaneously correlated but not autocorrelated. This equation suggests that the current values of the variables are regressed against lagged values of all the variables in the system. It is important to include an appropriate lag structure in the specification of the VAR model since too few lags will result in loss of information in forecasting while too many lags will result in over-parameterization. The criteria used in the determination of the lag length are Akaike (AIC), Schwarz-Bayesian (BIC) and Hannan-Quinn (HQ). For a detailed explanation on the use of model selection criteria in VAR modelling, see Lutkepohl (1991, Chapter 4). Song *et al.* (2003) evaluate the forecasting accuracy of six alternative econometric models in the context of the demand for tourism in Denmark. The models in their study include the Wickens and Breusch (1988) one-stage ECM, the Johansen (1988) maximum-likelihood ECM; a reduced ADLM; a VAR model and a TVP model. In addition, two univariate time series models are also included as benchmarks for forecasting comparison. However, the performance of the VAR model is relatively poor compared with the other models. Although there has been a

growing interest in using VAR in macroeconomic modelling and forecasting, more effort is necessary to apply to this modelling approach to tourism forecasting.

The linear AIDS model

The single equation model is incapable of analysing the independence of budget allocations to different tourism product/destinations. The AIDS model is a natural alternative to the single equation modelling approach in this aspect. The AIDS model was developed by Deaton and Muellbauer (1980) and was subsequently introduced to tourism demand forecasting by Fujii *et al.* (1985). The model can be specified as:

$$w_i = a_i + \sum_j \gamma_{ij} \log p_i + b_i \log(x/p) + u_i \quad (7.13)$$

where w_i is the budget share of the i th good, p_i is the price of the i th good, x is total expenditure on all goods in the system, p is the aggregate price index for the system and u_i is the disturbance term. The aggregate price index P is defined as:

$$\begin{aligned} \log P &= a_0 + \sum_i a_i \log p_i \\ &= \frac{1}{2} \sum_i \sum_j \gamma_{ij} \log p_i \log p_j \end{aligned} \quad (7.14)$$

where a_0 and a_i are the parameters to be estimated. Replacing P with the Stone (1954) price index, $\log P^* = \sum w_i \log p_i$, the linearly approximated AIDS is derived and termed LAIDS.

The LAIDS model is useful for testing for the homogeneity and symmetry properties associating with the demand theory. Moreover, both uncompensated and compensated demand elasticities, including expenditure, own-price and cross-price elasticities, can be calculated. They have a stronger theoretical basis than the single-equation approach. The LAIDS model can be estimated by three methods, namely ordinary least squares (OLS), maximum likelihood (ML) and Zellner's (1962) iterative approach for seemingly unrelated regression (SUR) estimation. The SUR method is used most often because the SUR method is more efficient than OLS in the system with the symmetry restriction (Syriopoulos, 1995). The SUR method converges to the ML estimator,

provided that the residuals are normally distributed (Rickertsen, 1998). Since the LAIDS model was first introduced into tourism demand studies in 1985, it has not attracted much attention until recently. Twelve applications have been identified, including three in the 1980s, one in 1993 and eight after 1999. Most of these studies analysed allocations of tourists' expenditure in a group of destination countries, whereas Fujii *et al.* (1985) investigate tourists' expenditure on different consumer goods in a particular destination. When a group of destinations is concerned, substitutability and complementarity among them are investigated by calculating cross-price elasticities. The LAIDS model has been developed from the original static form to the error correction form. Combining ECM with LAIDS, Durbarry and Sinclair (2003), Mangion *et al.* (2003) and Li *et al.* (2004) use the error correction LAIDS models (ECLAIDS) to examine the dynamics of tourists' consumption behaviour. Other demand system models have also appeared in the tourism forecasting literature, and these include LES by Pyo *et al.* (1991) and the translog utility function by Bakkal (1991) but, compared to LAIDS, their applications were extremely rare.

Artificial neural networks

Neural networks grew out of research in artificial intelligence. Specifically, neural networks attempt to mimic the fault-tolerance and capacity to learn of biological neural systems by modelling the low-level structure of the brain. The brain is principally composed of a very large number of neurons, which interconnect massively. Each neuron is a specialized cell, which can propagate electrochemical signals. When the neuron is activated, it releases an electrochemical signal to the other neurons via their connections. The strength of the signal received by a neuron (and therefore its chances of firing) critically depends on the efficacy of the connections. Neural network models mimic similar procedures of the human brain but in a less comprehensive manner. The output neurons receive a number of inputs (either from original data, or from the output of other neurons in the neural network) and each input comes via a connection that has a strength

(or *weight*). These weights correspond to efficacy of connections between neurons.

A typical feed-forward network has neurons arranged in a distinct layered topology. The input layer is not really neural at all. These units simply serve to introduce the values of the input variables. The hidden and output layer neurons are each connected to all of the units in the preceding layer. Defining networks that partially connect to only some units in the preceding layer is possible. However, for most applications fully connected networks are better and Fig. 7.1 illustrates a typical such network.

When the network is executed, the inputs are placed in the input units (as shown by the triangles on the left-hand side of the diagram); the hidden layer (the squares in the centre) and output layer (the squares on the right) are then progressively executed. Each of them calculates its activation value by taking the weighted sum of the outputs of the units in the preceding layer, and subtracting the threshold. The

activation value is passed through the activation function to produce the output of the neuron. When the entire network has been executed, the outputs from the output layer act as the output of the entire network.

Law and Au (1999) use a feed-forward neural network with one hidden layer in forecasting the demand for Hong Kong tourism by Japanese visitors (Fig. 7.2). The input layer of the neural network contains six nodes. These are service price, average hotel rate, foreign exchange rate, population, marketing expenditure and gross domestic expenditure. The single node in the output layer of the neural network represents the Japanese demand for travel to Hong Kong. The annual data for the period 1967–1996 were used to build the neural network.

In their model, each node contains a weight and summation function. An output was calculated through function $y_j = \sum_{i=1}^2 x_i w_{ji}$,

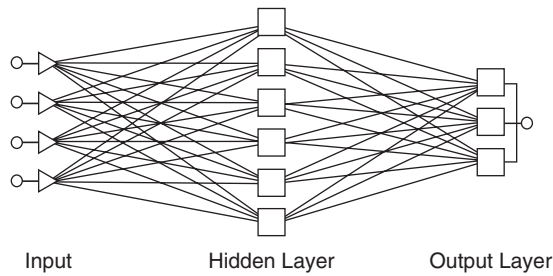


Fig. 7.1. A typical neural network.

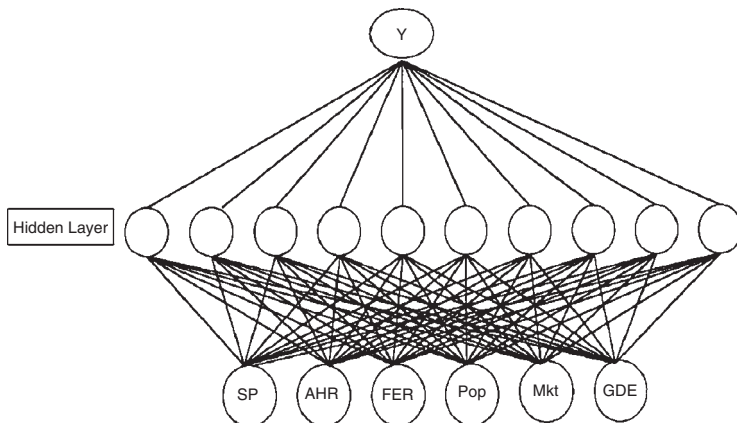


Fig. 7.2. A feed-forward neural network for tourism demand. Source: Law and Au (1999).

and then the calculated output was transformed and falls into an acceptable region by sigmoid function of $y_T = 1/1 + e^{-Y}$, the final output will be presented as $Y = \sum_{i=1}^3 y_{Ti}w_i$. After

the calculation, a comparison between the neural network and some other models, including multiple regression model, naive model, moving average model and exponential smoothing model, was undertaken. Among all the models, the neural network outperforms according to MAPE and Mann-Whitney U test.

Law and Au (2000) incorporated the back-propagation method to improve the accuracy of neural network models in tourism forecasting. Compared with previous feed-forward neural network models, the back-propagation neural network produced even more accurate forecasts. As commented by Law and Au (2000), the forecasting output from a back-propagation neural network is accurate with relatively small errors. The minimum values of MAD, MSE, MAPE and RMSPE indicate that the deviations between the predicted values generated by the back-propagation neural network and the actual values are very small.

Other models with different learning algorithms have also been applied in tourism demand forecasting. Support vector machines are a set of related supervised learning methods first used for classification and regression. They belong to a family of generalized linear classifiers. With the development of Vapnik's ϵ -insensitive loss function, this model has been applied in solving the non-linear regression estimation problems. Chen and Wang (2005) incorporate this model in tourism demand forecasting. Pai *et al.* (2006) apply SVM to forecast tourism arrivals in Barbados. After the comparisons between different models such as the ARIMA, Back Propagation Neural Network (BPNN), both studies claim that their model outperforms the other models in terms of error magnitudes.

With the development of artificial intelligence techniques, it is expected that more advanced quantitative models will be applied in tourism demand forecasting to achieve high forecasting accuracy in the future. However, the application of neural network models and others with different learning algorithms to tourism forecasting (Uysal and Roubi, 1999;

Chu, 2003; Hernandez-Lopez and Caceres-Hernandez, 2007; Kon and Turner, 2005; Pai and Hong, 2005) has been limited by their inability to provide policy recommendations, as the construction and estimation of the models are not based on any solid economic theory.

Performance of Forecasting Models

Many of the above-mentioned studies include forecasting accuracy comparisons between different models. Apart from Rosselló-Nadal (2001) which focuses on the turning point accuracy of forecasting, all studies that compared the forecasting performance of different models concentrated on the evaluation of forecasting accuracy in terms of the forecasting error magnitudes. Witt and Witt (1991, 1992) and Witt *et al.* (2003) also assess the directional change and trend change of tourism demand forecasting in addition to error magnitudes.

Overall performance of forecasting models

In most of the tourism demand forecasting studies the no-change model has been used as a benchmark in the forecasting evaluation. Various ECM models, including the Engle and Granger two-stage ECM, the Wickens-Breusch one-stage ECM and the Johansen ECM, have usually been used as advanced econometric models while the ARIMA and SARIMA models are the most popular time series models used in tourism demand forecasting evaluation. In comparison, the TVP and STSM models tend to perform well across all time horizons. In contrast, the forecasting performance of the VAR model varies considerably across different cases.

Factors affecting relative forecasting performance

Song and Tuner (2006) conclude that no single forecasting model generates consistent superior forecasts in all circumstances. The factors that affect the discrepancies in forecasting performance are now summarized below.

Time horizon of forecasting: generally speaking, the longer the forecasting horizon, the less the accuracy of forecasts. This inverse relationship has to do with the fact that the number of uncertain factors increases with the forecasting horizon. The ranking indicates that the TVP and STSM models normally outperform other models especially in the short-term forecasts (one step ahead) while the Johansen ECM model usually provides more promising results in medium- to long-term forecasting (five-to-ten steps ahead). The ADLM-ECM and Wickens and Breusch ECM do not produce satisfactory results as expected.

Data frequency: three data frequencies are relevant in tourism forecasting – annual, quarterly and monthly data. Among these three data types, the annual data still dominates the empirical research. However, quarterly and monthly data have recently received more attention. Due to the different properties of different data frequencies, the forecasting performance of the models also differs widely. The SARIMA and STSM models are preferred choices when monthly and quarterly data are used in estimating the forecasting models, while advanced econometric models are popular with the models that rely more on annual data.

Data generating processes: within a single study in which the same model is applied for different origin-destination pairs, their performance varies from case to case. Kulendran and King (1997) found that the simple regression model produced the best forecasts in the case of the USA in one-step-ahead forecasting but the method was the worst performer in the case of the UK and New Zealand. Kim and Song (1998), Kulendran and Wilson (2000) and Li *et al.* (2002) report similar results. Such discrepancies in models' performance across different countries could have been due to the different data generation processes related to these destinations or origins. This is especially the case when the destination- or origin-specific dummy variables are used.

Concluding Remarks

Although a wider range of forecasting models is available for tourism demand forecasting,

attention should be paid to those models that are specified based on solid economic theory and produce reliable forecasts. By reviewing the published studies since the early 1990s, the chapter offers the following conclusions. First, building a forecasting model that is suitable for all circumstances is impossible. This finding is consistent with the general forecasting literature. For example, Makridakis (1986) points out that the hypothesis/theory in which a single method can forecast well across all situations is not supported by the empirical evidence. Second, advanced forecasting techniques such as the ECM and TVP models tend to improve the forecasting accuracy over the simple time series models. Third, more attention has been paid in the model specification in order to increase forecasting accuracy. This is normally done through examining the various diagnostic tests. Fourth, due to the nature of tourism demand, much effort has been made in using the quarterly and monthly data in estimating the forecasting models while the studies published before the 1990s concentrated mainly on the annual data in the model estimation. Finally, more efforts have been made in recent years in studying the disaggregate demand models at the product level or sub-regional level while the earlier studies published before the 1990s mainly focused on the aggregate demand models at the destination level.

The literature also suggests that the following areas deserve more research in the future. First, past research emphasizes mainly reducing the forecasting error magnitude while the directional change errors or turning point forecasts also need to be researched due to their importance for business decisions and policy making. Second, given the fact that no single forecasting model could produce the most optimal forecasts for all situations, combining the forecasts generated by different models is desirable in order to improve the forecasting accuracy. The general forecasting literature suggests that the combination of forecasts reduces the risk of complete forecasting failures. Third, since one-off events and other uncertainties influence tourism forecasting accuracy heavily, judgmental forecasts based on experts' views may improve the forecasting accuracy of the

quantitative forecasting models. Therefore, some effort is needed in this aspect. Finally, tourism demand research needs to apply the recent advances in econometrics, such as fractional cointegration and volatility modelling techniques.

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8 Market Segmentation in Tourism

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Synopsis

Tourists are not all the same; they have different pictures of their ideal vacations for different contexts. Tourists are heterogeneous. Market segmentation is the strategic tool to account for heterogeneity among tourists by grouping them into market segments which include members similar to each other and dissimilar to members of other segments. Both tourism researchers and the tourism industry use market segmentation widely to study opportunities for competitive advantage in the marketplace.

This chapter explains the foundations of market segmentation, discusses alternative ways in which market segments can be formed, guides the reader through two practical examples, highlights methodological difficulties and points to milestone publications and recently published applications of market segmentation in the field of tourism.

Keywords: market segmentation; a priori; commonsense; a posteriori; data-driven; post-hoc.

Every tourist is different. Every tourist feels attracted by different tourist destinations, likes to engage in different activities while on vacation, makes use of different entertainment facilities and complains about different aspects of their vacation. While all tourists are different, some are more similar to each other than others: many people enjoy culture tourism, many tourists like to ski during their winter holiday and many tourists require entertainment facilities for children at the destination. Acknowledging that every tourist is different and that the tourism industry cannot possibly cater for each individual separately forms the basis of market segmentation.

Smith (1956) introduces the concept of market segmentation as a strategy. He states (p. 6) that 'Market segmentation . . . consists of viewing a heterogeneous market (one characterized by divergent demand) as a number of smaller homogeneous markets'. When segmenting a market, groups of individuals are developed

which are similar with respect to some personal characteristic. The particular personal characteristic with respect to which similarity is explored is the segmentation criterion or segmentation base. Segmentation criteria/bases can be socio-demographics (for instance, old versus young tourists), behavioural variables (skiers versus sightseers) or psychographic variables (tourists motivated by rest and relaxation versus those motivated by action and challenges).

Market segmentation can be applied by any unit operating in the tourism industry: hotels, travel agencies, tourist attractions, restaurants and local charities. In this chapter, a tourism destination is the entity for which market segmentation is conducted.

The benefit of market segmentation lies in a tourist destination being able to specialize on the needs of a particular group and become the best in catering for this group. In doing so the destination gains a competitive advantage

because: (i) competition can be reduced from the global market to tourism destinations specializing on the same segment (e.g. all ecotourism destinations); (ii) efforts can be focused on improving the product in a specific way rather than trying to provide all things to all people at high cost (e.g. a family destination is unlikely to need extensive nightlife options); (iii) marketing efforts can be focused by developing the most effective message for the segment targeted (e.g. a sun and fun message for young tourists travelling with friends) and by communicating the message through the most effective communication channel for the segment (e.g. in national geographic or other nature magazines for ecotourists); and finally (iv) tourists experiencing a vacation at a destination that suits their special needs are likely to be more satisfied with their stay and, consequently, revisit and advertise the destination among like-minded friends. Or, as Smith stated in his seminal paper (1956, p. 5): 'Market segmentation tends to produce depth of market position in the segments that are effectively defined and penetrated. The [organization that] employs market segmentation strived to secure one or more wedge-shaped pieces [of the market cake].'

The examples above demonstrate that the expected outcome from market segmentation is competitive advantage. Consequently, the aim of the actual segmentation task is to group tourists in the way that is of most managerial value. In order for a segment to be managerially useful a number of requirements should be fulfilled (for more detail on evaluation criteria of segments see Frank *et al.* 1972; Wedel and Kamakura, 1998).

1. The segment should be distinct, meaning that members of one segment should be as similar as possible to each other and as different as possible from other segments.
2. The segment should match the strengths of the tourism destination.
3. The segment should be identifiable. While female travellers can be identified very easily, identification of those visitors who are motivated by rest and relaxation may not be as simple.
4. The segment should be reachable in order to enable destination management to communicate effectively. For instance, surf tourists are likely

to read surf magazines which could be used to advertise the destination.

5. A segment should be suitable in size. This does not necessarily imply that a bigger segment is better. A tourism destination may choose to target a small niche segment that represents a large enough market for the particular destination and has the advantage of having very distinct requirements.

The above criteria for the usefulness of segments have to be considered when one or more of many possible segments are chosen for active targeting.

Market segments can be derived in many different ways. All segmentation approaches can be classified as being either *a priori* (*commonsense*) segmentation approaches (Mazanec, 2000; Dolnicar, 2004a) or *a posteriori* (*post hoc*, *data-driven*) segmentation approaches (Myers and Tauber, 1977; Mazanec, 2000; Dolnicar, 2004a). The names are indicative of the nature of these two approaches. In the first case destination management is aware of the segmentation criterion that will produce a potentially useful grouping (*commonsense*) in advance, before the analysis is undertaken (*a priori*). In the second case destination management relies on the analysis of the data (*data-driven*) to gain insight into the market structure and decides after the analysis (*a posteriori*, *post hoc*) which segmentation base or grouping is the most suitable one.

Commonsense Segmentation

In the case of commonsense segmentation, destination management informs the data analyst about the personal characteristics believed to be most relevant for splitting tourists into segments. The choice of personal characteristics can be driven by experience with the local market or practical considerations. Most tourism destinations, for instance, use country of origin as a segmentation criterion. They profile tourists from different countries of origin and develop customized marketing strategies for each country. Even if this method is not the most sophisticated, country of origin segmentation offers major practical advantages of taking such an approach: most countries of

origin speak a different language which requires customized messages to be developed anyway, each country of origin has different media channels.

Commonsense segmentation has a long history in tourism research with many authors referring to it as profiling. As early as 1970 tourism researchers did investigate systematic differences between commonsense segments with a publication titled 'Study shows older people travel more and go farther' (author unknown) appearing in the *Journal of Travel Research*. A vast amount of commonsense segmentation studies have been published since and are continuing to be published. Dolnicar (2004a) concludes that commonsense segmentation remains the most common form of segmentation study conducted in academic (and most likely also industry) tourism research: 53 per cent of all segmentation studies published in the last 15 years in the main outlet for tourism segmentation research (the *Journal of Travel Research*) were commonsense segmentation studies. Recent examples include Kashyap and Bojanic (2000); who split respondents into business and leisure tourists and investigated differences in value, quality and price perceptions; Israeli (2002),

who compared destination images of disabled and not disabled tourists; Klemm (2002), who profiled in detail one particular ethnic minority in the UK with respect to their vacation preferences; and McKercher (2001), who compared tourists who spend their main vacation at a destination with those who only stop on their way through. Other commonsense studies are discussed in Dolnicar (2005).

Typical examples of areas in which commonsense segmentation approaches are regularly used include profiling respondents based on their country of origin, profiling certain kinds of tourists (e.g. culture tourists, ecotourists) and profiling tourists who spend a large amount of money at the destination (big spenders). In fact, geographical segmentation such as grouping tourists by the country of origin were among the first segmentation schemes to be used (Haley, 1968).

A step-by-step outline of commonsense segmentation is given in Fig. 8.1. Commonsense segmentation consists of four distinct steps: first, a segmentation criterion has to be chosen. For example, destination management may want to attract tourists from Australia. Country of origin represents the segmentation criterion

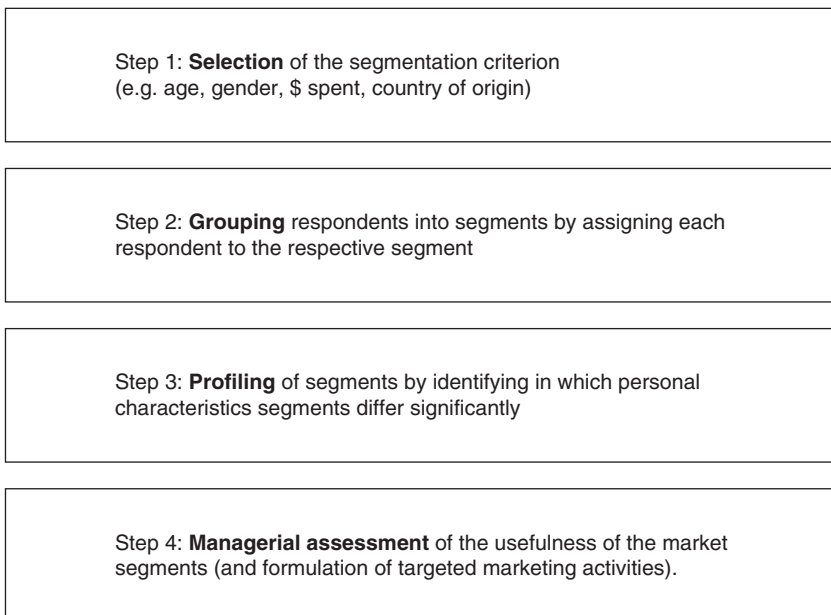


Fig. 8.1. Steps in commonsense segmentation.

in this case. In Step 2 all Australian tourists become members of segment 1 and all other tourists (or a more specific subset of other countries of origin) become segment 2 members.

Analyses of variance, t-tests, chi-square tests or binary logistic regressions represent suitable techniques to test whether Australian tourists are significantly different from other tourists in Step 3. Note that the kind of test used depends on the number of characteristics that are tested and the scale of the variables. If many characteristics are available in the data set the computation of independent tests for each characteristic overestimates the significance. Therefore, a Bonferroni correction is necessary on each p-value to account for this systematic overestimation, or researchers must choose methods, such as binary logistic regression, which automatically account for potential interaction effects between variables. The test chosen in Step 3 also needs to be appropriate for the scale of the data. If the profile regarding nominal (e.g. gender, type of vacation), binary (e.g. prior experience with the destination on a yes–no scale) or ordinal (e.g. income groups, level of expressed satisfaction) characteristics is tested, analysis of variance and t-tests are not the appropriate tests as they assume metric, normally distributed data. For some ordinal data this can be shown, but should be demonstrated before a test for metric data is applied.

Finally, in Step 4 destination management has to evaluate whether or not the commonsense segment of interest (e.g. Australian tourists) does represent an attractive market segment. This evaluation is made using the criteria outlined above. If the segment is attractive, destination management can proceed to customize the service to best suit the segment needs and develop targeted marketing activities which will enable most effective communication with the segment.

An empirical illustration: country of origin segments

The National Guest Survey conducted in Austria in 1997 forms the basis of the empirical illustration. This type of guest survey data is very typical for the data sets available to destination management: a quota sample representative of the tourist population is taken and participating

tourists are asked about their vacation preferences, travel behaviour and personal characteristics.

Step 1: Criterion selection. For this illustration, country or origin is chosen as the segmentation criterion. Because Austria's tourism industry is highly dependent on German tourists, a profile of German tourists will be developed.

Step 2: Grouping. The total sample contains 6604 respondents from 14 countries, of which 1602 are from Germany. The variable containing the country of origin information is recoded to 0 and 1 where 1 indicates the respondent comes from Germany and 0 indicates the respondent comes from any of the other countries.

Step 3: Profiling. Analyses of variance and chi-square tests are used commonly for profiling in tourism research. This approach is not wrong, but can lead to misinterpretations of the data in certain cases because independent tests are computed to assess the differences between the two segments for every single variable. Consequently, each of these tests does not account for interaction effects between all the variables that are tested and leads to an overestimation of significance. If a small number of variables is used for profiling this problem can be corrected through Bonferroni-correction of the p-values. The better solution is to use approaches where the differences between groups are compared for all variables simultaneously. This method does not limit the researcher with respect to the number of variables to be tested.

In this example, *binary* logistic regression is employed to profile the segment of German tourists because this statistical procedure allows for the dependent variable to have only two categorical options (membership in the segment of German tourists versus membership in the other segment). The following variables were used to compare the two segments: socio-demographic personal characteristics (age, gender), behavioural characteristics (duration of stay, travel party, kind of holiday, accommodation, expenditures) and psychographic personal characteristics (travel motives).

Table 8.1 contains the regression coefficients resulting from the binary logistic regression. The Hosmer and Lemeshow test (0.248) indicates adequate fit of the model but the test statistics (Cox and Snell R-square = 0.101,

Table 8.1. Binary logistic regression coefficients.

	B	SE	Wald	df	p-value	Exp(B)
Age	0.02	0.00	25.56	1	0.000	1.02
Motive: Comfort (not important)	0.42	0.09	23.76	1	0.000	1.53
Motive: Culture (not important)	0.37	0.09	16.55	1	0.000	1.45
Motive: Fun (not important)	0.15	0.08	3.85	1	0.050	1.17
Motive: Nature (not important)	0.29	0.09	11.01	1	0.001	1.33
Motive: Beauty and health (not important)	0.18	0.08	4.28	1	0.039	1.19
Motive: Relaxed atmosphere (not important)	-0.33	0.10	11.34	1	0.001	0.72
Motive: Cosy and familiar atmosphere (not important)	-0.51	0.09	34.13	1	0.000	0.60
Motive: Everything organized (not important)	0.21	0.10	4.38	1	0.036	1.24
Nights spent at destination	0.04	0.01	39.53	1	0.000	1.04
On vacation alone (not applicable)	0.75	0.22	11.76	1	0.001	2.11
On vacation with the family (not applicable)	0.36	0.17	4.52	1	0.034	1.43
On vacation with friends (not applicable)	0.41	0.10	18.82	1	0.000	1.51
Water and sun holiday (not applicable)	0.26	0.12	4.73	1	0.030	1.30
Hiking holiday (not applicable)	0.34	0.14	5.99	1	0.014	1.40
Culture holiday (not applicable)	0.31	0.08	14.57	1	0.000	1.36
Spa holiday (not applicable)	0.56	0.22	6.71	1	0.010	1.75
Sex (male)	0.34	0.07	20.19	1	0.000	1.40
Accommodation			83.63	6	0.000	
3 star hotel	1.33	0.18	54.40	1	0.000	3.78
1 or 2 star hotel	1.25	0.16	64.19	1	0.000	3.48
Holiday apartment	1.26	0.15	66.96	1	0.000	3.53
Private accommodation	1.21	0.16	55.65	1	0.000	3.34
Farmhouse accommodation	1.26	0.17	54.65	1	0.000	3.54
Camping ground	1.25	0.23	29.66	1	0.000	3.48
Expenditures per person per day	0.00	0.00	12.11	1	0.001	1.00
Constant	-6.12	0.44	189.42	1	0.000	0.00

Nagelkerke R-square = 0.143) and the percentage of correctly predicted memberships (72.2%) for this particular illustration are not particularly good because only a very small number of variables was included which is insufficient to discriminate well between German tourists and tourists from other countries. Note that the aim is not an optimal prediction; instead, the objective is to determine statistically significant differences for the two segments. Significance values are provided in Table 8.1. At a significance level of 95% all p-values provided in

the 6th column that are lower than 0.05 are significant.

Table 8.1 shows that a number of significant differences exist between German and non-German tourists spending their vacation in Austria. German tourists are older and comfort, culture, fun, nature, beauty and health as well as a fully organized vacation are more likely not to be important for German tourists, whereas a relaxed, cosy and familiar atmosphere matters to them (note that Exp(B) in the last column shows higher values for comfort, but given the coding of

the variable as being not important the above interpretation results). German tourists spend more nights at the destination and are less likely to be travelling alone than with family or friends. They are more likely to be male and to be found in lower category accommodation options.

Country of origin (COO) was chosen for this illustration because this method is one of the most frequently used commonsense segmentation approaches. However, a serious danger manifests with using country of origin as the segmentation criterion: if responses on rating scales (typically 5- or 7-point scales) form the basis for profiling, differences are very likely to be caused not only by differences in respondents' attitudes, but also by differences in cross-cultural response styles. The data analyst must check for contamination of data by response styles before computing differences and possibly misinterpreting them. The problem of cross-cultural response styles can be avoided by using alternative answer formats. Pre-existing data can be checked for cross-cultural response styles. Practical recommendations are provided by Dolnicar and Grün (2007).

Step 1: Assessment. Although only a small number of variables are used for the illustration of commonsense segmentation, German tourists clearly demonstrate a distinct profile. German tourists are very easy to identify and are easy to reach. German tourists account for a substantial proportion of international recreational travel, the size of this market segment is therefore more than sufficient. In fact, an interesting subset to explore is German tourists, to develop a stronger competitive advantage. The final assessment criterion is match of the segment with the destination. This relationship cannot be assessed without a particular destination in mind, but given the profile information one can assume that a quiet, relaxing destination which does not have many cultural or entertainment offers could match the needs of the segment of German tourists well.

Data-driven Segmentation

Data-driven segmentation studies do not have as long a history as commonsense segmentation studies. Haley (1968) introduces data-driven

market segmentation to the field of marketing. While acknowledging the value of geographic and socio-demographic information about consumers, Haley criticized commonsense approaches as being merely descriptive rather than being based on the actual cause of difference between individuals and instead proposed to use information about benefits consumers seek to form market segments. This approach requires groups of consumers to be formed on the basis of more than one characteristic, consequently requiring different statistical techniques to be used. As Haley (1968, p. 32) states, 'All of these methods relate the ratings of each respondent to those of every other respondent and then seek clusters of individuals with similar rating patterns.'

About one decade after Haley had proposed data-driven market segmentation, tourism researchers adopted the method and published the first data-driven segmentation studies in tourism (Calantone *et al.*, 1980; Goodrich, 1980; Crask, 1981; Mazanec, 1984). A large number of data-driven segmentation studies has been published since, with recent examples including work by Bieger and Lässer (2002), who constructed data-driven segments among the Swiss population on the basis of travel motivations. This study represents data-driven segmentation in its pure form because no pre-selection of respondents takes place before the segmentation study is conducted. Contrarily Hsu and Lee (2002) used a subset of the tourist population as a starting point: only motor-coach travellers. Among motor-coach travellers they further segmented tourists in a data-driven manner by exploring systematic differences in 55 motor-coach selection attributes. Further examples are discussed in Dolnicar (2005).

The large number of data-driven segmentation studies published in the past two decades has led to a number of reviews of segmentation studies in tourism, some of which focus more on content, some on methodology.

Frochot and Morrison (2000) review benefit segmentation studies in tourism. They conclude that benefit segmentation leads to valuable insights in tourism research in the past, but recommend the following improvements: careful development of the benefit statements used as the segmentation base (some benefits are generic, but many are specific to the destination under

study), informed choice of the timing (asking tourists before their vacation is less biased by the actual vacation experience), conduct benefit segmentation studies regularly to account for market dynamics and conduct them separately for different seasons.

Dolnicar (2002), based on a subset of studies reviewed by Baumann (2000), analysed methodological aspects of data-driven segmentation studies in tourism concluding that only a small number of the available algorithms is used by tourism researchers who prefer either the hierarchical Ward's algorithm or the k-means partitioning algorithm. Dolnicar also identifies a number of problematic methodological standards that have developed in data-driven segmentation in tourism. To avoid data-driven segmentation studies that are of limited scientific and practical value it is important for data analysts and users to be aware of a number of basic principles upon which data-driven segmentation is based. These foundations are described in detail in the following section.

Foundations of data-driven market segmentation

Foundation 1: Market segmentation is an exploratory process. Many statistical techniques enable researchers to conduct tests that provide one single correct answer for a research question. For instance, if an analysis of variance is conducted on destination brand image data, the test results inform the researcher whether or not there is a significant difference in the way respondents from different countries of origin perceive a destination. This test result is exactly the same, no matter how often the analysis is repeated. This is not the case in data-driven market segmentation. Market segmentation is a process of discovery, an exploratory process. Aldenderfer and Blashfield (1984) refer to clustering, the algorithm typically used in data-driven market segmentation in tourism, as 'little more than plausible algorithms that can be used to create clusters of cases'. Each algorithm produces a different grouping and even repeated computations of one algorithm will not lead to the same segments. This point is very important to both researchers

conducting data-driven market segmentation and managers using segmentation results. As a consequence, the choice of the segmentation algorithm and the parameters of the algorithm can and do have a major impact on the results. Data analysts must be aware of the fact that their selection of a data-driven segmentation procedure is 'structure-imposing' (Aldenderfer and Blashfield, 1984) and that segmentation results from one algorithm are unlikely to have revealed the one and only true segmentation solution for any given data set.

Foundation 2: Market segments rarely occur naturally. The exploratory nature of market segmentation leads to a question which has rarely been discussed in marketing or tourism research: are market segments real and is the data analyst's aim to identify such naturally occurring segments or are market segments an artificial construction of groups for a particular purpose. Different authors take distinctly different positions on the matter. The seminal market structure analysis and market segmentation studies (Frank *et al.* 1972; Myers and Tauber, 1977) imply that the aim of market segmentation is to find natural groupings. More recently, Mazanec (1997) and Wedel and Kamakura (1998) state explicitly that market segmentation typically means that artificial groupings of individuals are constructed.

Empirically both cases can occur and represent two extremes on the continuum of highly structured to not structured data sets. These two extreme options have been referred to as 'true clustering' and 'constructive clustering' by Dolnicar and Leisch (2001). Figure 8.2 illustrates the segmentation concepts available to data analysts in dependence of the structure of the empirical data being analysed.

The bottom plots in Fig. 8.2 represent a two-dimensional empirical data set with two variables and could, for instance, be interpreted as the number of features tourists expect in a hotel room (e.g. TV, phone and shoe cleaning kit; plotted on the *x*-axis) and their willingness to pay a low or high price for the hotel. Optimally (illustrated by the bottom left-hand plot) one segment would expect a large number of features and would be willing to pay a high price. The second segment would have low expectations about the number of features but would not be willing to pay a high

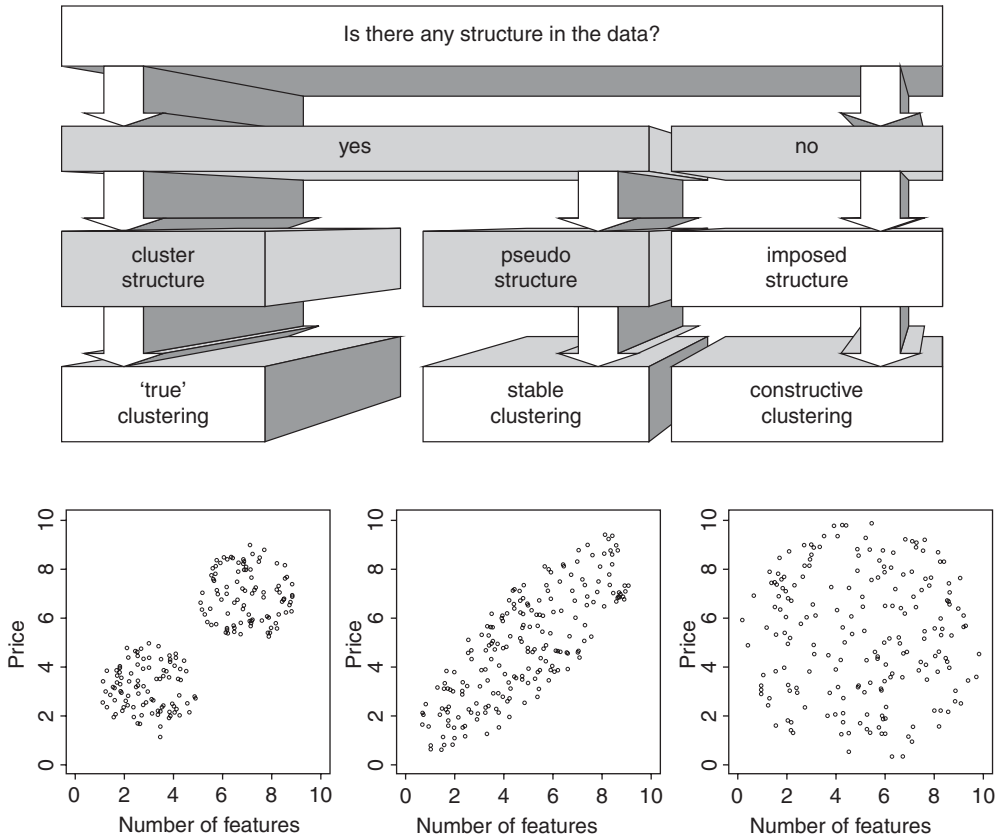


Fig. 8.2. Alternative concepts of data-driven market segmentation (Adapted from Dolnicar and Leisch, 2001).

room rate. In such a clear case of 'true clustering', most algorithms and replications within the same algorithm would identify the correct groups. Managers could rely on the existence of these 'true segments' and could target the big spenders by offering them a few more room features.

Unfortunately, the other extreme is more frequently encountered when human beings are the object of study: people have all levels of expectations regarding hotel room features and their willingness to pay ranges widely, including all levels of room rates (illustrated in the bottom right-hand plot). Nevertheless, constructing a tourist segment of those who are willing to pay a high room rate is possible and managerially useful because marketing messages can be customized to these people and marketing expenses can be used more efficiently

by advertising only through channels used by members of the 'high room rate – high feature expectation' segment. In such a case every single segmentation computation would lead to a different grouping; no stability would be detectable across algorithms or repetitions. The implication is not that 'constructive clustering' is wrong; instead, the inference is that managers must be informed about the nature of the segments they are targeting. If true segments are targeted, groupings of tourists should be used as identified in the segmentation study. If, however, constructed segments are used, they can be modified and improved to achieve the aim managers wish to achieve. For instance, managers may want to include another criterion, form a smaller or bigger group or split the 'high room rate – high feature expectation' into two subgroups.

Finally, the last option illustrated in Fig. 8.2 is referred to as 'stable clustering' (bottom middle plot). In this case data are not entirely unstructured, but the structure does not represent distinct groups. The advantage of this data situation over the 'constructive clustering' case is that – although segments are still artificially constructed – the data structure gives the analyst guidance with respect to the kind of artificial segments that should be constructed: if repeated computation with the same algorithm leads to similar results, the segmentation solution is more stable and should be preferred to an alternative segmentation solution which leads to large differences in the results emerging from repeated computations.

Foundation 3: One valid segment is enough. Most data-driven segmentation studies assess the validity of the final segmentation solution by profiling the resulting segments. If segments are distinct not only with respect to the segmentation base but also with respect to additional (external) criteria, segments can be seen to have external validity which increases their attractiveness for destination management. For instance, segments derived from travel motivations are more useful if they also differ in socio-demographic and media behaviour, because they can be identified and communicated with more efficiently.

Typically, validity is assessed across all of the resulting segments, even if a tourist destination is only interested in one small niche market. If validity is low across all segments, a segmentation solution may be rejected although it may have contained one very distinct small segment which is highly externally valid. Please note that the entire segmentation solution is not necessarily of managerial interest. Validity assessment should reflect the managerial aim of the study.

Foundation 4: Market segmentation is not an independent strategic issue. Market segmentation is only one aspect of a tourist destination's strategy. This conclusion was already drawn by Smith (1956) when he first introduced market segmentation by stating that 'Success in planning marketing activities requires precise utilization of both product differentiation and market segmentation as components of marketing strategy.' Although the integration of segmentation into the total strategy of a tourist

destination is essential for successful implementation, most of the published data-driven segmentation studies in tourism treat segmentation as a separate issue and do not relate the results derived from segmentation to the positioning of the tourism destination or its competitive situation. Only if the destination can actually provide (positioning) for what the segment is seeking and this offering is distinctly different (differentiation) from competitors will market segmentation be more than an academic exercise and lead to a competitive advantage of a tourism destination. A method that automatically accounts for segmentation, positioning and competition is perceptual based market segmentation (PBMS; Buchta *et al.* 2000; Mazanec and Strasser, 2000). PBMS is based on tourists' evaluations of multiple destinations and preference information and enables the simultaneous analysis of segments, image positions and the extent of perceptual competition destinations face.

Foundation 5: Data-driven market segmentation is static, the market is dynamic. Any data-driven segmentation study can only provide insight into the market structure at the time of surveying tourists. Consequently, destination management needs to regularly repeat segmentation studies to identify changes in the segment structure or developments in specific segments that may be of particular value to the destination. A tracking framework for segmentation studies to be conducted over multiple periods of time has been proposed by Dolnicar (2004b).

To sum up, the implications of all the foundations outlined above are the following: (i) data analysts and managers need to be aware of the exploratory nature of data-driven market segmentation and not over-interpret the value of one single segmentation solution which was not based on thorough preliminary data structure analysis; (ii) repeated computations of segmentation solutions can easily be undertaken to assess the stability of alternative solutions; (iii) stability analysis will inform the data analyst and manager about the nature of the derived segmentation, whether it reveals true clusters, identified stable artificial groupings or represents an artificial construction of the most suitable grouping in a data set with very little structure; (iv) it is not necessary for all segments

derived from a segmentation solution to be valid. For a tourism destination searching for a niche, it is perfectly sufficient to have identified or constructed one market segment which has high external validity; (v) market segmentation is not independent. A successful market segmentation strategy is in line with the tourism destination's positioning and differentiation strategy, thus accounting for the particular strengths of the destination and the competitive environment; and (vi) data-driven segmentation studies have to be repeated regularly to ensure validity of the insight gained into the market structure at any point in time.

Conducting data-driven market segmentation

A data-driven segmentation study contains all the components of a commonsense segmentation study. The way in which respondents are grouped is the only difference between the commonsense and the data-driven approach: in commonsense segmentation one criterion is selected which usually is one single variable such as age or gender or high versus low levels

of tourism spending. In data-driven segmentation a number of variables which ask respondents about different aspects of the same construct (e.g. a list of travel motives, a list of vacation activities) form the basis of segmentation and a procedure – in tourism research typically a clustering algorithm – is used to assign respondents to segments based on the similarity relationships between respondents. Figure 8.3 illustrates the additional steps needed for data-driven segmentation as steps 2a–2c.

In step 2a the data analyst selects one or more segmentation algorithms. The predominant algorithms used in tourism research are k-means clustering and Ward's clustering. Ward's clustering is one form of hierarchical clustering procedures. Hierarchical – more precisely agglomerative hierarchical – clustering procedures determine the similarity between each pair of two respondents and then choose which two respondents are most similar and place them into a group. This process is repeated until all respondents are in one single group. The disadvantage of hierarchical algorithms is that they require computations of all pair-wise distances at each step which can be a limiting factor when working with very large data sets. The second most frequently used data-driven

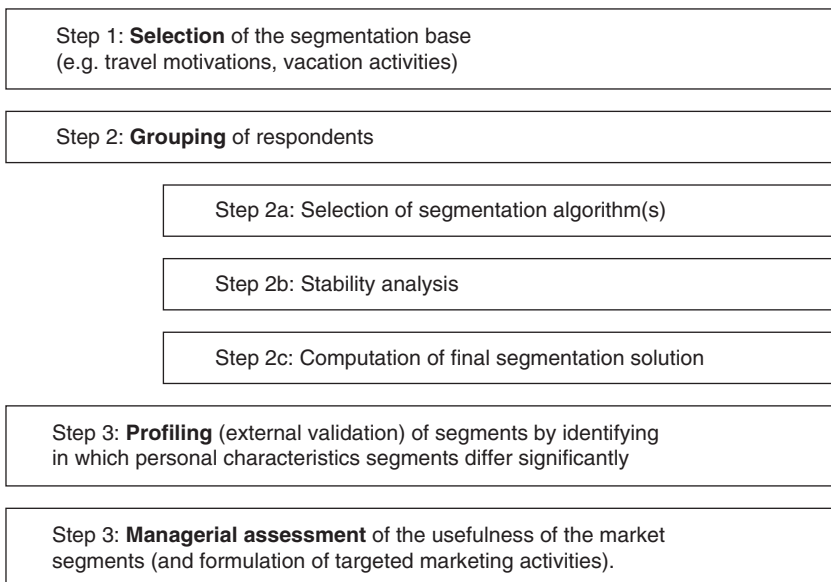


Fig. 8.3. Steps in data-driven segmentation.

segmentation algorithm in tourism research is k-means clustering. K-means clustering is an algorithm from the family of partitioning techniques. This technique does not require the computation of all pair-wise distances. Instead the number of segments to be derived has to be stated in advance. Random points drawn from the data set represent these segments. In each step of the iterative procedure the distance between each of the respondents and the 'segment representatives' is computed and the respondent is assigned to the segment that best represents his or her responses. For example, if a five-segment solution is computed, only five distance computations have to be calculated using partitioning techniques as opposed to as many distance computations as there are respondents in the sample when using hierarchical techniques.

Although k-means and Ward's clustering dominate data-driven segmentation studies in tourism, a large number of other algorithms is available to the data analyst: a wide range of alternative clustering algorithms (Everitt *et al.* 2001), neural networks (e.g. Mazanec, 1992; Dolnicar, 2002), bagged clustering (e.g. Dolnicar and Leisch, 2003), latent class analysis (e.g. Van der Ark and Richards, 2006) and finite mixture models (Wedel and Kamakura, 1998).

When selecting an algorithm the data analyst should be aware of the advantages and disadvantages of the alternative methods and in particular the way in which they are known to impose structure on data. Most clustering algorithms allow the data analyst to define which distance measure should be used. Again, a large number of alternative distance measures are available. The data analyst has the responsibility to select a distance measure suitable for the data scale. For instance, metric and binary data can be analysed using Euclidean distance. This choice is not necessarily the case for ordinal data. For a detailed discussion of alternative distance measures see Everitt *et al.* (2001).

Another point that should be noted while discussing the selection of a suitable clustering algorithm is the term 'factor-cluster segmentation', which appears to have developed in tourism research. Researchers using this approach typically select a large number of items, conduct factor analysis to reduce a large number of items to a smaller number of factors and

subsequently use factor scores as the basis for segmentation. This approach has two effects: (i) the original items are actually not used to segment. Consequently, resulting segments cannot be interpreted using the original items, because they emerged from a heavily transformed data space; and (ii) factor analyses typically explain between 50 and 60% of the information contained in the original items. Conducting factor analysis before clustering essentially means that 40 to 50% of information is lost. Direct clustering of original items is therefore preferable if the aim of the segmentation study is to develop segments based on the questions asked in the survey (benefits, motivations and behaviour). Sheppard (1996) compares cluster analysis with factor-cluster analysis methods and concludes that factor-cluster analysis is not suitable if the study's aim is to examine heterogeneity among tourists; factor analysis may be a valuable approach for the development of instruments for the entire population assuming homogeneity. Arabie and Hubert (1994) are less diplomatic by stating that ' "tandem" clustering is an outmoded and statistically insupportable practice' because the nature of the data is changed dramatically through a factor analytic transformation before segments are explored.

Data analysts also should keep in mind that the number of variables that can be analysed with a sample of a certain size is limited. Although there are no specific rules for non-parametric procedures, a rule of thumb proposed by Formann (1984) provides some helpful guidance: for the case of binary data (yes/no questions) the minimal sample size should include no less than 2^k cases (k = number of variables), preferably 5×2^k of respondents.

Finally, the most unresolved question in market segmentation remains how to select the number of segments that best represents the data or most suitably splits respondents into managerially useful segments. A large number of heuristics exists to assess the optimal number of clusters but comparative studies show that no single one of these indices is superior to the others. If the data are well structured, the correct number of clusters will be identified by most heuristic procedures. If the data are not well structured, which is typically the case in the social sciences, heuristics are not helpful to

the data analyst. The approach the author finds most useful is based on the above-mentioned concepts of segmentation (Fig. 8.2), where data structure is the driving force and stability is the criterion. To determine the number of clusters using the stability criterion, a number of repeated computations is conducted and the agreement across alternative solutions is assessed. The number of clusters that leads to the most stable results over repeated computations wins.

An empirical illustration: behavioural segments

Once again the Austrian Guest Survey serves as the underlying empirical data set for the illustration. This illustration is limited to the additional Steps 2a, 2b and 2c as outlined in Fig. 8.3. The following ten vacation activities form the basis of the behavioural segmentation analysis: cycling, swimming, going to a spa, surfing/sailing, boat riding, relaxing, going out in the evenings, shopping, sightseeing and visiting theatres, musicals and operas. The sample contains 6604 respondents. Based on the recommendation by Formann (1984), the minimum sample size for ten variables is 1024, optimally 5120 respondents would be available. Our data set complies with both recommendations.

Step 2a: Selection of segmentation algorithm(s). The algorithm used is a topology representing network (TRN; Martinetz and Schulten, 1994). Topology representing networks are neural networks similar to self-organizing feature maps (Kohonen, 1984). The algorithm is similar to the k-means algorithm but allows for neighbouring cluster centroids to be updated as well, thus leading to a topological representation of resulting segments in space. The reason for this choice is that the data set is large and partitioning algorithms consequently represent the computationally more efficient option. Furthermore, results from Monte Carlo studies with artificial data sets have shown that TRNs outperform a number of other partitioning algorithms, including k-means, in identifying the correct structure of the data (Buchta *et al.*, 1997). The software to compute TRNs is available at <http://tourism.wu-wien.ac.at/cgi-bin/ift.pl?charly/http/software/contents.html>. Please note, however, that a wide range of algorithms is

available. All algorithms lead to the assignment of each respondent to one segment.

Euclidean distance computes the differences between cluster centroids (segment representatives) and respondents. This analysis is permissible because the data set is binary. Before the computation 100 random draws of starting points are undertaken. These randomly drawn starting points become the initial cluster centroids. The best of 1000 is used to start the training process, which is undertaken for 100 iterations.

Step 2b: Stability analysis. Fifty replications are computed for cluster numbers from three to ten. Two and three clusters are not included in this stability comparison because they are typically dominated by two clusters: those who say yes more frequently and those who say no more frequently, thus not providing any interesting insights about the resulting clusters to management. The stability of each number of clusters over the 50 replications is assessed by computing how many pairs of respondents are assigned to the same segment. The 'percentage uncertainty reduction' value in the TRN software is an indicator of this value. The higher the percentage the more stable are the results emerging from the repeated computations. Table 8.2 contains the uncertainty reduction values for all computations.

The stability is increasing as higher numbers of clusters are developed. The highest improvement in stability occurred from the five- to the six-segment solution. Consequently, the six-segment solution is chosen for interpretation. Stability values do not, however, indicate that the six-segment solution is the far superior solution, indicating that the data-driven segmentation undertaken is likely to be of 'stable clustering' or even 'constructive clustering' nature.

Step 2c: Computation of final segmentation solution. The basis of interpreting data-driven market segments is the comparison of segment averages and sample averages for all items in the segmentation base. The closer the segment average to the sample average, the less distinct is the segment. Figure 8.4 provides profile charts for all six resulting market segments. The black columns indicate the segment average for each of the items in the segmentation base, the dark grey horizontal bars depict the sample average.

Table 8.2. Stability of solutions ranging from four to nine segments.

Number of clusters	Number of repeated calculations	Per cent uncertainty reduction	Improvement in per cent uncertainty reduction
4	50	73.79	
5	50	78.04	4.25
6	50	84.82	6.78
7	50	86.89	2.07
8	50	87.83	0.94
9	50	89.69	1.86

As can be seen the market segments resulting from the six-segment solution are quite distinct. Members of Segment 1 (represents 21% of the sample) are interested in resting and relaxing, but they also engage in cultural activities and shopping. They practically do not engage in typical summer vacation activities, such as swimming, cycling or going on boat trips. Segment 2 members (15%) are interested in cultural activities, shopping and going out in the evening. Resting is not part of their vacations; their activity profile indicates that they are highly active when on vacation. Segment 3 (19%) represents tourists with a more traditional pattern of summer activities. They engage in cycling and swimming more frequently than the total sample does, but culture, going out in the evenings and shopping are part of the vacation programme as well, as is resting and relaxing. Segment 4 (18%) members engage in all vacation activities more frequently than the sample average. This segment should be interpreted with care as it could be reflecting a so-called acquiescence (yes saying) response style. Segment 5 (19%) is really most interested in resting and relaxing. Segment 6 (8%) engages in summer sports activities, but is not interested in cultural activities at all.

Some researchers have in the past conducted tests (such as analyses of variance or chi-square tests) to assess whether the differences between segments along items of the segmentation base are significant and have argued that this approach can be used to validate the segmentation solution. Because segmentation algorithms construct the most distinct solution, this method is not an appropriate test of validity. An extremely surprising outcome would be no significant differences between resulting segments. Validity of

solutions is checked using additional variables that were not exposed to the segmentation algorithm. This checking is done in Step 3 of the data-driven segmentation process. Steps 3 and 4 are not illustrated for the data-driven segmentation as the same approach is used as explained in detail for the case of commonsense segmentation.

Other Approaches to Creating Market Segments

Although the majority of market segmentation studies in tourism are typically classified as being commonsense segmentation studies or data-driven segmentation studies, combinations of both approaches are possible and may represent a useful alternative for tourism managers to explore potentially attractive target segments for their purposes. Dolnicar (2004a) gives an overview of such alternative segmentation approaches. The classification of these approaches (left side of Fig. 8.5) assumes that a two-stage process is taken where the data analyst first creates a commonsense or a data-driven segmentation and then continues with an additional analysis afterwards. For instance, destination management could first split tourists based on their country of origin and then in the second step either: (i) search for distinct groups differing in their travel motivations (which would represent a Concept 5 segmentation); or (ii) split respondents into first-time and repeat visitors (Concept 3).

Of course, managers may be interested in exploring combinations of simultaneously constructed market segments. Combination methods

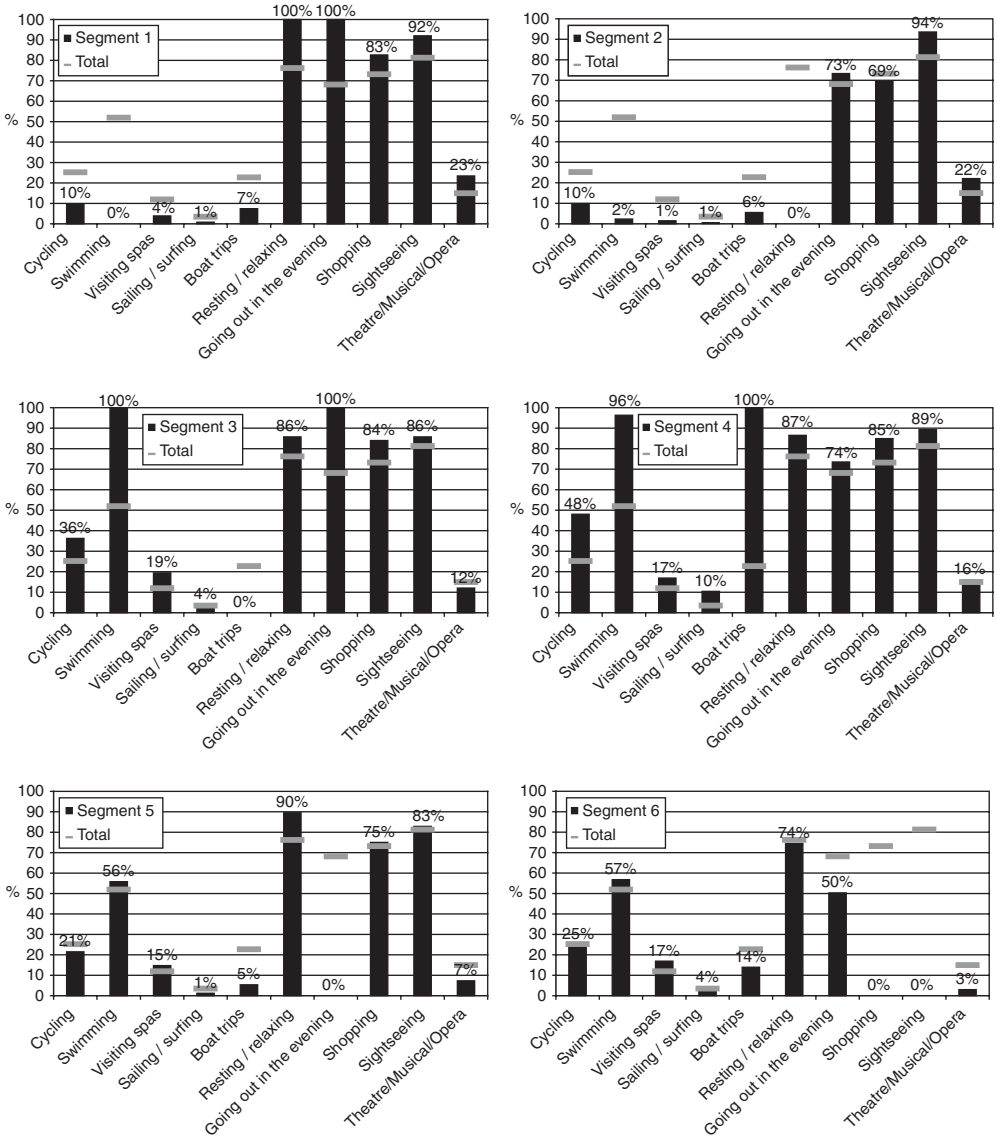


Fig. 8.4. Data-driven segment profiles.

are done by conducting two independent segmentation studies based on different segmentation bases and then simply cross-tabulating the resulting groups. For instance, destination management could construct segments based on motives and segments based on vacation activities independently based on the same data set and then investigate whether these two segmentations are associated and result in

interesting vacation types. One example for such a simultaneous segmentation study is provided by Dolnicar and Mazanec (2000).

Note that while such alternative segmentation approaches are useful in exploring potentially interesting target segments they can also be used to externally validate segments. For instance, if country of origin is used as an a priori segmentation criterion, researchers could

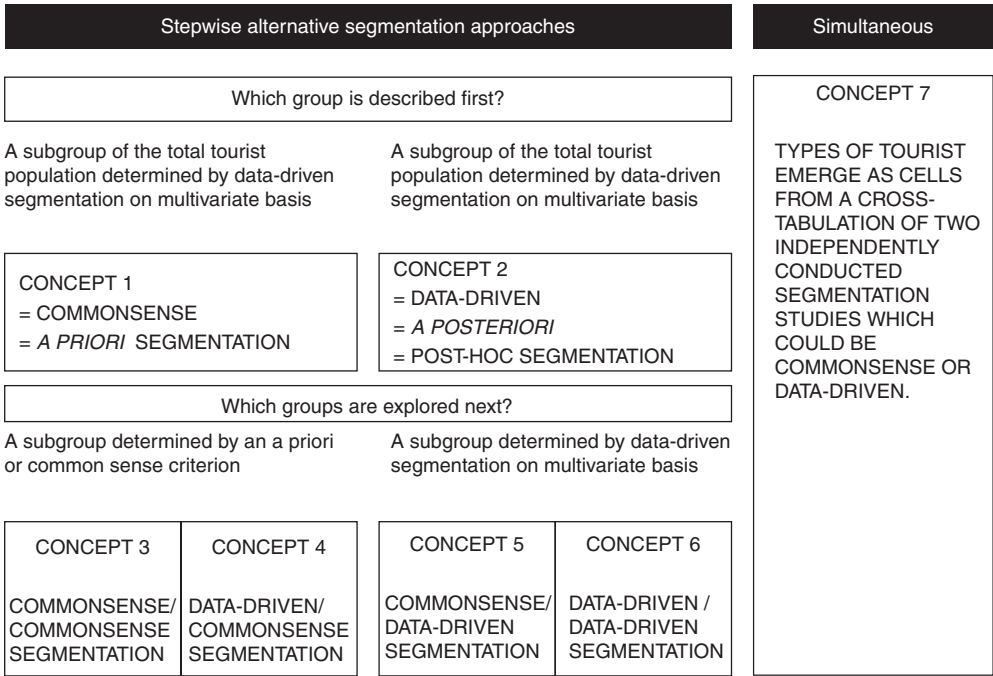


Fig. 8.5. A systematics of market segmentation approaches (Adapted from Dolnicar, 2004a).

investigate whether segments of tourists who differ with respect to their tourism motivations are associated with the country of origin grouping.

Conclusion

Market segmentation is a strategy any entity in the tourism industry can use to strengthen their competitive advantage by selecting the most suitable subgroup of tourists to specialize on and target.

A wide variety of alternative techniques can be used to identify or construct segments. Approaches range from simple commonsense segmentations (where tourists are split on the basis of a predefined personal characteristic) to multidimensional data-driven approaches where a set of tourist characteristics is used as the basis for grouping. Once tourists are grouped using the correct and most suitable analytical techniques the resulting segmentation solution has to be assessed by the users (tourism managers) who will not only evaluate the segmentation

solution per se but also the fit of potentially interesting segments with the strengths of the tourism destination.

Tourism managers can benefit from market segmentation by using it actively as a method of market structure analysis. In doing so, they can gain valuable insight into the market and specific sections of the market and identify the most promising strategy to gain competitive advantage. Typically such a strategy will require not only market segmentation, but also product positioning. Both approaches will have to be evaluated in view of competitors' segmentation and positioning choices to be successful. Segmentation solutions should be computed regularly to ensure that current market structure is captured.

Acknowledgements

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Chapter Exercises

An Australian tour operator specializing in adventure tourism is conducting market structure analysis. The tour operator – who specializes in adventure tours in Australia and the Himalayas – is particularly interested in whether there is any space for price increases in the market and for which components of an adventure trip tourists may be willing to pay a price premium. For this reason, the tour operator conducted fieldwork using an e-mail list of Australian subscribers to an adventure tourism newsletter. The questionnaire took respondents about 20 minutes to complete and asked respondents to state for which of a list of adventure travel components they would be willing to pay a price premium. Respondents were asked to respond with a ‘yes’ or a ‘no’. A generous prize incentive was offered to ensure a high response rate. The final sample contains 649 respondents.

The tour operator wants to know whether the market can be segmented on the basis of willingness to pay a price premium. If this can

be achieved, the information would be of interest to the tour operator to know which of the two main advertising channels currently used (slide shows and advertisements in newspapers) would be the most effective communication channels to reach segments with specific patterns of willingness to pay a price premium. Finally of interest is whether the segments differ in their interest to travel to different destinations. With this information the most suitable product can be developed for different segments. Questions measuring each of those aspects were also included in the survey. All questions asked respondents to answer with ‘yes’ or ‘no’. Nine variables were used to cover different aspects of willingness to pay in the context of an adventure trip.

The tour operator conducted a segmentation study using a partitioning algorithm. Fifty replications were conducted for each number of segments. The differences in stability are provided in Table 8.3 in the Appendix. The tour

operator identified that the highest increase in stability occurred when a four-segment solution was computed. The tour operator consequently chose the four-segment solution and computed the final segments, the sizes of which are provided in Table 8.4. Figure 8.6 provides the segment profiles for all segments. Finally, the tour operator wanted to validate the resulting segments with the pieces of additional information of particular managerial interest. For this purpose the tour operator computed chi-square tests because all variables are categorical in nature and because the number of variables is small enough to permit Bonferroni correction to be used to account for the overestimation of significance due to independent testing. The test results are provided in Table 8.5.

1. Is the segmentation base used suitable to help the tour operator answer the research question? Could the use of this segmentation base potentially lead to invalid results?
2. What type of segmentation analysis did the tour operator perform?
3. Would you classify the segmentation solution as 'true', 'stable' or 'constructive' clustering? Please justify your decision.
4. Check whether the data-driven market segmentation was conducted in a methodologically sound manner, specifically with respect to the following aspects:
 - a. Is the sample size large enough to be able to segment tourists based on nine variables?
 - b. Does the sample limit the amount of insight that can be gained from this segmentation analysis?
 - c. Was it the correct decision to choose the four-segment solution? Would you recommend that another solution be investigated in more detail?
 - d. Was the correct test used to undertake the validation given the data format of the segmentation base?
5. Interpret the resulting market segments.
6. Comment on the managerial usefulness of the resulting market segments.

Appendix A

Table 8.3. Stability of solutions ranging from three to eight segments.

Number of clusters	Number of repeated calculations	Per cent uncertainty reduction	Improvement in per cent uncertainty reduction
3	50	71.96	
4	50	86.14	14.18
5	50	80.00	-6.14
6	50	81.86	1.86
7	50	84.86	3.00
8	50	87.47	2.61

Table 8.4. Size of segments.

Segment	Frequency	Percentage
1	108	17
2	252	39
3	190	29
4	99	15
Total	649	100

Table 8.5. Validation using additional variables.

	Seg. 1	Seg. 2	Seg. 3	Seg. 4	p-value	Bonferroni-corrected p-value
Intention to undertake adventure travel in future	16	39	30	16	0.029	0.200
Information source: slide nights	10	49	28	13	0.000	0.001
Information source: newspapers	12	42	26	20	0.007	0.047
Destination of interest: Australia	16	40	28	16	0.747	5.230
Destination of interest: USA	17	35	23	25	0.001	0.010
Destination of interest: France	16	40	19	25	0.000	0.002
Destination of interest: Bhutan	10	46	32	12	0.002	0.015

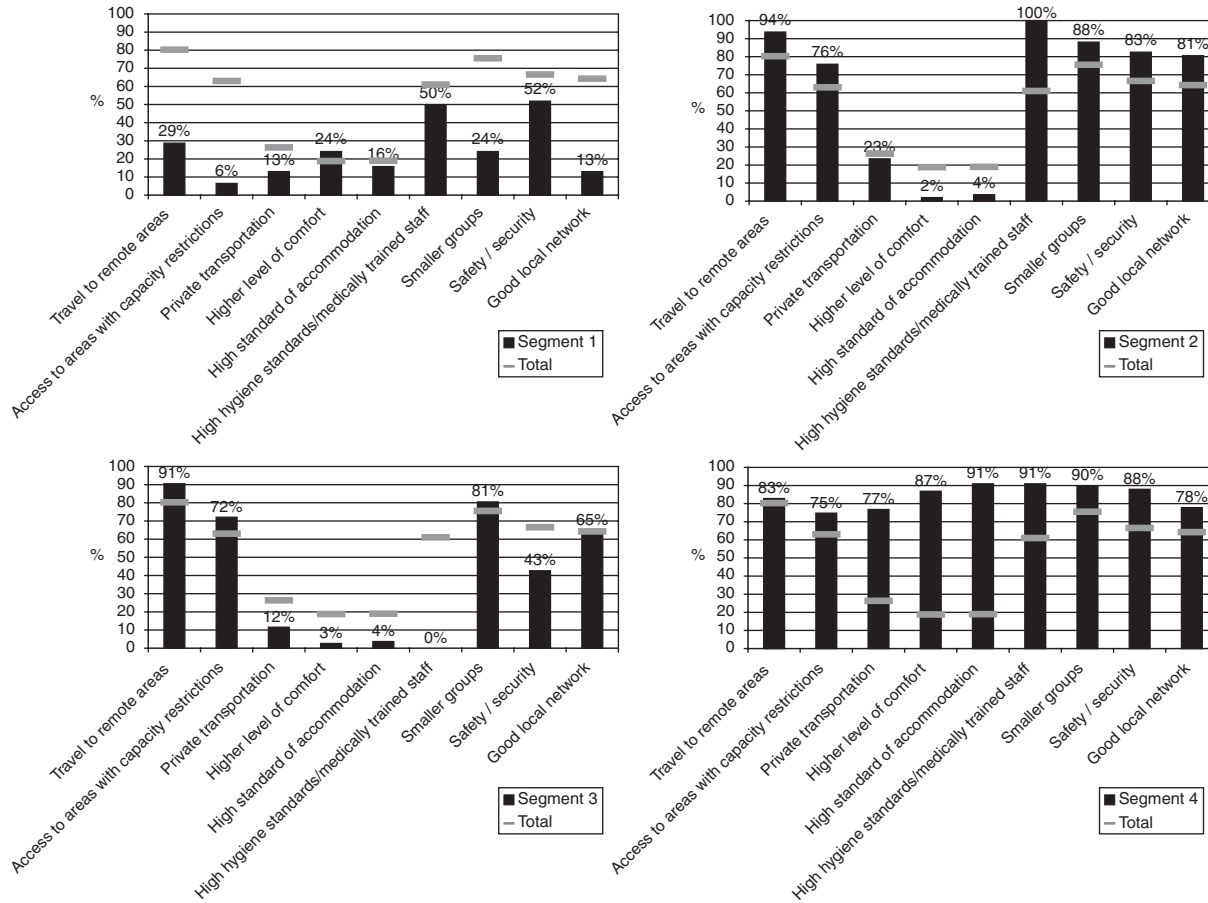


Fig. 8.6. Segment profiles (Willingness to pay a premium price for . . .).

Trainer Notes and Possible Solutions

The aims of this exercise are: (i) to provide an opportunity for students to interpret the results of a typical data-driven segmentation study; and (ii) to encourage them to critically question the approach taken in the segmentation study.

Solutions to exercises are listed below:

1. The segmentation base is an interesting choice and possibly the best one the tour operator could get given that an e-mail survey was conducted. The danger with this segmentation base is that respondents stated their willingness to pay more money; they did not actually make the decision to do so. The answers may have been biased by social desirability bias or other response biases.

2. Data-driven segmentation. Strictly speaking, only adventure travellers were studied, so the kind of segmentation would be Case 5 segmentation according to the classification in Fig. 8.5: commonsense segmentation using the kind of vacation, then data-driven segmentation using stated willingness to pay a price premium.

3. The stability values in Table 8.3 do not indicate a very high level of data structure, particularly given that the eight-cluster solution does not lead to a high increase of stability. We would expect that a four-cluster solution would represent true clusters. We would therefore have to classify this as either 'stable' or 'constructive' clustering.

4. Methodological aspects:

a. The sample size is large enough. This concern can be tested using Formann's (1984) formula for binary data, whereby the sample size should be at least 2^k , with k representing the number of variables, in our case 2^9 . It would be better to have 5×2^k respondents, but our data set fulfils the basic requirement ($2^9 = 512$, the tour operator's sample contains 649 respondents).

b. Yes, this study was essentially a convenience sample of people who subscribe to a newsletter and provide their e-mail address to obtain the newsletter. The sample could be skewed towards more-experienced adventure travellers and younger people.

c. Based on the improvement in stability the four-segment solution was a good choice. Given that data-driven segmentation is

always exploratory in nature, it would be interesting to explore some of the other solutions as well to see if they would provide a more differentiated and therefore more managerially useful solution.

d. Yes, given that all variables were categorical in nature (the willingness-to-pay question led to binary data, the use of information sources led to binary data and the question about the interest in different tourist destinations led to binary data), chi-square tests may be computed. Bonferroni correction is needed, however, to account for the fact that interrelations between variables were ignored by conducting independent chi-square tests.

5. The four segments resulting from the segmentation solution have very distinct profiles. Segment 1 is not willing to pay a price premium for any other aspect of the trip but comfort. Segment 2 members would not pay a price premium for additional comfort in general, better accommodation or more private transport, but they state a willingness to pay more for travelling to remote areas, areas with capacity restrictions, for smaller group sizes, a good local network and a high level of security and health safety. Forty per cent of the adventure travellers are in this segment; it consequently represents the largest group. Segment 3, representing one third of the sample, is similar to Segment 2, except that members of this segment would not be willing to pay a price premium for increased safety, security and health standards. Finally, members of Segment 4 state that they would be willing to pay a price premium for each one of the listed aspects. This segment has to be interpreted with great care as it could be a reflection of acquiescence (yes saying) response style.

The segments are externally valid. Significant differences emerge from the comparisons of additional pieces of information which were not used to construct the grouping (Table 8.5). Based on the Bonferroni corrected p-values all items in this analysis discriminate between the segments except their intention to undertake adventure travel and their interest in undertaking an adventure trip in Australia. These two values are insignificant indicating that the segments do not differ. It can be seen that Segment 2 and Segment 3 members (those segments less concerned with comfort) feel attracted to more

exotic places like Bhutan, whereas Segment 1 members indicate the strongest level of interest in safe (and comfortable) destinations such as Australia, the USA and France. In terms of advertising channels, slide nights appear to be most suited to communicate with members of Segment 2, only a very small proportion of Segment 1 members can be reached through those channels.

6. Segments 2 and 3 appear to be managerially the most useful choice for our tour operator. They are very *distinct* in their willingness-to-pay-a-premium-price patterns, they both *match the strengths* of our tour operator with respect to the destinations they are interested

in, a fairly large proportion of both segments can be communicated with (are *reachable*) through the standard advertising channels (slide shows and newspapers) and they represent a significant proportion of the sample (*suitable size*). Note that it is difficult to generalize the proportion to the population of adventure tourists because of the convenience sample approach, which is expected to be biased towards readers of electronic newsletters. The only criterion that cannot be assessed based on the above analyses is the *identifiability* of Segment 2 and Segment 3 members. Additional background variables would be needed (e.g. age, gender, education or occupation).

9 Advanced Topics in Tourism Market Segmentation

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Synopsis

This chapter reviews previous studies in tourism segmentation and points out the evolution of tourism segmentation between 2000 and 2006. Firms in the tourism industry frequently apply market segmentation using geographical, socio-economic, demographic, psychographic and behavioural characteristics. Tourism scholars traditionally adopt two main approaches, a priori or a posteriori segmentation. This chapter reviews the literature on both methods and provides a framework for analysing the latest tourism segmentation studies. As an emerging construct in the evolution of tourism segmentation and taking into account the importance of experience in tourism, this chapter shows an application of segmentation based on affective variables. The chapter concludes with an assessment of tourism segmentation studies and implications for further research.

Keywords: tourism segmentation; marketing; emotions.

Introduction

Ever since Smith's (1956) introduction of market segmentation, approaches and techniques have proliferated and long begun to assist tourism managers in identifying and targeting distinct groups of customers (Chen and Hsu, 1999; Dolnicar, 2004). Market segmentation is now widely utilized in the tourism industry, using geographical, socio-economic, demographic, psychographic and behavioural segmentation (Swarbrooke and Horner, 1999). Tourists have thus been segmented, for example, on the bases of information search behaviour (Fodness and Murray, 1997), environmental attitudes (Weaver and Lawton, 2002; Hong *et al.*, 2003), seasonality (Dolnicar and Leisch, 2003), motivations (Bieger and Laesser, 2002), use of transport (Hsu and Lee, 2002; MacKay *et al.*, 2002) or

transport combined with accommodation choice (Becken and Gnoth, 2004).

This chapter reviews previous studies in tourism segmentation and delineates the evolution of tourism segmentation based on a comprehensive review of published studies in *Annals of Tourism Research*, *Journal of Travel Research* and *Tourism Management* from 2000 to 2006. A review of market segmentation studies in the last 7 years reveals the different criteria used by tourism researchers. Recently, advanced segmentation criteria have emerged based on affective variables such as consumption emotions. Emotions are central to the tourism experience and their integration into the pool of criteria that segment homogeneous groups, particularly for frequently used benefit segmentations, is timely. The chapter concludes with an assessment on tourism segmentation and future trends.

The Nature of Tourism Segmentation

Tourism segmentation: definition and usefulness

Market segmentation refers to the process of classifying customers into groups based on different needs, characteristics or behaviour (Sarigöllü and Huang, 2005). The main goal of market segmentation is to identify segments that are most interested in specific goods and services and to focus and guide marketing efforts in the most effective way (Dibb, 1998; Jang *et al.* 2002). Market segmentation is used widely to understand distinct types of tourists and to develop marketing strategies (Bieger and Laesser, 2002; Bloom, 2004; Lee *et al.*, 2006). Many of the resulting typologies are based on segmentation criteria which have

been proposed to subdivide vacationers into homogeneous groups, in order to help targeting and positioning (see Table 9.1).

Despite a broad acceptance and application of segmentation, there are a number of critical concerns expressed in the literature cautioning researchers as to the use and appropriateness of bases and methods which have been summarized over the years particularly by Punj and Stewart (1983) and Arabie and Hubert (1994), as well as by Wedel and Kamakura (2000) for marketing in general and Chen and Hsu (1999), Hsu and Lee (2002), Johns and Gyimóthy (2002) and Dolnicar (2004) for tourism. The most important cautions concern the likelihood that, particularly in cases of data-driven distinctions between groups, results may be artefacts and that these segments cannot actually be found in reality or targeted. Often, the criteria chosen to segment markets

Table 9.1. Usefulness of tourism-specific segmentation criteria.

Segmentation criteria	Applications
Push motivation factors (Bieger and Laesser, 2002; Andreu <i>et al.</i> , 2005)	Grouping customers with homogeneous motivations helps to define quality perception since it is necessary to align quality delivered to anticipated quality. Destination authorities and businesses may be provided with the opportunity to understand what types of needs and motivations their customers might have.
Travel activity (Jang <i>et al.</i> , 2004)	Helps with the bundling of travel activities into packages with greater market appeal. Travel activities can be connected with the economic benefits to the destination.
Benefits sought (Jang <i>et al.</i> , 2002; Sarigöllü and Huang, 2005)	Provides a clear insight into marketing and communication strategy formulation. Benefits sought by consumers are the fundamental reasons for the existence of true market segments.
Direct expenditure (Legohérel and Wong, 2006)	Importance of tourism expenditure to both local and national economies; expenditure is considered to be an important factor that helps us to understand the consumption behaviour of tourists.
Craft selection criteria and shopping involvement (Hu and Yu, 2007)	Importance of shopping in destination choice. Novel approach to segment the tourism market by using craft selection criteria and shopping involvement.
Perception of information sources (Alvarez and Asugman, 2006)	Understanding how persons differ regarding their information seeking and planning styles. This need is becoming more significant as new online sources are appearing.
Travel patterns (Becken <i>et al.</i> , 2003)	Market segmentation based on travel choices is relevant in the context of managing energy demand. The combination of specific transport, accommodation and attraction/activity choices provides a sound basis for energy analyses.

are situation specific, they may change over time or they are not comprehensive enough to create meaningful segments that can be targeted. Especially in situations where markets are divided on usage-related or behavioural variables, segmentations may be ineffective when researchers try to find the actual tourists. This problem may be the case when researchers neglect to make a conscious distinction. Examples include regarding the primacy of usage over brand-choice, or the possibility of multiple uses that may confound results. As will be shown, most segmentation studies in tourism use hierarchical approaches. Groups are thus distinct and mostly nested in larger groups (see e.g. Wind, 1982). However, as tourists often use attractions and destinations for multiple purposes, the hierarchical method needs to be used with care, since the method does not overlap criteria (e.g. between benefits sought). Clustering and segmentation are predominantly exploratory techniques. Any criteria choice and measurement needs to proceed with care. Nevertheless, methods that help verify the validity of segments do exist (see e.g. Jain and Dubes, 1988).

Tourism-specific segmentation criteria

How best to subdivide travel markets is an important issue when dealing with market segmentation. The tourism literature contains numerous typologies of vacationers, tourists and travellers (e.g. Johns and Gyimóthy, 2002; Sirakaya *et al.*, 2003; Decrop and Snelders, 2005; Sarigöllü and Huang, 2005). A brief description of each of the main segmentation criteria is discussed below.

- Geographical segmentation uses geographical factors, such as country of origin.
- Socio-economic segmentation categorizes markets by means of socio-economic variables (e.g. occupation) (Gitelson and Kerstetter, 1990).
- Demographic segmentation subdivides consumers based on variables such as age, gender, family life-cycle, nationality, among others (Gitelson and Kerstetter, 1990).
- Psychographic segmentation is based on the idea that lifestyle, activities, opinions and personality of people determine their behaviour as consumers (see Pizam *et al.*, 2004).
- Behavioural segmentation subdivides consumers according to their relationship with a particular product such as ecotourism experiences (Weaver and Lawton, 2002), loyalty (Petrick, 2004), motivation (Bieger and Laesser, 2002; Andreu *et al.*, 2005), benefits sought (Woodside and Jacobs, 1985; Gitelson and Kerstetter, 1990; Sarigöllü and Huang, 2005), user status (first and repeat visitors), information seeking and planning styles (Alvarez and Asugman, 2006), satisfaction (Tsiotsou and Vasioti, 2006), consumers' spending (Legohérel and Wong, 2006), travel activity (Jang *et al.*, 2004), among others. Becken and Gnoth (2004) show that the combination of accommodation and transport choice prove excellent prediction of values and benefits sought for the New Zealand travel market. These decisions are linked closely to psychographic and behavioural variables.

Researchers distinguish between a priori or a posteriori segmentation approaches when identifying distinct groups (Calantone and Mazanec, 1991; Chen and Hsu, 1999; Bieger and Laesser, 2002; Hsu and Lee, 2002; Chen, 2003; Dolnicar, 2004). The a priori segmentation method refers to the partition of subjects based on researchers' prior knowledge of the segments. For example, researchers divide tourist samples by ethnicity. For example, the German and Japanese markets are known to differ regarding their expectations of service. On the other hand, when an a posteriori approach is adopted, a classification scheme is devised based on multiple attributes to classify cases into groups. In this case (and assuming the above stated difference is correct), a cluster analysis would find the two nationalities in separate clusters. A review of a priori and a posteriori traveller segmentation studies published in the 1990s can be found in Hsu and Lee (2002).

After analysing the nature of segmentation and the main segmentation criteria that earlier studies of segmentation apply, this chapter focuses on a review of tourist segmentation studies published since 2000.

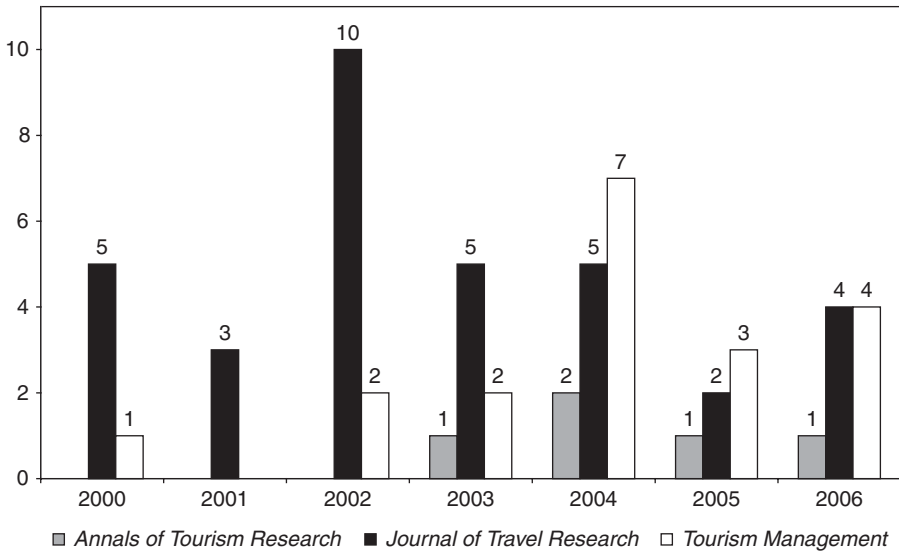


Fig. 9.1. Evolution of tourism segmentation studies, 2000–2006.

Evolution of Tourism Segmentation

Taking into consideration the three top journals in tourism (*Annals of Tourism Research*, *Journal of Travel Research* and *Tourism Management*), Fig. 9.1 synthesizes the evolution of tourism segmentation studies that have been published in the period 2000–2006. The summary confirms Dolnicar's findings (2004) that, 'the Journal of Travel Research is the major outlet for segmentation studies within the field of tourism' (p. 244).

Analysis of tourism segmentation criteria

This chapter reports on a comprehensive review of 58 tourist segmentation studies during the period 2000–2006 in the above-mentioned three journals (see Appendix, Table 9.5). The literature applies all four types of segmentation variables (geographic, demographic, psychographic and behavioural) to divide the heterogeneous market into smaller homogeneous segments. Tables 9.2 and 9.3 present a summary of a priori and a posteriori traveller segmentation studies detailing segmentation criteria,

data analysis technique, sample (application), number and name of segments.

When researchers use geographic and demographic characteristics for classifying the market, such as gender, age or ethnic groups/nationality, their main research approach is a priori segmentation (see Table 9.2). Additionally, behavioural variables are used in a priori studies when these variables can be partitioned into categories. For instance, travel expenditures (Mok and Iverson, 2000), trip types (McKercher, 2001) and first time/repeat travellers (Lau and McKercher, 2004). On the other hand, the a posteriori approaches often are used for psychographic segmentation. A posteriori segmentation studies (see Table 9.3) primarily employ benefits and motivation in grouping respondents. Researchers usually adopt this approach when they have no prior knowledge of the various groups, such as when studying destination choice preferences. Once segmentations are obtained using the a posteriori method (i.e. based on psychographic or behavioural characteristics of travellers), demographic and socio-economic variables often are used to help identify the appropriate names or labels for the different market segments (see, for instance, Hsu and Lee, 2002; Sirakaya *et al.*, 2003; Lee *et al.*, 2004).

Table 9.2. A priori segmentation criteria in tourism studies.

Researchers	Segmentation criteria	Segmentation statistic tech.	Application	Number of segments	Name of segments
Hudson (2000)	Gender	Chi-square and independent t-tests	Potential and existing skiers	2	Men and women
Kashyap and Bojanic (2000)	Travel purposes (business and leisure travellers)	Measurement equivalence for SEM	Guests of an upscale business hotel	2	Business and leisure segment
Mok and Iverson (2000)	Travel expenditure	Analysis of variance	Taiwanese tourists to Guam	3	Light, medium, heavy
Smith and MacKay (2001)	Age-group (younger: 18–25 years; older: 60–75 years)	ANCOVA	Travellers' responses to destination visuals	2	Younger and older
McKercher (2001)	Trip pattern (main-destination versus multideestination trips)	Chi-square test	Travellers at dual-purpose destinations	2	Main and through travellers
Collins and Tisdell (2002)	Gender and purpose of travel	Cross-tabulations	Australian outbound travel market	—	Male/female; purposes (business/work, holiday, VFR, educational)
Galloway (2002)	Personality construct (sensation seeking)	K-means cluster analysis	Visitors to parks	3	Active enjoyment of nature, escape stress, sensation seekers
Reisinger and Turner (2002)	Language groups	Mann Whitney U-tests	Asian tourists to Australia	5	Indonesian, Japanese, Korean, Mandarin, Thai
Card <i>et al.</i> (2003)	Shopping behaviour	MANOVA	Online travel product	2	Shoppers and non-shoppers

Continued

Table 9.2. Continued.

Researchers	Segmentation criteria	Segmentation statistic tech.	Application	Number of segments	Name of segments
Gilbert and Wong (2003)	Ethnic groups/nationalities and travel purposes	Analysis of variance	Airline passengers in Hong Kong	–	North Americans, West Europeans, Chinese and Japanese; business, holiday makers and VFR passengers
Lau and McKercher (2004)	First-time and repeat visitors	Independent t-tests	Pleasure tourists to Hong Kong	2	First-time and repeat visitors
Yuksel (2004)	Domestic/international visitors	Cross-tabulation	Visitors' evaluations of shopping experience	2	Domestic (Turkish) and international (Yugoslavian and Dutch)
Dimanche and Taylor (2006)	State welcome and local visitor centre users	Chi-square test	Louisiana automobile travellers	2	State welcome centre users and local visitor centre users
Laesser and Crouch (2006)*	Drivers of travel expenses	Log-linear regression	International visitors to Australia	–	Multi-criteria
Wilton and Nickerson (2006)	Expenditure-based segmentation (primary trip purpose, main attraction, repeat/first visitor, with/without children)	Cross-tabulation	Visitors to Montana's natural resources	–	Multi-criteria

Note: (*) Both a priori and a posteriori segmentation.

Table 9.3. A posteriori segmentation criteria in tourism studies.

Researchers	Segmentation criteria	Segmentation statistic tech.	Application	Number of segments	Name of segments
Moscardo <i>et al.</i> (2000)	Behavioural variables (reasons, features or attractions that prompted their visit)	Hierarchical cluster analysis	Visiting friends and relatives travel markets	4	Beach relaxation, inactive, active nature lovers, active beach resort
Shoemaker (2000)	Reasons for pleasure travel	K-means	Senior market	3	Escape and learn group, the retirees, active storytellers
Arimond and Elfessi (2001)	Reason for trip, reason for choosing the B&B, amenities/services B&B should provide, activities preferred while at B&B, return to the B&B	Multiple correspondence analysis and K-means cluster analysis	Guests of bed-and-breakfast	4	—
May <i>et al.</i> (2001)	Reasons for snowmobiling	Hierarchical cluster and discriminant analysis	Wyoming snowmobiles	3	Nature lovers who need to be alone, those who want to experience it all, those who want to be alone but not get too excited
Bieger and Laesser (2002)	Motivation	Hierarchical and K-means cluster analysis	Swiss travellers	4	Compulsory travel, cultural hedonism, family travel, me(e/a)t marketing
Chandler and Costello (2002)	Visitors' demographics, lifestyle and activity level preference	Chi-square tests	Visitors at heritage tourism destinations	6	Active venturers, active centrics, active dependables, mellow venturers, mellow centrics and mellow dependables
Horneman <i>et al.</i> (2002)	Demographics and psychographics (holiday preferences)	Mean analysis, chi-square analysis, correlations	Australian senior traveller	6	Conservatives, pioneers, Australians, big spenders, indulgers, enthusiasts

Continued

Table 9.3. Continued.

Researchers	Segmentation criteria	Segmentation statistic tech.	Application	Number of segments	Name of segments
Hsu and Lee (2002)	Tour selection attributes	Hierarchical and non-hierarchical cluster, and discriminant analysis	Senior motorcoach travellers	3	Dependents, sociables, independents
Jang <i>et al.</i> (2002)	Benefit segmentation	Hierarchical and K-means cluster analysis	Japanese travellers to USA and Canada	3	Novelty/nature, escape/relaxation, family/outdoor activities seekers
Johns and Gyimóthy (2002)	Demographics, values and behaviour patterns	Hierarchical cluster analysis	Visitors to a Danish island	2	Active and inactive vacationers
MacKay <i>et al.</i> (2002)	Behaviour (importance of sightseeing, engaging in outdoor recreation and visiting cultural or historical areas)	Analysis of variance and chi-square	Vacationing motorists	4	Sightseeing only, culture sightseeing, outdoor recreation sightseeing, culture and outdoor recreation sightseeing
Plog (2002)	Psychographic (venturesomeness) and income	Cross-tabulations, correlations	American households	5	Psychographic (dependable, near-dependable, centric, near-venturer, venturer), income levels
Weaver and Lawton (2002)	Actual and expected behaviour	Hierarchical cluster and ANOVA	Overnight ecotourists	3	Softer, harder, structured
Becken <i>et al.</i> (2003)	Travel choices that make up a travel pattern and their energy intensity	Hierarchical cluster, ANOVA and discriminant analysis	Travel tourists to New Zealand	7	Camper, backpacker, VFR, auto, coach, tramper, soft-comfort
Chen (2003)	Sentiments toward marketing	CHAID	Destination marketing	2	Pundit and individual tourists
Dolnicar and Leisch (2003)	Psychographic and behavioural segmentation (vacation styles)	Bagged clustering	Winter vacationers in Austria	5	Fun and snow, relaxation and health, moderate culture tourist, pure culture tourist, fun/snow/snowboards and discos

Prebensen <i>et al.</i> (2003)	Psychographics (tourists' self-perception)	MANOVA and t-tests	German tourists in Norway	2	Typical or non-typical
Kim <i>et al.</i> (2003)	Demographics, motivations and concerns to travel	Neural networks	West Australian senior tourists	4	Active learner, relaxed family body, careful participant, elementary vacationer
Sirakaya <i>et al.</i> (2003)	Travel motivations	K-means cluster analysis	Japanese visitors to Turkey	2	Escapers and seekers
Becken and Gnoth (2004)	Transport choices, accommodation behaviour, and visits to attractions	Agglomerative cluster analysis and discriminant analysis	Visitors to New Zealand	6	Coach tourist, VFR, auto tourist, backpacker, camper, comfort traveller
Bigné and Andreu (2004)	Consumption emotions	Hierarchical and K-means cluster analysis	Theme park and interactive museum visitors	2	Those that feel less emotion and those that feel greater emotion
Bloom (2004)	Broad mix of travel trip, demographic, socio-economic and geographic characteristics	Neural networks	Domestic tourists to Western Cape	3	–
Crotts (2004)	Cultural orientation of the visitor's home country and the host culture	Nominal logistic regression	US residents travelling abroad	–	Low/high uncertainty avoidance; low/high cultural distance
Chung <i>et al.</i> (2004)	(i) segmentation by industry data (revenue, occupancy, etc.); (ii) benefit segmentation; (iii) predictive segmentation	(i) descriptive analysis; (ii) quick cluster; (iii) CHAID	Hotel guest room customers	5	Convenience-oriented, sophisticated business-oriented, seek few benefits, convenience and image-oriented, seek all benefits
Dolnicar (2004)	Psychographics	Topology representing networks (TRNs)	Sports tourists visiting Austria	2	Health-oriented sports; fun-driven sports tourists
Geuens <i>et al.</i> (2004)	Airport shopping motivations	Hierarchical and K-means cluster analysis	Airport shoppers	3	Mood shoppers, apathetic shoppers and shopping lovers
Jang (2004)	Activity participation patterns	Hierarchical cluster analysis	French tourists to Canada	4	Local life and shopping, culture and social, sightseeing and nature, passive

Continued

Table 9.3. Continued.

Researchers	Segmentation criteria	Segmentation statistic tech.	Application	Number of segments	Name of segments
Kerstetter <i>et al.</i> (2004)	Environmentally responsible behaviour	Hierarchical and K-means cluster analysis	Taiwanese ecotourists	3	Experience-tourists, learning tourists, ecotourists
Lee <i>et al.</i> (2004)	Motivations	Hierarchical and K-means cluster analysis	Expo festival visitors	4	Culture and family, multi-purpose, escape, event seekers
Pizam <i>et al.</i> (2004)	Risk-taking, sensation-seeking and preferred tourist activities	Chi-square tests and MANOVA	University students in 11 countries	2	Low/high risk-taking and sensation seeking (RSS)
Sung (2004)	Demographics, socio-economics, trip-related factors, perception of adventure travel	K-means	Adventure travellers	6	General enthusiasts, budget youngsters, soft moderates, upper high naturalists, family vacationers, active soloists
Bloom (2005)	Broad mix of tourist trip, demographic, socio-economic and geographical characteristics	Neural network	Tourists to Cape Town	3	Pleasure seekers, established and settled, vibrant and energetic
Decrop and Snelders (2005)	Decision-making variables and processes	NA	Vacations of Belgian households	6	Habitual, rational, hedonic, opportunistic, constrained and adaptable
Frochot (2005)	Benefits	K-means cluster analysis	Rural tourists	4	Actives, relaxers, gazers, rurals
Kwan and McCartney (2005)	Gaming impact perception	Hierarchical cluster analysis	Macao residents	4	Reserved optimist, optimist, neutral, sceptic
Petrick (2005)	Price sensitivity	K-means cluster analysis and MANOVA	Cruise passengers	3	Low sensitive, moderate, high sensitive
Sarigöllü and Huang (2005)	Benefits sought	K-means cluster analysis	Visitors to Latin America	4	Adventurer, multifarious, fun and relaxation seeker, urbane

Alvarez and Asugman (2006)	Perceptions of online and offline information sources	Cluster and logistic regression	Turkish tourists	2	Spontaneous explorers, risk-averse planners
Chang (2006)	Motives and demographic characteristics	Hierarchical and K-means cluster analysis	Aboriginal cultural festival	3	Aboriginal cultural learners, change routine life travellers, active culture explorers
Hsu <i>et al.</i> (2006)	Perceptions of various reference groups' influences	'Two-step' cluster analysis	Travellers visiting Hong Kong	3	Family-influenced, friends/relatives-influenced, independent-thinking visitors
Laesser and Crouch (2006)*	Drivers of travel expenses	Log-linear regression	International visitors to Australia	Multi-criteria	Multi-criteria
Lee <i>et al.</i> (2006)	Gambling motivation	Hierarchical and K-means cluster analysis	Casino gamblers	4	Challenge and winning, only winning, light gambling, multi-purpose
Lee <i>et al.</i> (2006)	Benefits sought	Hierarchical and K-means cluster analysis	French travellers to Canada	4	Family oriented, environment and safety conscious, culture and luxury indulgent, roughing it and coping

Note: (*) Both a priori and a posteriori segmentation.

This review on tourist segmentation suggests researchers do not agree on the best criterion or variable. Some tourism researchers point out that behavioural segmentation and benefit segmentation are useful approaches for defining destination segments and developing marketing strategies (Jang *et al.*, 2002). Benefit segmentation is a market-oriented criterion. This criterion's main objective is to identify the benefits sought by market segments and, accordingly, to deliver such benefits effectively and efficiently (Chung *et al.*, 2004).

In addition to benefit segmentation, the review of research studies reveals that segmenting markets according to behavioural variables such as drivers of travel expenses has important managerial implications, in terms of addressing both the right target and their relevant needs (Mok and Iverson, 2000; Laesser and Crouch, 2006). Detailed accounts of individual spending patterns by means of an onsite diary method that minimizes recall bias can be analysed further and used for policy and marketing (Wilton and Nickerson, 2006).

Other studies use situation-specific criteria for segmentation as follows. For example, Hsu *et al.* (2006) identify three groups of travellers based on their perceptions of various reference groups regards visiting Hong Kong (i.e. family-influenced visitors; friends-influenced visitors; independent-thinking visitors). The three traveller segments showed different benefits sought, perceived behavioural control and differences in overall attitude and in intent to visit a destination. As the authors suggest, 'destination managers should monitor how their target markets interact with their reference groups in disseminating or collecting travel-related information' (p. 482). Alvarez and Asugman's (2006) research identifies two groups of Turkish tourists, who can be distinguished according to their perceptions of usefulness of online and offline information sources. One group ('spontaneous explorers') exhibits a more negative attitude towards the various sources, except personal recommendations. The second cluster (risk-averse planners) are more concerned with risk and less likely to involve themselves in exploratory tourism behaviour. These findings reveal implications for tourism service providers to target and communicate with individuals, who can be differentiated according

to their vacation planning and perceptions of information sources.

Yuksel (2004) examines domestic and international visitors' perceptions of services that shops provide (i.e. shopping experience). Yuksel reports that domestic visitors are more negative in their service evaluations than international visitors. As the author suggests, compared to the domestic shopper, the foreign visitor 'may become less critical, more tolerant to mistakes, and may even find some of them amusing' (p. 758). Focusing on airport shopping motivations, Geuens *et al.* (2004) identify three shopper types (mood shoppers, apathetic shoppers and shopping lovers). Insights on airport shopping motivations are valuable for training airport shop personnel and marketing strategies for airport shops.

According to Opaschowski (2001) the tourism industry increasingly assumes the identity of an experience industry; tourists are willing to pay tourism organizers to help find optimal experiences within limited time available. Consequently, proposed segmentation criteria based on emotional dimensions of experiences are relevant for tourism segmentation. Based on the literature review summarized in Table 9.3, new segmentation criteria are emerging based on affective variables such as consumption emotions (e.g. Bigné and Andreu, 2004).

Experiential Segmentation Criteria: the Role of Emotions

Following Bigné and Andreu (2004), this section focuses on the consumer's subjective experiences in the area of Leisure and Tourism Services (LTS). The aim is to detect emotion-based segments and analyse which one is the most satisfied and loyal towards the LTS.

The role of emotions in segmentation

The conceptualization of the emotion construct as a segmentation variable has received considerable theoretical support (for further details, see Bigné and Andreu, 2004). Empirical studies are needed to demonstrate the use

of emotions as a segmentation variable and to test their affinity with satisfaction (Liljander and Strandvik, 1997) and behavioural intentions (Wirtz *et al.* 2000). To test these assumptions, a measurement instrument is required. Previous empirical studies on consumer segmentation (Westbrook and Oliver, 1991; Oliver and Westbrook, 1993) use a discrete approach. For example, Liljander and Strandvik (1997) find four consumer segments on the basis of seven affective attributes (happy, hopeful, positively surprised, angry, depressed, guilty and humiliated) using the literature and previous studies of labour force bureaux (LFBs). Bigné and Andreu (2004) measure emotions based on Russell's bi-dimensional approach (Russell, 1980). This model reflects the degree to which different individuals incorporate subjective experiences of pleasure and arousal into their emotional experiences (Feldman, 1998). Pleasure reflects the degree to which consumers feel good or happy with the surrounding environment, whereas arousal refers to the degree to which they feel activated, stimulated or active (Bitner, 1992).

Using Mehrabian and Russell's (1974) framework, some researchers propose that the stimuli of the surrounding environment influence pleasure and arousal (e.g. Wirtz and Bateson, 1999). Given that one characteristic of emotion arousal is associated with a stimulus or trigger, this study's stimulus is the immersion of the consumer in the LTS. Moore *et al.* (1995) differentiate consumers according to their emotional intensity. This intensity can be described as the strength of the emotional response to a given level of stimuli. Consumers differ in their responses to situations despite efforts to be consistent. Specifically, the degree of arousal is greater in people looking for, preferring and enjoying emotional stimuli (Raman *et al.*, 1995).

Based on Russell's model (1980), Bigné and Andreu (2004) propose emotion (pleasure and arousal) is indeed an adequate variable for visitor segmentation. Their study question is designed to identify the emotional criteria that can be used to discriminate significantly between visitor segments. In theory, visitors who feel positive emotions will be more satisfied and have positive behavioural intentions (loyalty and willingness to pay more). This research assesses the relationships among these variables.

Research method

As Bigné and Andreu (2004) demonstrate, the study of emotions in relation to satisfaction and loyalty is applied to consumers' experiences in an interactive museum (M-study) and a theme park (TP-study), both located in Spain. These services were chosen for two main reasons. First of all, they are both leisure products, which a priori are a source of stimuli for emotions. The second reason is their economic importance, representing a source of income from attracting tourists.

Bigné and Andreu (2004) apply a combination of qualitative and quantitative approaches. Their study includes in-depth interviews with four employees at each attraction. In particular, interviews were aimed at identifying visitors' favourite attractions, the average time that visitors spent inside the museum/theme park and the existence of loyalty programmes. Additionally, two consumer focus groups and four in-depth interviews were set up in each study, with the objective of analysing visitors' attitudes towards theme parks and museums, their motivations and previous experiences. Therefore the qualitative research facilitated the location decision such as where to conduct the quantitative research and to determine as precisely as feasible the phrasing of the possible responses to the structured questionnaire.

The overall sample consists of 400 LTS consumers over the age of 18 (48% male, 52% female). The study's objective was to get close to stimuli that trigger the visitor's emotions during his/her enjoyment of the attractions. Interviews were carried out in situ, immediately after the interviewee had visited the hall, left the show or got off the park attraction.

A structured questionnaire included socio-demographic variables, multiple-item scales of emotions, satisfaction and behavioural intentions. The retrieval hypothesis supports the use of questionnaires for gathering consumption emotion information (Solomon *et al.*, 1999). In other words, the visitor evaluates their feeling state during the visit to the museum or theme park. Emotions were measured by using the 12 items (Russell, 1980) representing the pleasure and arousal dimensions. After a review of alternatives, the authors chose the 'universal' scale

of satisfaction (Oliver, 1997) to measure overall satisfaction. This scale has been tested in previous studies (Zins, 2002) and consists of a five-item, five-point Likert-type scale. The behavioural intentions were broken down depending on the time period: mediate and immediate intentions. Loyalty and willingness to pay more were selected, with five and two items, respectively (cf. Zeithaml *et al.*, 1996). The psychometric properties were analysed regarding emotions, satisfaction, loyalty and willingness to pay more (see Bigné and Andreu, 2004).

Segments based on consumption emotions

The identification of visitor segments necessitates the analysis of whether or not emotions are adequate for that purpose. This study includes using six items for pleasure and four for arousal in a cluster analysis (Punj and Stewart, 1983), with a dual process – hierarchical and non-hierarchical methods – in order to obtain benefits from each of them (Hair *et al.*, 1995). Another option is to include both dimensions as variables for the cluster analysis. This approach has merit; however, some research finds truly discriminate variables among the underlying groups are not well represented in most factor solutions. Thus, and given often arbitrary decisions in deciding on factor solutions, when factor scores are used, this technique may result in poor representation of the true structure of the data (Hair *et al.*, 1995). In short, these considerations justify the inclusion of the individual emotions as variables for the cluster analysis. Specifically, these items are: angry–satisfied (X_1), unhappy–happy (X_2), dissatisfied–very pleased (X_3), sad–joyful (X_4), disappointed–delighted (X_5), bored–entertained (X_6), depressed–cheerful (X_7), calm–enthusiastic (X_8), passive–active (X_9) and indifferent–surprised (X_{10}). By means of hierarchical cluster analysis using Ward's method, the agglomeration schedule was obtained. Because the largest increases were observed in the step from one cluster to two (47.22% in M-study; 60.86% in TP-study and 55% in the total sample), the two-cluster solution was selected.

The second step uses non-hierarchical techniques (e.g. K-means algorithm) to adjust

the results from the hierarchical procedures. Using the initial seed points from the results in the hierarchical cluster, the K-means cluster defined two groups. Information essential to the interpretation and profiling stages is provided in Table 9.4, which shows the final cluster centres. Table 9.4 provides the mean value (centroid) of each of the ten emotional variables for each cluster. The evaluation of the profiles uncovers the emotional dimensions. The pleasure dimension contains the first six variables $X_1, X_2, X_3, X_4, X_5, X_6$, whereas arousal includes the variables X_7, X_8, X_9, X_{10} . Similar to the hierarchical method, the ten cluster variables showed differences between the clusters confirming the hierarchical results. Looking at the final cluster centres, cluster 1 presents lower values than those of cluster 2. This result affirms cluster 2 is characterized as a feeling of greater pleasure and arousal. Cluster 1 can be interpreted as those that feel less emotion. These findings suggest that segmenting consumers according to emotional experiences is feasible.

Visitor segments, consumer satisfaction and behavioural intentions

An analysis of variance (ANOVA) was performed to profile the clusters, focusing on variables not included in the cluster solution. Cluster 2 demonstrates a higher level than cluster 1 with respect to overall satisfaction. Looking at the satisfaction construct in detail, significantly higher scores are revealed ($p < 0.01$) in cluster 2: (i) this is one of the best museums/theme parks I have ever visited (cluster 1: 2.87 and cluster 2: 3.54); (ii) I am pleased to have visited this museum/theme park (2.70, 3.80); (iii) it was a good idea to visit this museum/theme park (2.63, 3.03); and (iv) I don't regret having visited this museum/theme park (3.37, 4.08).

Behavioural intentions require greater specification. Regarding customer loyalty, significant differences were found in all situations (M-study, TP-study and in the total sample). Cluster 2 (greater emotions) shows greater loyalty when compared to cluster 1. Regarding willingness to pay more, the existence of significant differences was verified in all cases, with cluster 2 presenting a greater degree of willingness.

Table 9.4. Cluster analysis.

M-study (<i>n</i> = 200)										
Cluster	X ₁	X ₂	X ₃	X ₄	X ₅	X ₆	X ₇	X ₈	X ₉	X ₁₀
1 (<i>n</i> = 103)	4.56	4.53	4.36	4.49	4.26	4.57	4.35	2.20	3.47	3.81
2 (<i>n</i> = 97)	4.94	4.91	4.93	4.86	4.96	4.93	4.91	4.88	4.61	4.79
F ratio	24.42	20.32	37.98	17.92	49.10	21.61	28.60	507.34	67.65	77.99
Significance	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
TP-study (<i>n</i> = 200)										
Cluster	X ₁	X ₂	X ₃	X ₄	X ₅	X ₆	X ₇	X ₈	X ₉	X ₁₀
1 (<i>n</i> = 89)	3.20	3.31	3.20	3.17	3.26	3.28	3.22	2.99	3.09	3.16
2 (<i>n</i> = 111)	4.41	4.43	4.40	4.54	4.45	4.50	4.54	4.09	4.42	3.87
F ratio	150.80	155.81	156.85	219.07	156.97	172.33	219.70	68.93	169.88	34.39
Significance	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
Total (<i>n</i> = 400)										
Cluster	X ₁	X ₂	X ₃	X ₄	X ₅	X ₆	X ₇	X ₈	X ₉	X ₁₀
1 (<i>n</i> = 138)	3.41	3.50	3.35	3.38	3.32	3.49	3.38	2.99	3.17	3.17
2 (<i>n</i> = 262)	4.78	4.76	4.73	4.78	4.76	4.81	4.76	3.84	4.32	4.32
F ratio	488.66	431.22	462.65	527.97	529.27	499.17	433.25	39.24	146.75	174.68
Significance	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000

Note: variables are described in the text.

Source: Bigné and Andreu (2004, p. 690).

Overall, the results verify that emotions are adequate for consumer segmentation by using hierarchical and non-hierarchical cluster analysis. Two different segments showed different levels of consumer satisfaction and behavioural intentions. Consumption emotions are therefore closely associated with consumer satisfaction and mediate behavioural intentions in all the scenarios analysed. These findings have a number of practical implications in marketing for those involved in attraction management and marketing. Marketing managers need to re-emphasize how customers feel about their experience of service delivery. Tracking individuals' emotions over time would constitute an interesting measure for evaluating the visitor experiences. Work in this area would support better quantification and evaluation of the segments based on their emotions (Bigné and Andreu, 2004).

Segmentation: a Critical Assessment

Market segmentation provides useful information for strategy formulation, product development and service delivery (Chen and Hsu, 1999). Researchers using tourism market segmentation have adopted both a priori and a posteriori approaches for dividing their study subjects into various groups by segmentation criteria. Although these two approaches were adopted extensively in the 1990s (Hsu and Lee, 2002), more recently the a posteriori approach has been increasingly addressed (see Table 9.3).

Johns and Gyimóthy (2002) recognize that, although demographic and socio-economic characteristics have long been used for segmentation, the power of age, gender and wealth to predict purchasing behaviour is markedly situation-dependent because they are only indirectly related to buying intentions. Consequently, practitioners increasingly augment these 'secondary segmentation factors' with psychometric measures of attitudes and values, but these are themselves of limited predictive value. Therefore, the evolution of tourism segmentation 'tends to develop into a multiple comparison, with new segmentation criteria constantly being devised and applied' (Johns and Gyimóthy, 2002, p. 316).

A priori and a posteriori approaches share a common challenge in market segmentation. Both methods need to consider the relevance of the base variable(s) used. According to Decrop and Snelders (2005), a weakness of using segmentation criteria without integration is that the result is like separate pieces of a puzzle. An illustration of the importance of the variable(s) used has been addressed in the previous section of this chapter when considering emotions as a segmentation variable.

Conclusions

Market segmentation helps to understand types of consumers and in developing marketing strategies. Tourism researchers, too, enthusiastically embrace this technique (see Hsu and Lee, 2002 and Dolnicar, 2004, for a review). After analysing the nature and usefulness of tourism segmentation, this chapter offers a state of the art of tourism segmentation through a comprehensive review of more than 50 studies published in top tourism journals since 2000. Based on the distinction between a priori and a posteriori segmentations, Tables 9.2 and 9.3 synthesize previous studies in tourism segmentation. Several conclusions follow from the literature review. Tourism segmentation studies use mainly a posteriori segmentations (75% of the papers) and, in particular, the use of psychographic and behavioural segmentation (see Table 9.3).

The major outlet for segmentation studies in the 1990s was the *Journal of Travel Research* (Dolnicar, 2004). Considering the three top tourism journals, *Journal of Travel Research* accounts for 58% of papers published in segmentation since 2000, followed by *Tourism Management* (33%) and *Annals of Tourism Research* (9%).

The applications of tourism segmentation studies are heterogeneous. As shown in Tables 9.2 and 9.3, samples vary from destination travellers to specific niche segments (e.g. vacation motorists). In-depth studies of senior travellers are increasing due to the importance of this segment.

Segmentation criteria based on emotional experiences appear as interesting criteria for

tourism segmentation. The analysis of visitors' experiences of LTS, and specifically the emotions evoked through visitor participation, is shown to be of central importance to tourism marketing researchers and managers as they closely relate to and impact satisfaction and loyalty (Bigné and Andreu, 2004). Service providers can stimulate the consumer's emotional experience with the goal of maximizing satisfaction.

Literature on tourism segmentation reports on the usefulness of specific criteria as the basis of market segmentation. A key requirement for market segmentation is to consider the relevance of the base variable(s) used. No one segmentation approach or analysis fits all

purposes so that the variables chosen need to be meaningful to the problem at hand as well as to create sizeable and distinguishable segments. Sometimes markets can be segmented by simple demographics. At other times, more complex sets, including psychographics, need to be included.

Furthermore, recent studies proclaim the need for an integrated typology (see, for instance, Decrop and Snelders, 2005). In order to integrate different criteria, neural network modeling can be a valuable technique. The use of neural networks in segmentation research facilitates the analysis of the complex interaction between individual criteria (see, for instance, Mazanec, 1992).

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Appendix

Table 9.5. Review of tourism segmentation studies, 2000–2006.

Researchers	Journal	Type of segmentation	Segmentation criteria	Application
Hudson (2000)	JTR	A priori	Gender	Potential and existing skiers
Kashyap and Bojanic (2000)	JTR	A priori	Travel purposes (business and leisure travellers)	Guests of an upscale business hotel
Mok and Iverson (2000)	TM	A priori	Travel expenditure	Taiwanese tourists to Guam
Moscardo <i>et al.</i> (2000)	JTR	A posteriori	Behavioural variables (reasons, features/ attractions that prompted their visit)	Visiting friends and relatives travel markets
Shoemaker (2000)	JTR	A posteriori	Reasons for pleasure travel	Senior market
Smith and MacKay (2001)	JTR	A priori	Age-group (younger: 18–25 years; older: 60–75 years)	Travellers' responses to destination visuals
Arimond and Elfessi (2001)	JTR	A posteriori	Reason for trip, reason for choosing the B&B, amenities/services B&B should provide, activities preferred while at B&B, return to the B&B	Guests of bed-and-breakfast
May <i>et al.</i> (2001)	JTR	A posteriori	Reasons for snowmobiling	Wyoming snowmobilers
McKercher (2001)	JTR	A priori	Trip pattern (main-destination versus multi-destination trips)	Travellers at dual-purpose destinations
Bieger and Laesser (2002)	JTR	A posteriori	Motivation	Swiss travellers
Chandler and Costello (2002)	JTR	A posteriori	Visitors' demographics, lifestyle and activity level preference	Visitors at heritage tourism destinations
Collins and Tisdell (2002)	JTR	A priori	Gender and purpose of travel	Australian outbound travel market
Galloway (2002)	TM	A priori	Personality construct (sensation seeking)	Visitors to parks
Horneman <i>et al.</i> (2002)	JTR	A posteriori	Demographics and psychographics (holiday preferences)	Australian senior traveller
Hsu and Lee (2002)	JTR	A posteriori	Tour selection attributes	Senior motorcoach travellers
Jang <i>et al.</i> (2002)	TM	A posteriori	Benefit segmentation	Japanese travellers to USA and Canada
Johns and Gyimóthy (2002)	JTR	A posteriori	Demographics, values and behaviour patterns	Visitors to a Danish island

Continued

Table 9.5. Continued.

Researchers	Journal	Type of segmentation	Segmentation criteria	Application
MacKay <i>et al.</i> (2002)	JTR	A posteriori	Behaviour (importance of sightseeing, engaging in outdoor recreation and visiting cultural or historical areas)	Vacationing motorists
Plog (2002)	JTR	A posteriori	Psychographic (venturesomeness) and income	American households
Reisinger and Turner (2002)	JTR	A priori	Language groups	Asian tourists to Australia
Weaver and Lawton (2002)	JTR	A posteriori	Actual and expected behaviour	Overnight ecotourists
Becken <i>et al.</i> (2003)	JTR	A posteriori	Travel choices that make up a travel pattern and their energy intensity	Travel tourists to New Zealand
Card <i>et al.</i> (2003)	JTR	A priori	Shopping behaviour	Online travel product
Chen (2003)	ATR	A posteriori	Sentiments toward marketing	Destination marketing
Dolnicar and Leisch (2003)	JTR	A posteriori	Psychographic and behavioural segmentation (vacation styles)	Winter vacationers in Austria
Gilbert and Wong (2003)	TM	A priori	Ethnic groups/nationalities and travel purposes	Airline passengers in Hong Kong
Prebensen <i>et al.</i> (2003)	JTR	A posteriori	Psychographics (tourists' self-perception)	German tourists in Norway
Kim <i>et al.</i> (2003)	TM	A posteriori	Demographics, motivations and concerns to travel	West Australian senior tourists
Sirakaya <i>et al.</i> (2003)	JTR	A posteriori	Travel motivations	Japanese visitors to Turkey
Becken and Gnoth (2004)	TM	A posteriori	Transport choices, accommodation behaviour and visits to attractions	Visitors to New Zealand
Bigné and Andreu (2004)	ATR	A posteriori	Consumption emotions	Theme park and interactive museum visitors
Bloom (2004)	TM	A posteriori	Broad mix of travel trip, demographic, socio-economic and geographic characteristics	Domestic tourists to Western Cape
Crotts (2004)	JTR	A posteriori	Cultural orientation of the visitor's home country and the host culture	US residents travelling abroad
Chung <i>et al.</i> (2004)	TM	A posteriori	(i) segmentation by industry data (revenue, occupancy, etc.); (ii) benefit segmentation; (iii) predictive segmentation	Hotel guest room customers
Dolnicar (2004)	JTR	A posteriori	Psychographics	Sports tourists visiting Austria
Geuens <i>et al.</i> (2004)	TM	A posteriori	Airport shopping motivations	Airport shoppers

Jang (2004)	ATR	A posteriori	Activity participation patterns	French tourists to Canada
Kerstetter <i>et al.</i> (2004)	TM	A posteriori	Environmentally responsible behaviour	Taiwanese ecotourists
Lau and McKercher (2004)	JTR	A priori	First-time and repeat visitors	Pleasure tourists to Hong Kong
Lee <i>et al.</i> (2004)	TM	A posteriori	Motivations	Expo festival visitors
Pizam <i>et al.</i> (2004)	JTR	A posteriori	Risk-taking, sensation-seeking and preferred tourist activities	University students in 11 countries
Sung (2004)	JTR	A posteriori	Demographics, socio-economics, trip-related factors, perception of adventure travel	Adventure travellers
Yuksel (2004)	TM	A priori	Domestic/international visitors	Visitors' evaluations of shopping experience
Bloom (2005)	ATR	A posteriori	Broad mix of tourist trip, demographic, socio-economic and geographical characteristics	Tourists to Cape Town
Decrop and Snelders (2005)	TM	A posteriori	Decision-making variables and processes	Vacations of Belgian households
Frochot (2005)	TM	A posteriori	Benefits	Rural tourists
Kwan and McCartney (2005)	JTR	A posteriori	Gaming impact perception	Macao residents
Petrick (2005)	TM	A posteriori	Price sensitivity	Cruise passengers
Sarıgöllü and Huang (2005)	JTR	A posteriori	Benefits sought	Visitors to Latin America
Alvarez and Asugman (2006)	ATR	A posteriori	Perceptions of online and offline information sources	Turkish tourists
Chang (2006)	TM	A posteriori	Motives and demographic characteristics	Aboriginal cultural festival
Dimanche and Taylor (2006)	JTR	A priori	State welcome centre users and local visitor centre users	Louisiana automobile travellers
Hsu <i>et al.</i> (2006)	JTR	A posteriori	Perceptions of various reference groups' influences	Travellers visiting Hong Kong
Laesser and Crouch (2006)	JTR	A priori and a posteriori	Drivers of travel expenses (number of travel companions, duration of the trip, country of residence, type of accommodation, reason for travel, travel influence)	International visitors to Australia
Lee <i>et al.</i> (2006)	TM	A posteriori	Gambling motivation	Casino gamblers
Lee <i>et al.</i> (2006)	TM	A posteriori	Benefits sought	French travellers to Canada
Trauer (2006)	TM	NA	Special interest tourism	NA
Wilton and Nickerson (2006)	JTR	A priori	Expenditure-based segmentation (primary trip purpose, main attraction, repeat/first visitor, with/without children)	Visitors to Montana's natural resources

Note: NA (not applicable, i.e. qualitative study or conceptual studies).

10 When Tourists Desire an Artificial Culture: the Bali Syndrome in Hawaii

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Synopsis

Although tourism academics tout the importance of cultural–historical tourism, Minca’s (2000) the Bali Syndrome suggests that tourists to exotic destinations place little importance in participating in cultural or historical activities during their stay. The goal of this analysis is to explore this phenomenon in-depth by examining whether tourists in Waikiki Beach (Honolulu, Hawaii) plan to partake in educational, historical or cultural opportunities during their stay. Based on empirical evidence collected from more than 300 respondents, the findings demonstrate support for the Bali Syndrome. These findings are relevant to marketing planners in other exotic destinations (e.g. Jamaica, Bahamas, Maldives and Fiji) because tourism advertising dollars that promote local culture and history may fail to generate interest among potential tourists.

The Bali Syndrome refers to a desire among tourists in popular Polynesian destinations with long-established histories of welcoming international tourists (e.g. Bali, Fiji, Hawaii) to partake in artificial cultural experiences that commit to past, stylized representations of local cultures and their peoples, which are not synonymous with actual realities (Minca, 2000). The days when Polynesian warriors strutted in warlike dances and Polynesians played ukuleles under fluttering palm leaves are relics of yesteryear and of local folklore. However, the artificial, essentially Disney-like versions of past Polynesian cultures, which typify past images, stereotypes and entrenched memories, are offered to tourists in hotel architecture, in physical service settings (especially shopping servicescapes that target tourists; Bitner, 1992) and in staged performances with locals through shows, performances, festivals and the like.

In reality, contemporary locals in Polynesia are quite similar to their counterparts in urbanized Western cities. Hawaiian locals are confronting

ills associated with rampant crystal methamphetamine use (Laino, 2005; Lineberry and Bostwick, 2006), gambling and prostitution (Jenkins, 1994; Knowles, 1999). Bali is plagued with HIV infections due to a local population engaging in the sex trade, which includes both female and male sex workers (Ford *et al.*, 1993), drug usage and low condom usage among locals (Setiawan *et al.*, 1999). Even Fiji is plagued by military coups, along with rising domestic violence, rape, child abuse, incest and suicide among its population (Halapua, 2003). Clearly, the purified images of former Polynesia that tourists receive through their experiences in purified, ersatz servicescapes permit them to relish their time in exotic Pacific destinations by falsely ensuring that their perceptions of local cultures perfectly correspond to their expectations.

Minca (2000) coined the term ‘Bali Syndrome’ to denote a putatively negative attempt by marketing and tourism planners in mature Polynesian tourist destinations to segregate tourists

from locals and existing cultural realities by creating micro universes for tourists that capture ageless, stereotypical and unadulterated images of local cultures. On the one hand, Minca contends that contemporary Polynesian resorts and tourist destinations provide inauthentic versions of Balinese, Fijians and Hawaiians, which locals may perceive as a type of 21st-century colonization of their land. On the other hand, tourists who travel to faraway Polynesian destinations for vacation would not value exposure to the harsh realities that also plague the cities from which they originate.

Is a staged version of an idealized local culture necessarily unprincipled? Consider the artificiality that brings ancient Egypt, Venice, Paris and Arabia to Las Vegas. Rather than deduct perceived value from service exchanges, such as hotel and retail exchanges, experiences, albeit synthetic and forged, often add value to marketplace exchanges (Pine and Gilmore, 1998). The lifestyle retail centres that replicate American urban downtown, themed restaurants, interactive retailing environments and the like, all attest to the value that intangible experiences add to retail exchanges. Indeed, the only tourists who would perceive an artificial cultural experience negatively would be those who travelled to a destination to interact with the host cultures and their peoples.

This chapter explores whether tourists in Honolulu, Hawaii, which represents a mature Polynesian locale, are motivated to travel to the island state to learn about the authentic culture and history of its local population. In doing so, this examination provides empirical evidence that the Bali Syndrome exists; however, it is not necessarily a syndrome that necessitates remedy. The plan for this chapter is as follows: first, a literature review is conducted to place the research in relevant paradigms and to support the offering of research questions. Second, the results from two separate studies involving tourists in Waikiki are discussed. The chapter concludes with a discussion of the managerial and theoretical objectives and research limitations.

Literature Review

What factors motivate consumers to travel great distances and to spend large amounts of money to

vacation in remote Polynesian destinations, such as Bali, Fiji or Hawaii? To answer this question, consider that tourist attractions are the basis of tourism and that they refer to permanent resources, either natural or manufactured, that are developed and managed for the primary purpose of attracting visitors (Hu and Wall, 2005). Undoubtedly, this definition acknowledges that temporary attractions (e.g. festivals, parades), which often pertain to local cultures (McKercher *et al.*, 2006), national parks and historic sites and are managed for historic or national preservation or for religious purposes, and host cultures *per se*, which are intangible characteristics, cannot be considered tourist attractions. Hu and Wall's (2005) conceptualization of tourist attractions deems attractions as economic entities that exist to derive income from visitors through fees, product and service sales and donations. From a Polynesian perspective, the tourist attractions that draw visitors to Bali, Fiji and Hawaii are their remote locations, pristine beaches, natural surroundings and overall magnificent fauna and flora.

If the local culture of a host destination is not a tourism attraction *per se*, how does it fit into the overall tourism paradigm? After all, Polynesian locales offer tourists the ability to experience unique local cultures that are laden with interesting, historic folklore (Jaya, 2002; Connell, 2003). For example, the staged luau that the majority of American tourists attend during their Hawaiian sojourns (Rosenbaum and Spears, 2005) reinforces a commoditized vestige of indigenous island men as warriors and women as exotic beings moving to the soothing musical tones on a moonlit beach. Upscale tourists in Fiji and Bali relish private accommodations that feature traditional thatched-roof buildings – usually overlooking private, enclosed beaches – that are common in the shanty towns where lower-income locals reside.

From tourists' perspectives, the local culture is a servicescape element (Bitner, 1992) that influences the ambient conditions (e.g. temperature, noise, aromas); space/function layout (e.g. furniture selection, architectural building design, open-air buildings); and signs, symbols and artefacts (e.g. signage, decorations in rooms, hotel lobbies, restaurants) of consumption settings. Rather than being a tourist draw, Polynesian local cultures, albeit authentic or artificial versions, become elements of a place's physical

dimension – essentially, a driver of the consumption setting design that influences a tourist's approach/avoidance behaviour.

On the one hand, Minca (2000) is correct to contend that Polynesian resorts have enmeshed historical and cultural signs, symbols and artefacts into their architectural designs to the extent that they have created secured zones of paradise that are unrecognizable in context and emotion to local populations. On the other hand, marketing planners must create attractive servicescapes that encourage both customers and employees to approach and stay within the setting's confines and to interact socially with each other. More important, if local Polynesian culture is not a tourist attraction as such, but rather a servicescape element, then whether servicescapes incorporate authentic or ersatz local cultural elements is of little concern to marketers. Therefore, answers to the following questions are needed: first, are tourists who vacation in Polynesian destinations interested in experiencing the local host culture? Second, are they even motivated to travel to these remote island destinations because of their desire to experience the local culture, or are they motivated by a need to escape to exotic, distant resorts that offer beautiful sand and beaches?

Purchasing of Hawaiian Cultural Activities and Souvenirs

A tourist destination constitutes various attractions, infrastructures, transportation and hospitality services (Mill and Morrison, 1992). Hu and Wall (2005) best summarize these thoughts by noting that the climate, ecology, traditional architecture, land forms and culture represent the 'primary features' of a destination, which by and large remain uninfluenced by tourism development. The culture of a destination encompasses the entertainment, food and drink, hospitality, architecture, museums, costume festival, folk dance performance, arts and crafts and other memorabilia found at a particular locale (Goeldner and Ritchie, 2003). Goeldner and Ritchie (2003) further emphasize that tourists often seek destinations that have a favourable and unique history, which manifests in different areas, including work, dress, architecture, handicrafts, history, language,

religion, education, traditions, leisure activities, art and music and gastronomy (see also Ritchie and Zins, 1978). Notably, consumer researchers are increasingly finding that people travel to cultural/ethnic festivals (e.g. Yiddish theatrical events, Hispanic events), parades (e.g. gay/lesbian pride events) and even restaurants located in culturally rich areas (e.g. Little Italy, Chinatown) to help them retain a semblance of kinship to other people who share a common ancestry, tradition or blood (Hirschman, 1985; Halter, 2000).

Perhaps it is intuitive that tourists are motivated to travel to a particular destination because of its cultural offerings. For example, in a recent issue of *Journal of Vacation Marketing*, which explores cultural tourism, Rosenbaum and Spears (2005) emphasize that American tourists vacationing in Honolulu are more likely to partake in cultural activities (e.g. visiting cultural and historic sites, museums and art galleries) or participate in a Polynesian luau than Japanese tourists. However, anecdotal evidence based on Rosenbaum and Spears' personal experiences in Honolulu suggests that these sites are staged for tourists, promoting an ersatz vision of Polynesian culture that no longer exists outside the tourist realm. However, McKercher *et al.* (2006) reveal that tourists do not necessarily plan to partake in local, community cultural festivals, but when they opt to do so, their decisions are based on convenience or are by happenstance. Thus, the researchers question whether marketing planners should allocate promotional dollars to promote local, cultural festivals to potential tourists.

In addition, other researchers have argued that tourists are not necessarily interested in purchasing souvenirs that highlight the history of a site's culture. Oh *et al.* (2004) conclude that female travellers between the ages of 51 and 60 are the prime segment for purchasing local arts and crafts, while tourists younger than 40 years are unlikely to express any interest in these types of souvenirs. This finding supports Moscardo's (2004) report that tourists interested in experiencing indigenous cultures and in meeting locals tend to allocate monies toward activities and attractions rather than to souvenirs.

A basic premise of the Bali Syndrome is that Hawaiian travellers are quite content with spending time in an ersatz version of a local

culture. Therefore, one must question whether tourists are actually interested in partaking in cultural events or in purchasing souvenirs that educate them about the nature of Hawaiian culture or history.

Study 1: Tourist Consumption of Cultural Souvenirs

A convenience sample of 308 American domestic and international tourists visiting Waikiki Beach volunteered to participate in this study about souvenir purchases. Of the respondents, 122 were from the USA, 123 were from Japan, 44 were from Europe and 20 were from Canada. In addition, all the respondents were 18 years of age or older. The instrument for this study explores interest among tourists in Hawaii regarding both their planned purchasing of a variety of cultural souvenirs and their desire to partake in cultural experiences during their stay. To ensure the face validity of the questionnaire, items were created with the assistance of the Hawaii Department of Business Economic Development and Tourism, Hawaii Tourism Authority and the Hawaii Visitors and Convention Bureau. The questionnaires were available to respondents in either English or Japanese and were administered by either American or Japanese speakers.

Results

Interest in Hawaiian culture and history

A one-way multivariate analysis of variance (MANOVA) was conducted to determine the

effect of a tourist's country of origin on two dependent measures: interest in Hawaiian culture and history. Respondents assessed both questions on five-point scales anchored by 1 ('not at all') and 5 ('very much'). To overcome the challenges of the unbalanced design, the Pillai's Trace was used to interpret the omnibus F test. Significant differences were found among the two questions on a tourist's country of origin: Pillai's Trace criterion = 0.20, $F(6, 606) = 11.38$, $p < 0.001$. Analyses of variance (ANOVA) on each dependent variable were conducted as follow-up tests to the MANOVA, as Table 10.1 illustrates. Because of violations in the homogeneity of variance assumptions, the Games–Howell test was employed to evaluate each respective F value. By means of the Bonferroni method, each ANOVA was tested at the 0.025 level. The ANOVA on interest in learning about the local Hawaiian culture ($F(3, 303) = 9.36$, $p < 0.001$, $\eta^2 = 0.14$) and Hawaiian history ($F(3, 303) = 15.06$, $p < 0.001$, $\eta^2 = 0.18$) were significant.

In general, tourists in Hawaii revealed a strong overall interest in both the culture ($M = 4.02$) and the history ($M = 3.89$) of Hawaii. However, the pairwise results reveal that while American, Canadian and European tourists express a strong interest in Hawaiian culture and history, Japanese tourists are significantly less interested ($M = 3.65$ culture, $M = 3.42$ history).

After tourists from the US west coast and east coast, Japanese tourists represent the third-largest tourist segment to Hawaii (Hawaii Department of Business, Economic Development, and Tourism, 2007); thus, their lack of interest in the Hawaiian culture significantly influences the services the state should develop for their pleasure.

Table 10.1. Interest in learning about local culture and history.

Interest in learning about local culture/history	USA	Japan	Canada	Europe	Avg.	F
Hawaiian culture	4.29 ^a	3.65 ^b	4.30 ^a	4.16 ^a	4.02	9.36*
Hawaiian history	4.18 ^a	3.42 ^b	4.15 ^a	4.30 ^a	3.89	15.06*

* $p < 0.001$.

1 = 'not interested', 5 = 'very interested'

Notes: Means that do not share a common superscript differ significantly (Games–Howell test).

Interest in specific cultural events

Because culture and history are broad topics, the next analysis uncovers tourists' interest in partaking in eight particular cultural, historical and educational activities during their Hawaiian vacation (see Table 10.2). Because responses to these questions were dichotomous (0 = no, 1 = yes), a Pearson's chi-square test was performed on each item to examine the relationship between a tourist's country of origin and the eight dependent measures.

Overall, the results reveal that across the board, tourists are interested in attending events that feature Hawaiian dance and music, though Japanese tourists are more interested in attending dance and music festivals than American, Canadian or European tourists. However, all tourists in Waikiki can partake in a free nightly Hawaiian dance and music event in front of the Royal Hawaiian Shopping Center. While this experience enhances a tourist's shopping experience, the free performance also diminishes his or her need to pay to attend dance and music events.

The results reveal that 60% of American tourists are interested in attending events that educate them on Hawaiian storytelling and myth and ancient Hawaiian history, but only 52% are interested in learning about Pearl Harbor, and only 30% are interested in learning about the history of the Hawaiian kingdom and its sovereignty. Less than one-third of American

respondents are interested in attending a Hawaiian luau per se, though perhaps this view would change if the luau was packaged as a means to learn about ancient Hawaii, storytelling and myth. Moreover, less than half of American respondents are interested in attending events that are based on local arts and crafts or Polynesian history.

As a more apparent sign of the Bali Syndrome, with one exception (i.e. European tourists and Polynesian history), none of the other cultural events were of interest to more than 50% of the respondents by their country of origin. Therefore, the results reveal ambivalence and even negativity among tourists toward attending cultural events during their vacations. In addition, because many Hawaiian hotels and resorts provide their guests with free Hawaiian music and dance experiences in the lounge and pool areas, it is unclear whether tourists would pay for these experiences.

Interest in purchasing cultural souvenirs

Quite startling are the results of the next analysis, which again reveal the existence of the Bali Syndrome among tourists in Hawaii. The objective of this analysis was to probe whether tourists plan to purchase souvenirs based on local Hawaiian culture. More specifically, respondents were asked their level of agreement to the following questions: 'I plan to purchase CDs, DVDs, books or books on tape about: (i) Hawaiian

Table 10.2. Interest in Hawaiian culture and historical activities.

Interest in attending the following events that are based on the following topics:	USA	Japan	Canada	Europe	χ^2
Hawaiian dance and music	0.61 ^a	0.73 ^b	0.55 ^{ab}	0.52 ^a	8.26**
Hawaiian arts and crafts	0.40 ^a	0.10 ^b	0.35 ^a	0.27 ^a	30.98***
Hawaiian luau	0.28 ^a	0.07 ^b	0.30 ^a	0.25 ^a	19.60***
Hawaiian storytelling and myth	0.61 ^a	0.33 ^b	0.35 ^b	0.34 ^b	23.42***
Polynesian history	0.34 ^a	0.32 ^a	0.40 ^{ab}	0.57 ^b	9.50**
Ancient Hawaiian history	0.61 ^a	0.35 ^b	0.50 ^{ab}	0.50 ^{ab}	16.85***
Hawaiian kingdom and sovereignty history	0.34 ^a	0.15 ^b	0.20 ^{ab}	0.11 ^b	15.75***
Pearl Harbor history	0.52 ^a	0.36 ^b	0.45 ^{ab}	0.39 ^{ab}	7.04*

0 = 'no', 1 = 'yes'

*** $p < 0.001$, ** $p < 0.05$, * $p < 0.10$.

Notes: Means that do not share a common superscript significantly differ (Pearson chi-square).

culture (e.g. Hawaiian music, dance, storytelling, myths and legends); and (ii) Hawaiian ancient history, Hawaiian kingdom and sovereignty or Pearl Harbor. The results appear in Table 10.3.

A MANOVA statistical procedure was performed to investigate the effect of a respondent's country of origin on the two dependent measures (purchase intentions on Hawaii cultural and historical souvenirs). Respondents assessed both questions on five-point scales anchored by 1 ('not at all') and 5 ('very much'). Only moderate significant differences were found among the four groups: Pillai's Trace criterion = 0.04, $F(6, 606) = 1.82$, $p = 0.09$. Because the omnibus F ratio was moderately significant, ANOVA procedures on each dependent variable were conducted as follow-up tests to the MANOVA. By means of the Bonferroni method, each ANOVA was tested at the 0.025 level. The ANOVAs on purchase intentions regarding Hawaiian culture ($F(3, 303) = 1.35$, $p = 0.26$, $\eta^2 = 0.01$) and Hawaiian history ($F(3, 303) = 2.45$, $p = 0.09$, $\eta^2 = 0.02$) were not significant.

Overall, the results reveal that tourists in general do not plan to purchase souvenirs that are based on either Hawaiian culture ($M = 2.60$) or history ($M = 2.66$). Thus, although tourists may find it pleasurable to be entertained with Hawaiian dance and music while they shop at the Royal Hawaiian Shopping Center or lounge at the Halekalanani Hotel on Waikiki Beach, as well as to learn about Hawaiian culture, they do not intend to pay for Hawaiian cultural memorabilia or to partake in many events that are based on the Hawaiian culture. Thus, the question is

whether an interest in Hawaiian culture motivates tourists to explore the Polynesian isle or whether the culture is more analogous to a nicety that enhances the tourist experience. Study 2 explores this question in more depth.

Study 2: Motivations for Travelling To Hawaii

According to the Bali Syndrome, tourists are driven to vacation at locales such as Bali, Fiji and Hawaii because of their remoteness, climate, beaches and natural beauty, rather than because of a desire to experience the local host cultures. Thus, the goal of this study is to explore tourists' motives for vacationing in Hawaii.

A convenience sample of 103 American and 285 Japanese tourists visiting Waikiki Beach volunteered to participate in this study regarding souvenir purchases. Each respondent received a free box of chocolate-covered macadamia nuts for participating. Because of Japanese tourist prevalence in Waikiki during the questionnaire administration and because macadamia nuts are often given by Japanese tourists as *omiyage* gifts, participation among Japanese tourists was high. All the respondents in the study were 18 years of age or older.

The instrument for this study is based on Pearce and Lee's (2005) 72-item Tourist Motivation Scale. A reduced motivation scale based on the work of Pearce and Lee was generated through a selection of items that had a factor

Table 10.3. Purchase intentions regarding souvenirs.

Plan to purchase local culture/history souvenirs during my vacation	USA	Japan	Canada	Europe	Avg.	F
Souvenirs regarding Hawaiian culture	2.50	2.65	2.40	2.81	2.60	1.26
Souvenirs regarding Hawaiian history	2.58	2.75	2.20	2.84	2.66	2.21*

1 = 'strongly disagree', 5 = 'strongly agree'

* $p < 0.10$.

Notes: Souvenirs include CDs, DVDs, books and books on tape about Hawaiian culture, including Hawaiian music, dance, storytelling and myth. History includes the same items based on Hawaiian ancient history, Hawaiian Kingdom and sovereignty history or Pearl Harbor.

loading of 0.70 or higher based on the results of a principal components analysis. The use of a reduced motivation scale created a scale that was thorough but practical for actual tourists to take, given time and reward constraints. Items that had a factor loading of 0.70 or higher were used because they generated a more realistic 32-item motivational scale and represented the items that had the least amount of measurement error. Pearce and Lee (2005) employ principal factor analysis to generate their motivational scale; thus, all the factor loadings are artificially high as a result of measurement error. Therefore, by selecting items that had a minimum factor loading of 0.70, a parsimonious and more accurate tourist motivation scale was generated. Table 10.4 illustrates the items.

Results

American motives

The American and Japanese respondents were split into two groups. Next, the respondents' responses regarding their motivations for travelling to Hawaii were subjected to a two-step cluster analysis. Of the American respondents, 67% were classified into a cluster based on the similarity of responses to the 32 various motives, and 33% were classified into a second cluster. According to the means on their responses, the first cluster was labelled 'Escape Pressure', and the second cluster was labelled 'Family Getaway'. Five respondents did not belong to either category.

With regard to respondents' motivation to visit Hawaii for cultural reasons, respondents in Escape Pressure were ambivalent, and those in Family Getaway were in agreement. For example, the mean responses to 'develop my knowledge of the area', 'meeting the locals' and 'observing other people in the area' were 4.47, 4.41 and 4.06, respectively. However, those in the Family Getaway also reported higher motivation responses to 'do something with my family/friends' ($M = 4.91$), 'strengthen relationships with my family/friends' ($M = 4.84$) and 'doing things with my companion(s)' ($M = 4.69$) than to Hawaiian cultural motives.

The results of a two-way contingency table analysis show significant differences between

the two groups regarding the size of their travelling party (Pearson $\chi^2(2, N = 98) = 7.06, p = 0.03$). Although 50% of the first cluster travelled to Hawaii with one person, only 22% of the second cluster did so. Also, 60% of the respondents in cluster 2 travelled to Hawaii with three or more people, compared with 38% in cluster 1. The results suggest interest in Hawaiian culture prevails among a small cluster of American tourists who are likely to travel to Hawaii with their families and who probably express an interest in local culture and history as a means to educate their children.

Japanese motives

The responses to the 32 motivational items were exposed to two-step cluster analysis. Similar to the findings among the American respondents, the Japanese respondents were classified into two groups according to their answers to the motivational items. Of the Japanese respondents, 141 were placed in the first cluster, labelled 'Escape Pressure', and 101 were placed in the second cluster, labelled 'Nature Getaway'. Forty-three Japanese respondents were not classified into one of the two clusters.

The results from Table 10.4 reveal that respondents in the Escape Pressure cluster are not motivated to vacation in Hawaii because they want to develop their knowledge of the area, to meet the locals or to observe other people in the state. In contrast, those in the Nature Getaway cluster are motivated to become close to nature ($M = 4.58$) and to 'get a better appreciation of nature' ($M = 4.50$). Although these respondents are motivated to develop a knowledge of the area ($M = 4.51$), similar to cluster 1, they also are motivated to vacation in Hawaii to escape everyday psychological stress and pressure ($M = 4.55$).

Overall, the results suggest that American or Japanese tourists are not motivated to vacation in Hawaii primarily for the sake of learning more about the local Hawaiian culture or even engaging with locals. Clearly, a unique Hawaiian culture adds to the panache of travelling to Hawaii. The artificial cultural artefacts of scantily clothed Adonis-like Polynesian men and of beautiful hula dancers engaged in traditional music and dance performances serve to enhance the services offered by contemporary

Table 10.4. Means on motivational items.

Motivation items	American		Japanese	
	Escape pressure (67%)	Family getaway (33%)	Escape pressure (58%)	Nature getaway (42%)
Getting away from everyday psychological stress/pressure	4.20	4.47	4.14	4.55
Getting away from the usual demands of life	4.03	4.25	4.03	4.49
Doing things with my companion(s)	3.79	4.69	3.80	4.35
Doing something with my family/friends	3.97	4.91	3.82	4.50
Strengthening relationships with my family/friends	3.97	4.84	3.77	4.53
Being independent	3.23	4.66	3.12	4.22
Being obligated to no one	2.97	4.31	3.12	3.85
Doing things my own way	2.82	4.19	3.18	4.11
Being close to nature	3.21	4.28	3.62	4.58
Getting a better appreciation of nature	3.26	4.16	3.35	4.50
Being harmonious with nature	3.12	4.16	3.24	4.41
Developing my knowledge of the area	3.47	4.47	3.61	4.51
Meeting the locals	3.14	4.41	3.35	4.39
Observing other people in the area	3.03	4.06	3.47	4.35
Feeling excitement	3.83	4.25	3.96	4.57
Having daring/adventuresome experience	3.39	4.16	3.65	4.47
Experiencing thrills	3.35	4.13	3.02	3.64
Experiencing the risk involved	2.83	3.91	2.46	3.05
Develop my personal interests	3.05	4.25	3.59	4.49
Developing my skills and abilities	3.05	4.44	3.27	4.50
Being with respectful people	3.55	4.66	3.28	4.20
Being near considerate people	3.58	4.53	3.50	4.51
Working on my personal/spiritual values	3.14	4.41	3.11	4.16
Being away from the crowds of people	2.73	3.28	3.01	3.43
Enjoying isolation	2.41	3.31	2.78	3.41
Thinking about good times I've had in the past	2.89	3.84	2.49	3.14
Reflecting on past memories	2.94	3.97	2.60	3.08
Having romantic relationships	3.53	4.50	3.40	4.10
Showing others I can do it	2.47	4.03	2.09	2.20
Being recognized by other people	2.59	4.00	2.13	2.13
Leading others	2.45	3.69	2.19	2.45
Having others know that I have been there	2.42	3.59	2.10	2.00

resorts and retail organizations, as well as the natural beauty of the state, which enhances the overall vacation experience. However, as the Bali Syndrome portends, tourists in Hawaii are not interested in purchasing authentic cultural artefacts, nor are they motivated to travel to the locale by a desire to immerse themselves in the local culture.

Discussion

This study provides marketers and tourism planners with useful information regarding their advertising and segmentation strategies in exotic Polynesian destinations. Although, in general, tourists in Hawaii hold favourable attitudes toward an interest in learning about the local Hawaiian culture and history, their interest is quite shallow because their expressed desire to purchase authentic Hawaiian cultural memorabilia is non-existent.

This examination supports Minca's (2000) the Bali Syndrome by empirically demonstrating that tourists are unmotivated to learn about the authentic Hawaiian culture and history of the destination. The ersatz culture, which Hawaiian hotels and shopping centres complementarily offer to tourists to enhance their service offerings, seems to be acceptable among American and Japanese tourists. Pursuing knowledge in the local area or interacting with the local people is not a reason for tourists to seek temporary sojourns in exotic Polynesian destinations. Indeed, the inauthentic, but quite enjoyable, music and dance performances that most tourists see gratis may be all the culture they want to digest during their vacations.

Minca's (2000) contention regarding the Bali Syndrome was that contemporary hotel and resorts are actually destroying the local host culture by bestowing on tourists to Polynesian destinations a phony, obsolete, Disney-like staged culture that, in turn, serves to alienate the locals by driving a wedge between legitimacy and fiction. All these contentions are valid and, for the most part, true. However, from a marketing perspective, tourists travel to Hawaii to escape the pressure of everyday life, to enjoy nature and to enjoy the beaches, not to experience the realities that transpire outside the

resorts' confines. The fictitious Polynesian culture is experienced by most tourists in Hawaii. This exotic illusion remains on their minds and in their words when they go home. Also, this fictitious culture draws new tourists to Polynesian destinations. Rather than viewing the Bali Syndrome as an anathema to a host Polynesian culture, perhaps the syndrome is a constructive phenomenon that protects the tourism industry in several destinations by ensuring that current and potential tourists retain surreal attitudes toward these destinations, which encourage approach rather than avoidance behaviours.

Training Exercise Questions

1. From a Servicescape Framework perspective, should marketing and tourism planners respond to the existence of the Bali Syndrome?
2. From a tourism-marketing ethical perspective, should marketing and tourism planners respond to the existence of the Bali Syndrome?
3. From a cause-related perspective, should marketing and tourism planners respond to the existence of the Bali Syndrome?
4. From an ecotourism perspective, should marketing and tourism planners respond to the existence of the Bali Syndrome?

Training Exercise Solutions

1. From a Servicescape Framework perspective, should marketing and tourism planners respond to the existence of the Bali Syndrome?

Bitner (1992) defines a servicescape as man-made, physical elements, rather than natural or social elements, contained in a built environment, which arouse internal responses among consumers and employees in service organizations. These responses include cognitive (e.g. beliefs), emotional (e.g. mood) and physiological (e.g. comfort) responses that stimulate people's approach and avoidance behaviours as well as social interaction between and among customers and employees. Given this definition, a servicescape should be designed solely to encourage customers and employees to approach an establishment, as opposed to educating

customers and employees about the local culture. Tourism and marketing planners who focus only on creating servicescapes that appeal to customers and to employees may ignore any ill effects regarding the Bali Syndrome.

2. From a tourism-marketing ethical perspective, should marketing and tourism planners respond to the existence of the Bali Syndrome?

Wheeler (1995) suggests that marketers adopt a societal marketing perspective in which a company develops an integrated marketing programme which generates long-run profitable sales volume and satisfies the long-term wants of its customers and other parts of society affected by the firm's activities. This perspective suggests that hospitality organizations can continue fashioning artificial servicescapes that generate long-term profitability; however, these organizations also have a social responsibility to their host nations and local cultures.

However, Wheeler (1995) emphasizes that social responsibility includes an international hospitality organization adhering to established human resource and 'green marketing' laws, regulations, policies and guidelines of the host nation. Although the preservation of a local host culture is clearly a socially responsible endeavour, the manner in which an international organization pursues this activity is less lucid than it following established laws or procedures pertaining to employment or waste disposal issues.

As such, by adhering to a tourism-marketing perspective, an international organization will adhere to all applicable laws and regulations of a host nation, which implies that support and education of a local culture may fall by the wayside. Thus, socially responsible tourism and marketing planners who obey the laws, rules and regulations of a host nation will most likely fail to respond to the Bali Syndrome.

3. From a cause-related perspective, should marketing and tourism planners respond to the existence of the Bali Syndrome?

Cause-related marketing is defined as a marketing activity that firms undertake to contribute a specified amount of resources to a designated cause when customers engage in revenue producing activities that satisfy organizational and consumer objectives (Varadarajan and Menon, 1988). An international hospitality organization can choose to contribute to any

cause that is meaningful to their target customers. Therefore, hotels and resorts that operate in Polynesian locales that are susceptible to the Bali Syndrome can participate in cause-related marketing by supporting a local host culture. For example, international hospitality organizations may contribute resources to local museums, libraries, travelling exhibits, schools, educational programmes and so forth.

Indeed, the marketing managers of Polynesian-based hotels and resorts are likely to discover that their customers appreciate the fact that a portion of their spending is being allocated to support not-for-profit endeavours that support the development and sustainability of the local culture. Therefore, from a cause-related perspective, marketing and tourism planners should respond to the Bali Syndrome by supporting not-for-profit efforts to develop and to sustain local cultures in their host nations.

4. From an ecotourism perspective, should marketing and tourism planners respond to the existence of the Bali Syndrome?

Ecotourism is conceptualized as a non-consumptive (i.e. minimal negative impacts on the host environment), educational and romantic tourism to relatively undisturbed and under-visited areas of immense natural beauty, and cultural and historical importance for the purposes of understanding and appreciating the natural and socio-cultural history of the host destination (Sirakaya *et al.*, 1999).

Although Bali, Fiji and Hawaii are not necessarily under-visited areas, hotels and resorts that employ an ecotourist perspective are obligated to respond to the Bali Syndrome by enhancing the interaction, understanding and coexistence between visitors and locals and by contributing to the economic (monetary profits and job opportunities) and social well-being of the local people (Sirakaya *et al.*, 1999). Interestingly, hospitality organizations that employ an ecotourism perspective would attempt to fashion a servicescape that is not only culturally correct but also 'environmentally friendly' in terms of natural resource usage. Furthermore, rather than focus on a physical servicescape, eco-tourism suggests that organizations develop a 'social servicescape', referring to tourism that encourages active involvement of the local population with visitors.

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11 Advertising Travel Services to the Business Traveller

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Synopsis

Given the relative importance of business travellers to the travel industry, this study focuses on the motives that underlie business travel. Past empirical and anecdotal evidence suggests that general travel motives may be divided into a variety of functional/utilitarian motives, often linked to business travellers, and numerous experiential motives, often associated with leisure (non-business) travellers. Using Pollay's theory of advertising as a mirror of market values, a content analysis of ads from leading business magazines in 11 culturally diverse markets yields three primary motives and two secondary motives for business travellers. Further, the analysis identifies key variations in the relative importance of these motives between cultures. The findings provide important insights for travel firms marketing their services across cultures.

Introduction

The fact that the events of 9/11 changed the travel industry goes without much dispute. Increasingly complicated regulations regarding identification and carry-on luggage keep the events ever-present in the traveller's mind. A great deal of research has examined the impact of the event on overall expenditures on travel, the resulting long-term and short-term impacts on the travel industry, and changes in corporate policies (O'Neill and Lloyd-Jones, 2002; Atkins *et al.*, 2003; Scott, 2003; Bonham, 2006; Booth, 2006). While indicators of some recovery exist (Sharkey, 2001; Nickerson, 2002; Nickerson and Dillon, 2003; Coulter, 2006), many industry practitioners conclude a complete return to the old days is unlikely and significant recovery

will be a long time in coming (Arndt *et al.*, 2002; Bonham, 2006).

In the wake of the events of 9/11 and the growing realization that things may never return to business as usual, travel industry professionals are facing the reality of a new business world. With this new environment of travel and indicators suggesting that business travel is recovering more quickly, successful travel providers must re-evaluate their approaches to the market. With reduced demand and oversupply, successfully accommodating the business traveller may become the difference between those who survive and those who do not.

Most professionals in the travel industry, including transportation, lodging, dining, resort and conference planners have long recognized the importance of the business traveller.

Corporate travel expenditures are in the billions (Chircu and Kauffman, 2000; Johnson and Sherlock, 2001). While business travellers do not constitute the majority in raw numbers, they do contribute substantially – more than 50% of the travel industry revenues (Stephenson and Bender, 1996).

Industry professionals have acknowledged that the business traveller and the pleasure traveller are different. Although they share some characteristics, these two groups often are treated as unique and different segments (Drea and Hanna, 2000). In addition to the obvious conclusion that they spend more than pleasure travellers, business travellers may have unique needs and expectations (Toh *et al.*, 1996; Drea and Hanna, 2000; Kashyap and Bojanic, 2000).

In spite of common segmentation practices, researchers have done a less-adequate job of examining the business traveller. Most marketing travel research focuses on pleasure travellers (Snepenger and Milner, 1990; McCleary *et al.*, 1993). Gilbert and Morris (1995a,b) point out that business travel is an under-researched area and a better understanding of what accounts for satisfaction for the business consumer is needed.

This need is increasingly important as the nature of business travel changes and the competition for the declining business traveller market intensifies. Even before September 11, business travel expenditures were on the decline (Stephenson and Bender, 1996). In part, this decline had been due to a rise in viable travel substitutes such as telecommunications and other technology (Coddington, 1993; Stephenson and Bender, 1996; Withiam, 1996). The decline results from unmet changing needs of the business traveller (Stephenson and Bender, 1996), the decline in service from the industry (Stephenson and Bender, 1996), the desire to control expenses (Chircu and Kauffman, 2000) and obvious security concerns arising from terrorist-related world events (Chircu and Kauffman, 2000). Even though some studies indicate that business travel will not be seriously affected by the threat of terrorism (Marketing Management, 2001; Coulter, 2006), other studies find a negative impact on business travel resulting from terrorist threats (Mecham, 2001; Pollard, 2002; Bonham *et al.*, 2006). Competition for business travel dollars is becoming fierce (Perdue and Gustke, 1992).

Internationalization in the business world complicates the lack of understanding of the business traveller. Approximately 14% of travel expenditures come from international travellers (TIAA, 2000). Roberts (1998) reports international travel accounted for 595 million trips in 1996, a 77% increase over a 10-year period. Now, more than ever, travel service providers need to understand the needs, wants and desires of the business traveller and strive to meet them. Gunderson *et al.*, (1996) conclude that managers need to know what travellers consider to be important in order to manage quality. Unfortunately, not enough empirical research yields findings with practical applications (Gunderson *et al.*, 1996).

Once the needs and wants of business travellers are better understood, advertising and communication strategies that more effectively target this segment can be created and implemented. Researchers conclude that advertising plays a vital role in tourist destination marketing strategies (Manfredo *et al.*, 1992; Smith and MacKay, 2001) and that effective advertising improves occupancy rates (Lubetkin, 1999). Furthermore, a recent study found that business travellers were influenced by advertising and promotion in their search for lodging; print advertising was among the most useful advertising forms according to the study's respondents (Laskey *et al.*, 1994; Lubetkin, 1999). In light of the industry's competitive nature, examination of travel service advertising targeting business travellers is vital.

This chapter examines the content themes in international travel services advertising. A review of the existing travel literature yields a number of potentially important motivations for travel. While business travellers obviously have unique needs, some overlap between business travellers and pleasure travellers exists. Following a review of the relevant travel literature, this study seeks to examine the relative importance that advertising practitioners place on the specific travel motives used in a business context. A content analysis of travel ads targeted to business and professional readers from 11 distinct cultures yields some interesting insight into the use of various appeals defined by Pollay (1983) and the variation in the frequency of these appeals across cultures. This examination serves as the basis for a discussion of business travel motivations and suggestions for future research.

Travel Motivators

Very little research exists that examines advertising appeals in relation to the business traveller. Manfredo (1989) concludes that people respond better to travel advertisements that appeal to their interests. Once a clear understanding of business travellers' needs and wants are established, related advertising appeals can be identified.

While much of the research on travel motivation focuses on the pleasure or leisure traveller, some researchers examine the business traveller. Kashyap and Bojanic (2000) note several differences between the needs of the two segments. For example, among business travellers, the quality and distinctiveness of the public areas was a major factor in their decisions and evaluations. This feature played little or no role with the leisure traveller. Convenience and comfort factors often are desired by the business traveller (Gilbert and Morris, 1995a, b; Woods, 2000). Modern business equipment, high-tech amenities in lodging accommodations and the space to entertain clients are noted as determinant attributes in business travellers' decisions (Blank, 2000; Brennan, 2000). So, while customers who travel for pleasure are likely to view the consumption as more experiential and an end unto itself, business travellers have a more functional, utilitarian approach to travel; travel to these individuals is a means to an end rather than an end unto itself.

In addition to those motives noted as particularly important for business travellers, both business and pleasure travellers share many other motives. Withiam (1995, 1997) reports that many business travellers desire more time to enjoy themselves when they travel, and they are increasing the length of business trips to take personal time. That study reports that 70% of business travellers combined leisure activities with their trips (Withiam, 1997). More than one-half of the travellers take a spouse along at least once a year and about one-third will take the entire family (Withiam, 1997).

Much of the travel research suggests experiential motives for travel. These reasons include many traditional leisure motivations. People travel to escape and to relax (Iso-Ahola,

1979; Unger and Kernan, 1983; Hirschman, 1984; Woodside and Jacobs, 1985; Fisher and Price, 1991; Sukbin *et al.*, 1995). People travel for enjoyment and self-reward (London *et al.*, 1977; Woodside and Jacobs, 1985; Sukbin *et al.*, 1995). While some people travel to relax, others travel for adventure. These consumers may be motivated by the opportunity to explore, face risks and danger or to do something novel or daring (Vester, 1987; Jamrozy and Uysal, 1994; Sukbin *et al.*, 1995). Other travellers seek arousal (Unger and Kernan, 1983).

Clearly these travel motives are useful in attracting the pleasure traveller; however, some evidence suggests the same appeals might attract the business traveller as well. Business travel research confirms that some of these consumer motives also are important to the business traveller. Gilbert and Morris (1995a, b) conclude that business travellers find experiencing new and different things to be satisfying. Gunderson *et al.* (1996) indicate that business travellers also desire comfort. Gilbert and Morris (1995a, b) state leisure is important to business travellers.

Safety, cleanliness, and healthiness appear in literature for both business and pleasure travel. Cleanliness is important to many travellers (Hart, 1993; Gilbert and Morris, 1995a, b). Hart (1993) reports the need for safety. Staying healthy matters to consumers and may be expressed as the desire for fitness facilities (Hart, 1993; Gunderson *et al.*, 1996; Withiam, 2000), the availability of healthy food (Hart 1993; Withiam, 1995) or general healthy environment (Gilbert and Morris, 1995a).

Many people are motivated by luxury and prestige. Bernstein (1999) provides an extensive look at luxury in travel. He indicates that business travellers often view luxury differently from leisure travellers. Some business travellers are motivated by the prestige associated with travel. Gilbert and Morris (1995a, b) report many travellers are 'concerned with their self-image and how they are perceived by others' and are motivated by prestige, status, reputation, recognition and importance. Business travel choices are influenced by a status motivation (McIntosh *et al.*, 1995; Sukbin *et al.*, 1995).

In addition to the traditional leisure motivations, business travellers often are motivated by practicality and functionality (Blank, 2000; Brennan, 2000; Woods, 2000). They travel with

a purpose and a task to complete. These travellers have some unique needs compared to pleasure travellers. Business travel literature often mentions effectiveness (Bell and Morey, 1997; Withiam, 2000), efficiency (Gunderson *et al.*, 1996), convenience (Hart, 1993; Gilbert and Morris, 1995a; Gunderson *et al.*, 1996; Bell and Morey, 1997; Bernstein, 1999; Withiam, 1999, 2000) and productivity (Gilbert and Morris, 1995a).

Although this chapter focuses on business travel, the blurred lines between business and leisure travel suggest the question of family travel. Researchers indicate a kinship motivation for travel (Woodside and Jacobs, 1985; Fisher and Price, 1991; Sukbin *et al.*, 1995). Reports in the business travel literature are mixed (Withiam, 1997, 2000).

Finally, many consumers base travel decisions on economy and casualness. These needs may apply to both pleasure and business travellers. Having casual and inexpensive alternatives may drive some consumers' decisions (Hart, 1993). More and more businesses are forcing business travellers toward more economical choices (Bell and Morey, 1997; Chircu and Kauffman, 2000). Price appears to matter to business travellers (Hart, 1993). On the other hand, at least one study reports that business travellers will pay more when their business needs are met (Bell and Morey, 1997).

Advertising Appeals

Consumption motivations appear in advertising in the form of message appeals. Many scholars reinforce the concept that advertising practice is reflective of the values, needs and wants observed within a culture (Pollay, 1986, 1987; Holbrook, 1987; Albers-Miller and Gelb, 1996; Cheng and Schweitzer, 1996).

Pollay's (1983) comprehensive study of advertising identifies 42 different advertising appeals that he considers an exhaustive categorization of all advertising appeals. Past research (Albers-Miller and Stafford, 1999; Albers-Miller and Straughan, 2000) finds, however, that not all of Pollay's advertising appeals are meaningful in a services context. For the service industry, these studies developed an appropriate

subset of appeals. The present research follows a similar approach.

Past travel motivation research was compared with Pollay's list of advertising appeals. This comparison yielded a subset of 18 potentially meaningful ad appeals for travel advertising. Pollay's (1983) original work contains a detailed explanation of each, but Table 11.1 presents the germane appeal types and some important themes of each.

Method

A content analysis of magazine travel ads from 11 countries was conducted. The ads consisted of advertisements for both travel service providers (e.g. hotels) and for destinations (e.g. countries, regions and resort locations). The countries in this study were selected to assure cultural diversity. Cultural diversity was determined using Hofstede's (1980) cultural model. Hofstede's seminal study yields four dimensions of culture: Individualism, Uncertainty Avoidance, Power Distance and Masculinity. Hofstede cluster analysed the countries included in his study. No two countries in this study appeared within the same cluster in Hofstede's 11-cluster solution. The 11 countries included in the study were Japan, Taiwan, India, South Africa, Israel, France, Finland, Brazil, Chile, Mexico and the USA.

Print advertisements were used in this study. Business and professional publications with national circulation were explored. Two indices of international publications were utilized to locate suitable publications (*Ulrich's International Periodicals Directory* and *Gale's International Directory of Publications*). Foreign nationals from the countries (generally members of the country's consulate office or embassy) reviewed the possible selections generated by these indices before a final selection was made.

Publications directed toward business and professional readers yield a very homogeneous readership (Albers-Miller and Gelb, 1996). Because of the similarity of the readership across countries, observed differences in appeal use can be more easily attributed to cultural differences rather than variation in target market.

Table 11.1. Selected Pollay appeal themes.

Appeal	Themes
Adventure	boldness, daring, bravery, courage, seeking adventure, thrills or excitement
Casual	unkempt, dishevelled, messy, disordered, untidy, rugged, rumpled, sloppy – casual, irregular, non-compulsive, imperfect
Cheap	economical, inexpensive, bargain, cut-rate, penny-pinching, discounted, at cost, undervalued, a good value
Convenient	handy, time-saving, quick, easy, suitable, accessible, versatile
Effective	feasible, workable, useful, pragmatic, appropriate, functional, consistent, efficient, helpful, comfortable (clothes), tasty (food), strength, longevity of effect
Enjoyment	to have fun, laugh, be happy, celebrate, to enjoy games, parties, feasts and festivities, to participate
Family	nurturance within the family, having a home, being at home, family privacy, companionship of siblings, kinship, getting married
Healthy	fitness, vim, vigour, vitality, strength, heartiness, to be active, athletic, robust, peppy, free from disease, illness, infection, or addiction
Modern	contemporary, modern, new, improved, progressive, advanced, introducing, announcing
Natural	references to the elements, animals, vegetables, minerals, farming, unadulterated, purity (of product), organic, grown, nutritious
Neat	orderly, neat, precise, tidy, clean, spotless, unsoiled, sweet-smelling, bright, free from dirt, refuse, pests, vermin, stains and smells, sanitary
Ornamental	beautiful, decorative, ornate, adorned, embellished, detailed, designed, styled
Productivity	references to achievement, accomplishment, ambition, success, careers, self-development, being skilled, accomplished, proficient, pulling your weight, contributing, doing your share
Relaxation	rest, retire, retreat, loaf, contentment, be at ease, be laid-back, vacations, holiday, to observe
Safety	security (from external threat), carefulness, caution, stability, absence of hazards, potential injury or other risks, guarantees, warranties, manufacturers' reassurances
Sexuality	erotic relations: holding hands, kissing, embracing between lovers, dating, romance, intense sensuality, feeling sexual, erotic behaviour, lust, earthiness, indecency, attractiveness of clearly sexual nature
Status	envy, social status or competitiveness, conceit, boasting, prestige, power, dominance, exhibitionism, pride in ownership, wealth (including the sudden wealth of a prize), trend-setting, to seek compliments
Youth	being young or rejuvenated, children, kids, immature, underdeveloped, junior, adolescent

The largest nationally circulated publication appealing to the business and professional reader was selected from each country. The 11 publications were *Toyo Keizai* (Japan), *T'ien-hsia* (Taiwan), *Business India* (India), *Financial Mail* (South Africa), *Globes* (Israel), *L'Expansion* (France), *Kaupalehti Optio* (Finland), *Exame* (Brazil), *¿Que Pasa?* (Chile), *Expansión* (Mexico) and *BusinessWeek* (USA).

The number of advertisements varied greatly from country to country. Advertisements were selected from all available issues from a 1-year

publication period. If fewer than 50 unduplicated advertisements within a category were available, then all were included. If more than 50 unduplicated advertisements were available, 50 were selected randomly for inclusion. In total, 452 advertisements were included in this study: 32 from Japan, 50 from Taiwan, 50 from India, 42 from South Africa, 11 from Israel, 50 from France, 47 from Finland, 35 from Brazil, 35 from Chile, 50 from Mexico and 50 from the USA.

Once the advertisements were selected, each ad was content analysed for the use of the

various appeals. Each ad was coded as a dichotomous decision as containing the appeal or not. The advertisements were coded, by country, by two individuals raised in the culture. Coders were trained with written, uniform instructions; disagreements were resolved between the coders. Because of the weaknesses associated with measures of intercoder agreement (Kolbe and Burnett, 1991), intercoder reliability was measured by using Perreault and Leigh's (1989) index of reliability (I_r). Reliability was very high, ranging from 0.772 to 0.986. For eight of the groups of coders, the reliability was greater than 0.90. The outcomes of the content analysis served as the inputs for a factor analysis and cluster analysis designed to identify dominant motives and cross-cultural variations.

Results and Discussion

Factor analysis

The 18 appeals of interest in this study were analysed by factor analysis. Using a minimum

eigenvalue of 1.0, principal components analysis yielded five factors. The five factors explain 53.34% of the overall variation. After Varimax orthogonal rotation, all 18 appeals loaded cleanly (0.51 or greater) on one of each of the five factors. Table 11.2 shows the factor loadings.

Factor 1 represents a dimension of business effectiveness. This factor accounts for 29.9% of the variance explained. Appeals to a pragmatic, functional and effective environment, to easy, accessible and convenient services, to contemporary, progressive, clean, safe services/facilities, to accomplished and successful patrons and to improved productivity are included in this factor. Heavy use of these appeals attempts to communicate that the user of these travel services will experience a safe, productive, businesslike environment.

Factor 2 represents a dimension of pleasure. This factor accounts for 27.7% of the variance explained. Appeals to relaxation, enjoyment, adventure, healthy and/or natural environments load on this factor. Heavy use of these appeals attempts to communicate a sense of experiential pleasure through travel.

Table 11.2. Factor loadings.

Appeal	Factor 1 business effectiveness	Factor 2 pleasure	Factor 3 contemporary	Factor 4 status and luxury	Factor 5 family values
Productivity	0.71				
Effective	0.69				
Safety	0.67				
Convenient	0.60				
Neat	0.54				
Enjoyment		0.72			
Healthy		0.68			
Natural		0.66			
Adventure		0.61			
Relaxation		0.61			
Modern			0.87		
Youth			0.81		
Sexuality			0.78		
Ornamental				0.76	
Status				0.56	
Cheap				-0.51	
Casual					0.76
Family					0.60

Factor 3 represents a dimension of contemporary. This factor accounts for 15.6% of the variance explained. Appeals to modern, youthfulness and sexuality load on to this factor. Heavy use of these appeals attempts to communicate that the facilities are modern and state-of-the art and that users of this service are young and sexy.

Factor 4 represents a dimension of status and luxury. This factor accounts for 14.0% of the variance explained. Appeals to ornamentation of the physical environment, prestigious and/or powerful patrons load on this factor. Advertisements for cheap or inexpensive rates load negatively on this factor. Heavy use of these appeals attempts to communicate that the surroundings will be luxurious and the consumer of these travel services should be held in high esteem.

Factor 5 represents a dimension of family values. This factor accounts for 12.7% of the variance explained. Appeals to family togetherness and to a casual, non-compulsive environment load on to this factor. Heavy use of these appeals attempts to communicate that the service provider offers a vacation environment for families.

Chi-square analysis

Use of the appeals loading on each factor varied from country to country. Cross-tabulation tables for each of the 18 appeals were conducted to determine if the appeals were used to a greater or lesser degree across the 11 countries. All 18 chi-square analyses were significant ($p < 0.01$) indicating that between-country appeal usage was not the same across all of the countries.

Cluster analysis

To determine if consistent patterns in the variation across the 11 countries existed, a cluster analysis was performed. Following Albers-Miller and Gelb (1996), the weighted average appeal used per dimension was calculated. This procedure generates comparable mean scores for appeals used by dimension. For example,

the pleasure dimension's average was calculated by summing the scores for the Healthy, Natural, Adventure, Relaxation and Enjoyment appeals and then dividing the total appeals used in the ad. These calculations are then weighted to account for country-by-country variation in appeal use. The number of appeals per ad varied from country to country, which makes direct comparison between countries difficult without this step. Table 11.3 shows the weighted averages for each appeal in each country.

These weighted mean scores for each dimension were then subjected to a Ward's cluster analysis. The results indicate that none of the countries should be joined. This finding is not surprising, given that the countries were selected specifically because they are culturally different (Hofstede, 1980). Therefore, the results must be examined on a country-by-country basis.

Although some similarities between the countries existed, remarkable differences were noted as well. For most of the countries, the most commonly used appeals in business travel services were those to business effectiveness. Eight of the 11 countries, USA (0.60), Israel (0.55), France (0.53), Mexico (0.51), Finland (0.51), India (0.47), Brazil (0.38) and Japan (0.28) relied most heavily on appeals to business effectiveness. In Chile pleasure appeals were used equal to business effectiveness appeals (0.38). In Taiwan (0.17) and South Africa (0.34), business effectiveness appeals are second to pleasure appeals in frequency of usage. Clearly appeals to safety, convenience, effectiveness, productivity, cleanliness and modernization are used commonly to attract a business travel consumer across a wide range of countries and cultures.

As previously mentioned, in Taiwan (0.58) and South Africa (0.36) pleasure appeals take the lead. In many of the remaining countries, pleasure appeals also were important. Pleasure appeals were the second most commonly used appeal type in Japan (0.27), India (0.31), Israel (0.29), Finland (0.32) and the USA (0.18). In France (0.13), Brazil (0.14) and Mexico (0.14), pleasure appeals ranked third following status and luxury appeals.

Status and luxury appeals also appeared frequently. These appeals were the second most

Table 11.3. Weighted mean scores of ad appeal use.

Country	Business effectiveness	Pleasure	Contemporary	Status and luxury	Family values
Japan	0.28	0.27	0.00	0.14	0.00
Taiwan	0.17	0.58	0.01	0.13	0.03
India	0.47	0.31	0.04	0.14	0.04
S. Africa	0.34	0.36	0.05	0.08	0.02
Israel	0.55	0.29	0.00	0.15	0.00
France	0.53	0.13	0.01	0.22	0.04
Finland	0.51	0.32	0.02	0.13	0.02
Brazil	0.38	0.14	0.00	0.18	0.01
Chile	0.38	0.38	0.01	0.23	0.01
Mexico	0.51	0.14	0.01	0.17	0.02
USA	0.60	0.18	0.01	0.07	0.02

Most frequently used appeal for each country in bold.

important appeals in France (0.22), Mexico (0.17) and Brazil (0.18). Status appeals were the third most important appeals in all of the remaining countries, India (0.14), South Africa (0.08), Israel (0.15), Finland (0.13), Japan (0.14), Taiwan (0.13), Chile (0.23) and the USA (0.07).

Contemporary appeals and appeals to family values were much less commonly utilized across all 11 countries. None of the Japanese, Israeli or Brazilian ads contained any vitality appeals. None of the Japanese or Israeli ads contained any family value appeals.

Tourism management applications

Pollay (1986, 1987) contends that advertising appeals evolve to provide a glimpse of the values of the target audience in question. In a Darwinian manner, advertising appeals that do not match the values of the target audience will be dropped quickly or altered to reflect more accurately the values and motives of the audience. Thus, Pollay believes that examining ads allows researchers to make inferences about the values, beliefs and motives of the target audience.

Given Pollay's arguments, this study represents the first comprehensive assessment of business travel motives as reflected in international ad content. Based upon the ads examined, the evidence supports the proposition that business travellers are concerned with more

than the utilitarian aspects of travel. This finding confirms the literature's anecdotal evidence. Also, business travellers are motivated by pleasure- and status-seeking motives and, to a much lesser extent, a need for vitality and/or kinship.

These five motives are not, however, equally valued across cultures. By examining ads from several countries, researchers can show that different cultures place more or less emphasis on the various business travel motives. For example, pleasure appears to be a much stronger motivational force for Taiwanese business travellers than for Mexican travellers. In contrast, Mexican travellers are much more driven by the contribution that the service provider makes to the functional/utilitarian outcome of the trip. In contrast to these two countries, Chile appears to place moderately high emphasis on functional, pleasure- and status-seeking motives. Future research that considers variations in business travel motives in light of established measures of cultural values (e.g. Hall and Hall, 1990; Trompenaars and Hampden-Turner, 1998; Hofstede, 2001) is certainly warranted.

More generally, to target successfully international business travellers, firms should account for appropriate motives in their advertising. While the current study looks at only 11 cultures, the countries chosen represent a diverse set as described by Hofstede (2001). These findings suggest yet again that Levitt's (1983) decades-old call for global standardization of

marketing efforts is overstated; in this case the appeals must be adapted to account for variations in motives if international business travellers are expected to respond favourably.

Limitations

Universal agreement about Pollay's use of ads as a reflection of market values does not exist. Critics of Pollay's approach, led by Holbrook (1987), raise concerns over Pollay's logic of viewing advertising as a mirror of values. As Pollay's use of content analysed ads is at the heart of this research, the results should be tempered in light of arguments from both sides.

An additional limitation is the use of a single magazine per country. While efforts were made to identify the leading business magazine from each country, a more representative study would include multiple magazines from each of the 11 countries. As is often the case with cross-cultural research, however, practical considerations necessitated a consideration of breadth versus depth. Specifically, the researchers were forced to decide between a smaller number of countries and multiple magazines per country or the approach used (more countries and fewer magazines per country). Ultimately, in order to make truly meaningful comparisons between cultures, a sample utilizing each of Hofstede's 11 clusters was more desirable. Future research that attempts to replicate this work with more magazines per country would make an important contribution to validating the present findings.

Some debate occurs among cross-cultural researchers as to what constitutes cross-cultural research. Are two country comparisons cross-cultural? Some argue that they are not. Hofstede (2001) makes a call for large-scale replications of cross-cultural research. Specifically, he implores researchers to utilize samples of ten or more countries. Only then are they making comparisons that might truly be cross-cultural. In Hofstede's case, his work looked initially at 40 countries and ultimately included more than 50. Hofstede also notes, however, that the logistical problems inherent in research of this type are often prohibitive for many researchers. While cross-cultural comparisons were only one of the objectives of

this research, the use of 11 countries was driven in part by the desire for more cultural data points rather than fewer. The previously mentioned decision to trade depth within countries (the use of a single magazine) for breadth of cross-cultural comparison was driven in large part by this concern. Despite this concern, future research that extends this work beyond the 11 countries used here would be worthwhile.

Another limitation of the sample was the use of only business magazines. Certainly business travellers may be reached by ads placed in non-business magazines. However, expanding the pool of media vehicles presents a key problem given the desire to focus on the business traveller. The focused nature of the editorial content of business magazines ensures that the audience targeted was the audience of interest in the present research. One would have a difficult time separating ads targeting business versus non-business travellers were magazines with a broader editorial content used. Regarding this specific study's results, the sample of magazines utilized may account for the dominance of business effectiveness motives. Controlled experiments examining ad interpretation in the face of varied magazine editorial content might be an interesting way of further exploring the inferences made here.

Conclusions

The content analysis of business advertisements from 11 culturally diverse countries provides general insight into the motives underlying business travellers' motives and values. Moreover, the comparisons of the relative frequency with which these motives appear in ads as one moves from culture to culture provides useful insights as to the specific appeals that should be used in specific countries.

In general, ads targeting business travellers should emphasize the ability of the travel service provider to contribute to effective business outcomes and the safety of the traveller. Advertisers may be well served to turn to approaches traditionally associated with non-business travel. Ads emphasizing pleasure- and status/luxury-oriented themes also may serve as an effective means of reaching the business traveller.

Appeals to vitality and family values do play a role, but are clearly of secondary importance to business effectiveness, pleasure and status/luxury.

Advertisers would be wise to start with these primary motives in mind. They should,

however, consider possible country-to-country variations in appeal frequency. Ads probably would be more effective if modified to reflect the variation in motives found from one country to the next.

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12 Interpreting and Managing Special Events and Festivals

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Synopsis

The special event, one form of which is the festival, presents opportunities for both the host community and the visitor. The host community can display itself in a chosen manner to visitors, who have the chance to engage in a novel recreational experience while viewing the message put forth by their hosts. An event's message likely is conveyed through its theme and the physical entities and activities undertaken to highlight the theme. While the theme does provide information about an event's message, more information can be gleaned from an investigation of objects and settings (Forster-Hahn, 1995). This distinction posits that the physical environment includes objects (whether animate or inanimate) and settings (or physical spaces) which mutually influence the reception of the other. This chapter describes the utility of the object and setting dichotomy to the understanding of symbolic meanings of an event. Personal construct theory (Kelly, 1955) informs the use of object and setting – the theory proposes that an individual constructs his/her own mental space for use in predicting future events. Two tests applicable with personal construct theory – the repertory grid and the ratings grid – enable the researcher to understand a person's psychological space. This chapter describes both tests and illustrates the use of the ratings grid through a case study. In the case study, respondents rate setting and object components (called elements in personal construct theory) based on a series of adjectives (called constructs) to ascertain symbolic meanings of festival attendance. The chapter concludes by discussing implications of this example and future uses for personal construct theory, the repertory grid and the ratings grid in measuring meanings of specific events or tourist attractions.

Introduction

The special event

Investigation of meaning allows organizers of special events, including festivals, and other tourist attractions to understand better why visitors attend and what they take from the experience. In order to study meanings that visitors ascribe to experiences, this chapter addresses the physical environment, as comprising object and setting, through the use of personal construct theory and the ratings grid. The

ratings grid is a test designed in conjunction with the theory. Individuals attend special events, whether as locals or tourists, in search of, or as a part of leisure and recreational activities and derive meaning from these activities. However, the special event and festival literature has given primacy to visitor behaviour, motivation and economic impact on the host community and lesser attention to visitor perceptions of festivals and special events (Kim *et al.*, 2002). This chapter advances the understanding of visitor perceptions through the study of meanings associated with a special event or

festival. If success of a festival or special event can be conceptualized as determinant on the relay of meaning to the attendees, this study provides a new way to assess event and festival design, marketing and success.

The special event occupies a unique position through its appeal to both tourists and local visitors because it provides 'an opportunity for leisure, social, or cultural experience outside the normal range of choices or beyond everyday activities', and as such the special event occurs infrequently or on a one time basis (Getz, 1991, p. 44). While special events exist in many forms, one of which is the festival, all share a common goal – to mark a notable moment in time with 'ceremony and ritual to satisfy specific needs'. (Goldblatt, 1997, in Derrett, 2004, p. 33). The term festival denotes 'a public, themed celebration' (Getz, 1997, p. 8) or 'social phenomenon' (Falassi, 1987, p. 1). For an event to be classified as a festival, it must: be open to the public, showcase a specific theme, occur once a year or less, occur only during a predetermined time span, not own permanent structures and contain all activities within a specified area or region (Getz, 1991).

Festivals occur in 'virtually all human cultures' (Falassi, 1987, p. 1) and have occurred since the formation of civilization (Arnold, 2001). Although they began as a means for a community to entertain and communicate with its members, over time festivals expanded to encompass outsiders, thereby facilitating social interaction with other communities, traders, explorers and travellers (Arnold, 2001). Historically, festivals allowed host communities the opportunity for expression because the festival's social function and symbolic meaning 'are closely related to a series of overt values that the community recognizes as essential to its ideology and worldview, to its social identity, its historical continuity, and to its physical survival' (Falassi, 1987, p. 2). In contemporary society, festivals continue to exhibit a strong tradition of community orientation and remain related to the host community, which may be united by many differing characteristics, among them religion, language, ethnicity, geographic regions or worldview (Falassi, 1987).

While festivals allow host communities the chance to increase civic pride, they offer three other benefits by drawing tourists into the

community (Derrett, 2004). First is the minimization of negative impacts caused by mass tourism. Second, festivals may lengthen the tourism season for a community or region. For instance, a town popular for snow skiing in winter months may encourage summer visitors by holding a large music festival during the summer. Finally, the interactions between the community's residents and festival visitors may improve host-guest relationships. Festivals facilitate relationships between residents and visitors by allowing communities to express their culture – through festival theme, location, authenticity conveyed and advertising (Derrett, 2004). For the visitor, the festival or special event offers a novel option for recreation and leisure experiences due to its temporal nature (Getz, 1991).

Conveyance

Despite the novelty offered by festivals and other forms of special events, they face increasing competition due to rapidly expanding offerings for leisure experiences leading to an increasingly specialized market reflected in the development of niche travel (Getz, 1991). Recognition of this trend has led to the growth in the number of festivals and special events, which arose to satisfy the increasingly segmented market. While events do aim to cater to a broad, generic market through some basic offerings such as food and entertainment, they also now focus on interests of specific groups and endeavour to attract these groups to attend. One way to achieve this goal is the use of theme.

The theme is the umbrella concept used to unify a festival's image and should complement the festival and its goals (Salem *et al.*, 2004). While a festival's theme does encompass the object of celebration, common history or ethnicity (Salem *et al.*, 2004), the theme also reflects the philosophies and ideals guiding the festival and distinguishing it from others (Getz, 1991). The festival's theme is conveyed to the public in the following ways: festival name; logos and/or mascots; event décor; setting and/or spatial layout; attractions; activities; available food and beverages; staff clothing; merchandise; music; advertising content, style and format; and benefits emphasized (Getz, 1991; Salem *et al.*, 2004).

Despite festival and event organizers' conscious conveyance of theme, they cannot control all aspects of theme and its understanding by visitors. Many components of the theme do not fall under the control of organizers because these components are public parts of everyday life and take on a special significance and symbolic meaning for visitors during the festival or event (Getz, 1991). Old Home Week in Mount Forest, Ontario, Canada, illustrates this point. During the yearly event, town ideology and myth assume an elevated position (Farber, 1983). Special events – attended by current residents, former residents and visitors – occur publicly throughout the town and support the message of 'Community Solidarity, Community Continuity, and Community Equality' (Farber, 1983, p. 39). Each year the event's main parade, the Mammoth Parade, processes the length of Main Street, and the parade route and entries contribute to the celebration of a tradition of community values and unification. Through the route, which traverses the heart of Mount Forest, and the exclusion of new, large-scale corporations as float sponsors, the town reaffirms its links to the past (Farber, 1983). For the duration of the Mammoth Parade, Main Street ceases to be a public shopping and business centre and becomes one element in the creation of the overall event's theme, celebrating the official town values and ideology.

Object and setting

As Old Home Week demonstrates, many festivals and special events emerged due to the intention to celebrate a community's culture and its linkage to a specific location (Brown and James, 2004). According to Derrett (2004, p. 44) festivals and special events 'provide a medium for interpretation of place'. Indeed, '[f]or places to achieve distinctiveness and status as places to go, to be seen in, they have to be created' (Derrett, 2004, p. 44). By bringing people into an area and providing the objects and settings for the attraction, festivals and events shape the visitors' experiences and understandings of their host destinations.

According to Forster-Hahn (1995), an art historian who discusses the meaning of display

for an art museum or gallery, the special event or festival environment composed for visitors can be described in terms of objects and settings. Forster-Hahn (1995) recognizes that a number of individual objects, among them paintings, sculptures, pedestals and display cases, within the context of the art museum comprise and occupy the environment. However, the symbolic meaning of these objects, found in many places other than the museum, varies according to the setting in which they are placed. Objects do not need to be inanimate; people may serve as objects, as the Hawaiian hula show exemplifies (Desmond, 1999). Because the Hawaiian dancer's body is the object of importance for luau attendees, the dancer is not identified as a complex multidimensional person but as one of many tourist objects, representing 'unindividuated examples of the Hawaiian hula girl' (Desmond, 1999, p. 24).

Since a reciprocal relationship between the object and the setting exists and since both are subjected to the gaze of viewers, object and setting cannot be considered as being mutually exclusive (Urry, 2002). Therefore, one element informs the reception and conception of the other element, and conscious arrangement of objects allows organizers to create and to convey a given message. A collection consists of objects taken from their original environments and recontextualized as points of reference with some intended meaning for viewers (Stewart, 1992). For example, an arts and crafts festival can be conceived of as a temporary collection assembled by the organizers, bringing together objects typically not displayed en masse or near other types of objects. In this case of the temporarily amassed collection, the original functions of the objects selected for inclusion are gone, and the original functions and symbolic meanings are replaced by new meanings created in part by the objects themselves. Thus, objects can transform their own environment, and they can, in turn, be transformed by the environment (Forster-Hahn, 1995).

The spatial setting is the context within which the objects are encountered and shapes the reception of individual objects. Like objects, spatial setting matters to visitors because when surveying the setting 'there is the seeing of particular signs that indicate a certain other object is indeed extraordinary, even though it does

not seem to be so' (Urry, 2002, p. 13). The distinguishing of an environment in terms of its objects and settings has been applied by Wooten *et al.* (2004) to investigate the importance of locally harvested and prepared shrimp, an object, and coastal setting to visitors to the Beaufort Shrimp Festival, held each October in a small town on the coast of the Atlantic Ocean in the south-eastern USA. When used to predict respondents' satisfaction with the festival, coastal setting was found to be more important to visitors than was shrimp, the object around which the festival and its theme centred. As evidenced at the Beaufort Shrimp Festival, settings cannot be thought of as secondary to objects. The relative importance assigned to either varies with the situation, and both are necessary to create and shape the attraction.

While Wooten *et al.* (2004) demonstrate that object and setting distinction can be used to measure satisfaction successfully, the distinction has not been used to measure the meaning of a special event or festival. The following discussion of meaning and personal construct theory (Kelly, 1955) explains the utility of object and setting in ascertaining the symbolic meanings attributed to a festival or other form of special event by visitors. In addition, the chapter presents the results of a study of the 2005 Kentuck Festival of the Arts, held annually in Northport, Alabama, examining the symbolic meaning of a special event through the lens of the object and setting didactic.

Meaning and symbolic meaning

The American Heritage College Dictionary (1993, p. 842) defines meaning as '[s]omething conveyed or signified; sense or significance'. Meaning research relevant to this chapter comes from the social sciences and semiotics. Analysis of meaning has been employed by cultural anthropologists and consumer behaviour theorists to investigate both 'verbal and nonverbal systems of signs and symbols used to define objects' (Snepenger *et al.*, 2004, p. 109). Cultures develop and share meanings through 'language, gestures, documents, time allocation, art, religion, leisure, attire, architecture, and other social symbols' (Snepenger *et al.*, 2004, p. 109).

Semiotics studies the systems of signs 'used to create and convey meaning' (Echtner, 1999, p. 47). Signs consist of, but are not limited to, '[l]anguage, gestures, documents, art, religion, and dress' and convey meaning (Echtner, 1999, p. 47). Semiotics, as described by Peirce in 1934, utilizes three types of signs: icon, index and symbol (Echtner, 1999). The symbol, most commonly in the form of a word, exists because of social agreement, and 'language is often regarded as the most important symbolic semiotic system' (Echtner, 1999, p. 49). However, objects can act as symbols as well, and Echtner (1999) provides an example in the Statue of Liberty's symbolic meaning of freedom and American life.

The notion of symbolic meaning was introduced in 1959 in a discussion of consumer goods. Symbolic meaning is 'a general term for all instances where experience is mediated rather than direct; where an object, action, word, picture, or complex behavior is understood to mean not only itself but some *other* ideas or feelings' (Levy, 1959, p. 119). Thus symbolic meaning presupposes the importance of objects and settings to the creation of meaning. In addition, humans indicate symbolic meaning to themselves and to each other through interactions (Shaw, 1985). Communication, one form of interaction, allows individuals to identify, define and redefine symbolic meaning, which changes from situation to situation and must be redefined through a process of 'examination and deliberation' (Shaw, 1985, p. 5).

Research on meaning with respect to special events primarily comes from two sources: leisure research and travel and tourism research. Both these fields encompass the study of special events and festivals, which proves significant because the discussion of meaning does not occur in special event research, with the exception of Falassi's (1987) explanation of the development of festivals and their importance to host communities. Within the study of leisure, the meanings ascribed to leisure have been investigated in terms of meanings derived from leisure and non-leisure activities (Shaw, 1985; Henderson, 1990; Brook, 1993; Kelly and Kelly, 1994). In a comparison of leisure and non-leisure activities, Shaw (1985, p. 1) reports that they can be differentiated by 'enjoyment, freedom of choice, relaxation, intrinsic motivation,

and lack of evaluation'. Brook (1993) investigated leisure meaning within the context of work and non-work activities and found that respondents grouped non-work activities into two categories of meaning: similarity to work (involving challenge, creativity and routine) and personally important activities (involving other people and solitary pursuits, control of the activity and discretionary time). Kelly and Kelly (1994) examine the meanings of commitment, satisfaction, social relationships, productivity, development/learning, experience, involvement and disengagement in leisure, work and family. Work by Henderson (1990), Ragheb (1996) and Watkins (2000) addresses the study of meaning in leisure without a consideration of work or other areas of life. Henderson (1990) reviews previous studies concerning the meaning of leisure for women and concludes that more research is needed. Ragheb (1996) deals with measurement of meaning and advocates the development of a psychometric scale to measure 'search for meaning in leisure pursuits' (p. 245). Watkins (2000) also proposes a mechanism, phenomenology, to examine the multiple meanings of leisure, after identifying problems associated with research into leisure meanings.

Past research illustrates that while researchers question universal meanings of leisure (Shaw, 1985; Kelly and Kelly, 1994), prior research does not investigate the symbolic meaning assignments of particular or specific leisure experiences. Although Henderson (1990) recognizes that the need exists to examine separately the meaning of leisure for men and women, no attempt has been made to discern specific meanings at attractions or of given leisure/recreational activities for the participant. According to Henderson (1990), experience matters and has become a common way to understand leisure, so that the experience conceptualization suggests that what a person does or when one does it, does not make any difference; what is important is how the individual feels about the experience.

Available research does not investigate meaning in travel and tourism to the extent that studies investigate meaning in leisure research. However, the work of Borrie and Birzell (2001), Obenour (2004) and Snepenger *et al.* (2004) illustrates the importance of understanding the

meaning of travel and tourism experience. Borrie and Birzell (2001) evaluate four ways to measure perceived experience – satisfaction importance-performance measures, benefits-based approaches, experience-based approaches and meaning-based approaches. They conclude that meaning-based approaches prove the most useful because in recreational experiences, like travel, people want to amass stories to enrich their lives and history of experiences. In recognition of this, Borrie and Birzell (2001) recommend that researchers should investigate the fulfilment produced by the event as consistent with the broader context of a person's life and experiences, that is, the meaning of the travel to the participant. Indeed, Obenour (2004) reports that an understanding of individual's meanings proved useful in identifying the importance of the journeys undertaken by budget travellers. Snepenger *et al.* (2004) examine meaning of public places from the perspective of four types of meaning: consumption, hedonic, utilitarian and social. Consumption meaning deals with meanings assigned to advertising, goods, services and shopping opportunities. Hedonic meanings address the excitement and pleasantness possessed by tourism/leisure space; whereas, conversely, utilitarian meaning addresses practicality and usefulness possessed by tourism/leisure space. Lastly, social meaning concerns the social interactions perceived.

Personal Construct Theory

Personal construct theory, which emerges from Kelly's (1955) psychology of personal constructs, offers a way to conceptualize and measure symbolic meanings created for visitors at a tourist or local attraction, such as a festival or event, through the consideration of objects and settings. According to the theory, the world continually happens, but experience is the portion happening to and construed by an individual (Kelly, 1955). Thus, a person's experience consists of 'a set of personally construed events' which 'is not necessarily valid' (Kelly, 1955, p. 171) given its subjective nature; however, the events appear real and true to the individual experiencing them. Based on past experiences, an individual anticipates and predicts future experiences.

Terminology deriving from personal construct theory explains how an individual's construal occurs. Within personal construct theory, the construct is bipolar and, for the sake of simplicity, can be considered an adjective used to describe the 'way in which some things are construed as being alike yet different from others' (Kelly, 1955, p. 105). A construct emerges by comparing three nouns, such as the heights of three individuals. 'Tall' may describe two individuals. Because the adjective applies to the majority of the individuals under consideration, the adjective is the likeness end of the construct, and the third is the opposite of tall, or the contrast pole of the construct. Although 'short' defines this contrast typically, the contrast does not need explication, except in opposition to the likeness pole in many cases. However, both tall and short are part of the overarching construct of height, and other individuals, yet to be considered, can be assessed in terms of this construct. Once defined by the individual, constructs predict future events. Elements are 'things or events which are abstracted by a construct' (Kelly, 1955, p. 137), such as individuals to be considered based on their height. Therefore, an element is conceivable as a noun that a construct describes or categorizes. In some uses of personal construct theory, a person compares three elements (known as a triad) to identify constructs.

While constructs allow the individual to order and perceive his/her existence mentally, the individual may find difficulty in communicating these perceptions to others. Kelly (1955) thus assumes that constructs are abstract (and can never be concrete). Their abstract nature makes the transmission of constructs to others difficult, if not impossible. Part of this impossibility is found in the representative nature of communication, which endeavours to convey 'the symbolic element' to another person for the purpose of 'eliciting a parallel construct' in this person (Kelly, 1955, p. 140). The easiest way to achieve this goal is 'to use a word as a symbol' (Kelly, 1955, p. 140). However, a problem arises because '[m]any of one's constructs have no symbols to be used as convenient word handles [or convey symbolically the information the speaker means to transmit to his/her listener(s)]' (Kelly, 1955, p. 110).

Use of personal construct theory alleviates some problems encountered in both humanistic, qualitative methodologies and traditional, quantitative methodologies. Walmsley and Young (1998, p. 66) cite the following problems with a humanistic approach: reliance on anecdotes, use of an 'arcane vocabulary', difficulty in verification and difficulty in ascertaining the actual 'mind-set of the individual tourist under study'. When considering quantitative methodologies, the bipolar nature of constructs prevents attempts by traditional consumer research (which categorizes experiences as either cognitive or conative) to observe behaviours as isolated and unrelated instances (Marsden and Littler, 2000); instead, personal construct theory emphasizes the interconnectedness of an individual's psychological processes.

Repertory Grid

Following Kelly's (1955) development and explanation of personal construct theory, Fransella and Bannister continued to write about personal construct theory and its applications including its most widely used and well-known test, the repertory grid (Bannister and Fransella, 1974; Fransella *et al.*, 2004). Fransella *et al.* (2004) discuss practical implications of repertory grid testing and explain thoroughly how to undertake use of the grid. What follows is an overview of the rationale for repertory grid testing. While the repertory grid test was intended originally to allow the psychologist to understand the way an individual handles and relates to other individuals (Kelly, 1955), repertory grid testing does allow the researcher to explore the personal construct system of both one individual and a group of individuals by analysing a number of grids simultaneously.

Six assumptions underlie the repertory grid test. First, constructs elicited are permeable, or 'open to the addition of new elements, or elements beyond those upon which [the construct] has been explicitly formed' (Kelly, 1955, p. 229), so that existing constructs are thought to be applicable to situations the individual has not encountered yet. Second, repertory grid testing elicits an individual's pre-existing constructs. Although constructs are forming and evolving

as new events occur, some degree of permanence is found in the individual's constructs.

Third, elements are representative of all elements whose relationships to the subject help him/her with role construal. The fourth assumption is that the constructs elicited by the subject account for (at least partially) the way elements are constructed. Fifth, the constructs elicited by the subject rule over his/her role, meaning that the subject cannot disassociate him/herself entirely from the role constructions he/she perceives in others. Lastly, the researcher/test administrator understands the meaning of the words chosen by the subject to explain his/her perceptions.

One benefit of repertory grid technique is that, while other types of questionnaires use categories formed by the researcher, the repertory grid allows respondents to form categories, so that the researcher can find out how the respondent structures and perceives his/her environment (Embacher and Buttle, 1989; Coshall, 2000; Caldwell and Coshall, 2002). Additionally, structured approaches to research do not account for individualistic components of image construction (Coshall, 2000). Finally, personal construct theory and the repertory grid enable the researcher to try to understand an individual respondent's construction of the world (Fransella *et al.*, 2004). While this allows an idiographic approach to research, Kelly (1955) also found merit in the grid being used across a population (a nomothetic approach), which can allow the understanding of a sample population in order to understand one individual.

The repertory grid can pose potential problems with reliability and validity (Read, 1994). Because of the individualized nature of repertory grid testing and its use to cater to specific individuals and specific populations, the same repertory grid test may not yield the same results across administrations (Babbie, 2002). Repertory grid testing may generate problems with validity, the degree to which the test used actually measures the real meanings of the items under consideration (Babbie, 2002), due to the difficulty for respondents to verbalize complex values and emotions and the high degree of structure imposed on respondents 'in terms of how their meanings are elicited, analyzed and represented' (Marsden and Littler, 2000, p. 140). Additionally, studies employing

repertory grid testing may be subject to researcher bias due to the interpretation of constructs (Middleton and Spanias, 1999) because the researcher must attempt to interpret another individual's or group's psychological space. Lastly, interpretation can be difficult, so well-articulated models are needed to guide interpretation (Middleton and Spanias, 1999).

Personal construct theory and its most commonly employed method of testing – the repertory grid test – have been used by tourism researchers to uncover tourism meanings. Walmsley and Young (1998) extended Walmsley and Jenkins' (1993) work on destination image at the local scale to the international scale. Researchers sampled individuals from the general population of Gosford, Australia – not tourists as did Walmsley and Jenkins (1993) – due to the feeling that constructs about destination image would be held by the entire population; however, they did use the constructs identified by Walmsley and Jenkins (1993), thereby demonstrating the utility of previously defined constructs for repertory grid analysis.

Tourism studies by Embacher and Buttle (1989), Coshall (2000), Caldwell and Coshall (2002) and Hankinson (2004) employ repertory grid testing to investigate the images held by tourists. Embacher and Buttle (1989, p. 4) use the repertory grid to study tourists' images of Austria as a destination because they felt that the test was 'evidently well suited to exploring the individual perceptions which comprise destination image'. The recognition that tourism marketers need a better understanding of the importance of brand images to tourism destinations guides Hankinson's (2004) research, for which he obtained both repertory grid testing and in-depth interviewing to study the perceptions held by respondents of 25 tourism destinations based on image attributes.

Coshall (2000) and Caldwell and Coshall (2002) investigate a particular type of tourist attraction, the museum. Coshall (2000) employs repertory grid analysis as one component of a study of the images held by international and national tourists to 11 museums and art galleries located in London. Caldwell and Coshall (2002) investigate museums in London as brands because brands 'have become bearers of emotional and symbolic meaning' (p. 383). Within this context, branding refers to the

images consciously created by museums to attract visitors. The researchers endeavour 'to make explicit the associations (attitudes, impressions, dispositions, or mental constructs) that have grown up around and become attached to some important museum brands' (Caldwell and Coshall, 2002, p. 384).

Ratings Grid

The ratings grid is another form of testing developed as a part of personal construct theory where respondents rank elements using each personal construct. While typically the ratings grid supplies both constructs and elements for an individual to consider, a case can be made for not providing constructs to individuals when using repertory grid techniques. Constructs must be understandable to respondents, and people usually understand others' constructs, as is necessary to facilitate communication (Fransella *et al.*, 2004). Constructs generated by researchers may not employ terminology easily understandable to or widely used by the sample population and cause difficulties in grid administration and comprehension. However, if researchers want to find out whether or not certain constructs are important to respondents and feel that respondents would not generate these constructs themselves, providing constructs proves useful (Fransella *et al.*, 2004). Ultimately, Fransella *et al.* (2004) conclude that much of the debate over provided or elicited constructs depends on the ability of the grid designer to supply meaningful constructs. When asking respondents to rate elements in terms of constructs, Fransella *et al.* (2004) recommended that the researcher employ a 1–7 scale with which the respondent can rate an element in terms of the likeness (1), the contrast (7) or the location between the two of them (2–6). The following section applies personal construct theory and the ratings grid to measuring meaning at a special event.

Case Study: Kentuck Festival of the Arts

The Kentuck Festival of the Arts is held in Northport, Alabama, USA, on the third weekend

of October each year in Kentuck Park, a large tree-covered public park that forms part of a larger public recreation area. This event maintains a special and elevated position within the realm of art festivals due to its strong representation of renowned outsider art. This genre is characterized by its creation by individuals outside the Western tradition of art production and often displays a primitive quality, an inclusion of text and divine (or supernatural) inspiration (Diepeveen and Van Laar, 2001). The term 'outsider artists' normally refers to those individuals who have received no formal art education. Furthermore, the festival organizer claims that the experience created at the Kentuck Festival of the Arts is unlike that of any other art festival based on visits to other festivals and the comments of festival visitors made at the Kentuck Art Center, (S.A. Gibson, personal communication, 16 September 2005).

The Kentuck Festival of the Arts was selected for this study based on the fame of the artists at the festival each year, the size of the event and media attention that the festival receives in publications including *Smithsonian* (Notes, 2003) and *National Geographic Traveler* (2005). The portrayal of the Kentuck Festival of the Arts in *Smithsonian* is summarized best by Kentuck artist Woodie Long, calling the festival 'really a big ol' party of Southern hospitality' (Notes, 2003). The article describes the festival as Southern and unique in the access to artists and crafts people allowed to visitors. In a special feature on the Appalachian region of the USA, *National Geographic Traveler* (2005) identifies the festival as an attraction worthy of visitation. Both articles and materials put forth by the festival itself describe the festival experience for potential visitors. Unlike these informational sources, this research focused on the symbolic meanings identified by actual festival visitors.

Construct and Element Identification

The ratings grid was selected for use because it allows applying terms that the Kentuck Festival of the Arts uses to describe itself in its advertising materials and media kit. Furthermore, the ratings grid could be administered quickly;

whereas, the more commonly used repertory grid is a time-consuming process. The ratings grid aided in ease of interpretation due to a fixed number of construct–contrast pairs for consideration. Since the researcher wanted to find out whether festival attendees viewed the festival in the terms used to describe it by festival organizers, providing constructs forced respondents to consider certain dimensions of symbolic meaning which they may not have elicited on their own.

Familiarity with the festival and the festival director aided the researcher in the development of the ratings grid. This consisted of identifying the appropriate constructs and elements. A construct is composed of two poles: the likeness end and the contrast end. Because not all things and events can be described by the likeness end, some things and events must be described by its opposite (contrast), which is still part of the overarching construct. Elements are things and events an individual predicts or describes in terms of constructs within personal construct theory and repertory grid testing. An unstructured interview with the festival director generated festival meanings from the organizer's point of view. Extensive notes from the interview allowed the researcher to compare terms used by the festival director to information from the 2005 media kit, current brochures and the 2003 festival programme. Then, a code and retrieve method was employed to generate constructs for use in repertory grid testing (Richards and Richards, 1994). In this method, a text is labelled according to items of interest (coding) and sorted into categories for retrieval. Although this can be done using computer software, the researcher undertook this process manually using descriptive terms applied to the festival overall, festival products, festival exhibitors and festival programmes. Constructs emerged, and volunteers helped generate corresponding contrasts. The seven resulting constructs and corresponding contrasts were traditional–non-traditional, contemporary–classic, southern–non-southern, folk–cosmopolitan, unique–ordinary, rural–urban and avant-garde–mainstream.

In order to generate elements, the researcher relied on the designations assigned to the festival components on the Kentuck Festival of the Arts web site (www.kentuck.org, 2004).

The elements entitled children's art activities, 10-minute plays and music came from the web site. Food and the town of Northport, Alabama, featured prominently on the web site, as did a description of Kentuck Park. The 2005 media kit, the 2003 programme and the web site all devoted much attention to artists, their art, crafts people and their crafts, providing a biography of each artist and craftsmen and a description of their work (www.kentuck.org, 2004).

Object and Setting Distinction

Figure 12.1 presents the relationship conceptualized after investigation of festival literature and thus summarizes the proposed creation of symbolic meaning tested at the Kentuck Festival of the Arts. Symbolic meaning of the festival experience can be viewed in terms of elements, defined as object or setting. Objects are people (artists and crafts people) and products (art and crafts items). The setting consists of the community (Northport, Alabama) and on-site setting components: Kentuck Park and programmes (food, 10-minute plays, music and children's art activities). Both Northport and Kentuck Park are permanent; whereas food, 10-minute plays, music and children's art activities only exist in conjunction with the festival each year. Visitors evaluate each of these objects and settings in terms of existing mental constructs (or ideas about each object and setting) and modify constructs as needed to produce meaning for the experience of festival attendance.

Data Collection Procedures

Pre-testing of the ratings grid occurred at two regional arts and crafts festivals in September and October 2005 and in a graduate-level class at a regional university. At the Kentuck Festival of the Arts, four survey administrators stationed at the two festival exits intercepted visitors as they left the festival grounds via a systematic sampling procedure with a randomized starting point and collected data via an interview format from 142 individuals. Respondents completed the ratings

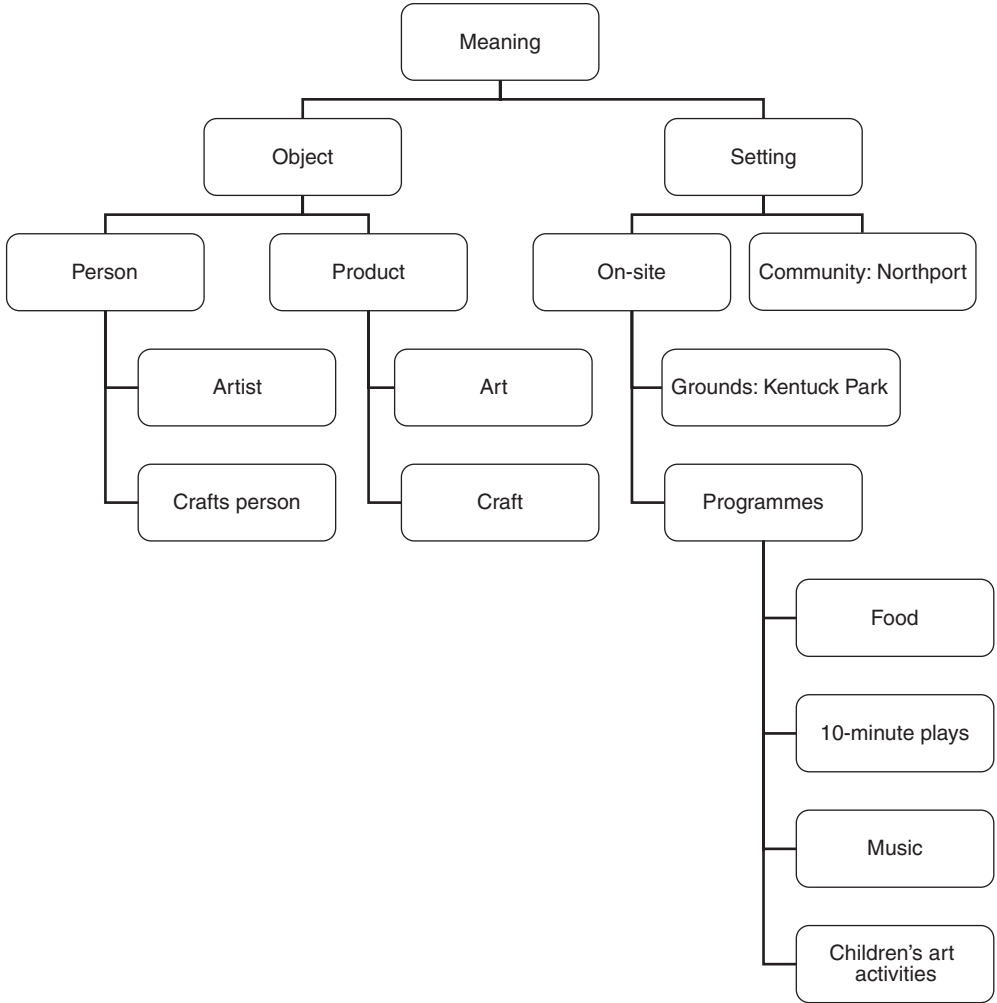


Fig. 12.1. Diagram of festival elements.

grid (see Fig. 12.2) as an interview with the aid of a handout with a printed list of construct–contrast pairs for consideration (see Fig. 12.3). To account for respondent fatigue toward the end of the grid administration, three forms of the grid were produced, so that likeness–contrast pairs were not considered in the same order by all respondents.

Findings

Mean scores for the rating of all elements across the seven constructs are described in

order to reveal potential symbolic meanings associated with the Kentucky Festival of the Arts, and mean scores for each element based on likeness–contrast pairs as Table 12.1 shows. A score of four represented the middle, where both likeness and contrast described the element equally strongly. A score of one indicated that the element exhibited the likeness only, and a score of seven indicated that the element exhibited the contrast only. Values between these poles and centre point were divided accordingly. Each element can be described based on the seven likeness–contrast pairs using the descriptive terms detailed above.

Instructions for Grid Completion: Please think about your visit to the Kentuck Festival of the Arts today. You will be given pairs of adjectives to describe components of the festival. To help you describe the festival using these adjectives, one adjective will be assigned the number 1 and the other will be assigned the number 7. You can rank anywhere between 1 and 7 depending on how much of either adjective you feel describes a component of the festival. Neither adjective is good or bad; this is purely descriptive. For example, if kind is an adjective ranked 1, and the opposite of kind is mean (which is ranked 7), you could use the numbers 1–7 to describe how kind or mean someone is.

	Artists you saw	Craftsmen you saw	Art you saw	Crafts you saw	Children's art activities you saw	10-Minute plays you saw	Music you heard	Food eaten at the festival	Parts of Northport you saw	Festival grounds	The Kentuck Festival of the Arts
1. Traditional–Non-traditional 1–7 scale											
2. Contemporary–Classic 1–7 scale											
3. Southern–Non-Southern 1–7 scale											
4. Folk–Cosmopolitan 1–7 scale											
5. Unique–Ordinary 1–7 scale											
6. Rural–Urban 1–7 scale											
7. Avant-garde–Mainstream 1–7 scale											

Fig. 12.2. Version of the ratings grid used at the Kentuck Festival of the Arts.

Traditional	1	2	3	4	5	6	7	Non-traditional
Contemporary	1	2	3	4	5	6	7	Classic
Southern	1	2	3	4	5	6	7	Non-Southern
Folk	1	2	3	4	5	6	7	Cosmopolitan
Unique	1	2	3	4	5	6	7	Ordinary
Rural	1	2	3	4	5	6	7	Urban
Avant-garde	1	2	3	4	5	6	7	Classic

Fig. 12.3. Example of a guide used by respondents at the Kentuck Festival of the Arts.

Description of elements is grouped into object and setting elements. Because not all respondents elected to rate each element, Table 12.1 includes the sample size for each element.

Object elements

Artists. Respondents ($n = 139$) perceived the artists at the Kentuck Festival of the Arts as: slightly non-traditional, somewhat contemporary, somewhat Southern, somewhat folk, somewhat unique, slightly rural and slightly avant-garde. Aside from traditional, all likenesses used by the Kentuck Festival of the Arts were used by respondents to describe artists.

Crafts people. Based on their perceptions of the crafts people at the Kentuck Festival of the Arts, respondents ($n = 140$) described them as: slightly traditional, slightly contemporary, somewhat Southern, somewhat folk, somewhat unique, slightly rural and slightly avant-garde. All likenesses used by the Kentuck Festival of the Arts manifested themselves in respondents' perceptions of crafts people to some degree.

Art. Respondents ($n = 139$) perceived the art at the Kentuck Festival of the Arts as: slightly non-traditional, slightly contemporary, slightly Southern, slightly folk, somewhat unique, slightly rural and slightly avant-garde. Aside from traditional, respondents used all likenesses found in the Kentuck Festival of the Art's literature to describe art at the festival.

Crafts. Based on their visit to the Kentuck Festival of the Arts, respondents ($n = 140$) described crafts at the festival as being slightly traditional, slightly contemporary, somewhat Southern, somewhat folk, somewhat unique, slightly rural and slightly avant-garde. As was the case with crafts people, respondents used all likenesses appearing prominently in the festival's literature to describe festival crafts.

Setting elements

Children's art activities. Few respondents opted to rate children's art activities, even though they were told that they could do so without having witnessed the activities. Less than one-half of the sample rated children's art activities ($n = 52$). However, the respondents did not perceive the activities to be contemporary or avant-garde, as evidenced by descriptions of children's art activities as: slightly traditional, slightly classic, slightly Southern, slightly folk, slightly unique, slightly rural and slightly mainstream.

Ten-minute plays. Like children's art activities few respondents ($n = 5$) opted to rate 10-minute plays. The five individuals who rated the plays perceive the plays more in terms of contrasts than likenesses, rating the 10-minute plays as: slightly traditional, slightly contemporary, slightly non-Southern, slightly cosmopolitan, slightly ordinary, slightly urban and slightly mainstream.

Table 12.1. Summary of mean scores for ratings grid.

Construct	Contrast	Element ^a										
		Artists	Craftsmen	Art	Crafts	Children's art activities	Ten-minute plays	Music	Food	Northport	Kentuck Park	Kentuck Festival of the Arts
Traditional	Non-traditional	4.66	3.92	4.66	3.9	3.42	3.80	3.23	2.91	2.78	2.70	3.72
Contemporary	Classic	2.89	3.54	3.03	3.7	4.09	3.40	3.94	4.28	4.36	4.57	4.00
Southern	Non-Southern	2.99	2.92	3.30	2.9	3.21	4.80	2.69	3.06	2.37	2.72	2.80
Folk	Cosmopolitan	2.82	2.64	3.09	2.7	3.35	4.60	2.71	3.44	3.42	3.14	2.96
Unique	Ordinary	2.21	2.67	2.31	2.9	3.44	5.00	3.69	5.05	3.99	4.01	2.75
Rural	Urban	3.51	3.16	3.16	3.1	3.44	5.00	3.16	3.98	3.30	2.97	3.41
Avant-garde	Mainstream	3.05	3.84	3.91	3.9	4.30	5.20	4.26	5.27	4.68	4.82	3.76

^aBased on a scale where 1 = construct and 7 = contrast.

Music. Slightly over one-half of the sample ($n = 85$) rated music heard at the Kentucky Festival of the Arts. The individuals who rated festival music described it as: slightly traditional, slightly contemporary, somewhat Southern, somewhat folk, slightly unique, slightly rural and slightly mainstream. Therefore, respondents described music in terms of all but one of the likenesses (avant-garde) provided by the Kentucky Festival of the Arts.

Food. As was the case with music, only slightly more than one-half of respondents ($n = 81$) rated festival food. These respondents described their perceptions of festival food as: somewhat traditional, slightly classic, slightly Southern, slightly folk, slightly ordinary, slightly rural and slightly mainstream. Thus respondents viewed food in terms of four likenesses and three contrasts.

Northport. Respondents ($n = 135$) perceived Northport, Alabama, home of the Kentucky Festival of the Arts, as: somewhat traditional, slightly classic, somewhat Southern, slightly folk, slightly unique, slightly rural and slightly mainstream. Respondents view Northport as classical and mainstream, two contrasts, and used five likenesses derived from festival literature to describe the town.

Kentuck Park. Based on their visit to the Kentucky Festival of the Arts, respondents ($n = 139$) described Kentuck Park as: somewhat traditional, slightly classic, somewhat Southern, slightly folk, slightly ordinary, somewhat rural and slightly mainstream. The sample population perceived the festival grounds in terms of the likenesses provided by the festival, except for the sample's description of the grounds as ordinary and mainstream.

Kentuck Festival of the Arts. Finally, respondents ($n = 139$) rated the symbolic meaning associated with the festival as a whole in terms of the seven likeness-contrast pairs and described the festival as: slightly traditional, both contemporary and classic, somewhat Southern, somewhat folk, somewhat unique, slightly rural and slightly avant-garde. Thus, festival literature reflected respondents' perceptions of the festival, except for the description of the festival in terms of being contemporary or classic. Analysis of each element in the repertory grid revealed descriptive, symbolic meanings of each element constructing the Kentucky Festival of the Arts. Generally, the constructs identified by the

promotional literature produced by the festival coincided with respondents' perceptions of festival elements. However, the degree to which each construct described the festival components (elements) did vary.

Applying Personal Construct Theory to Future Special Events and Tourism Problems

Full form of repertory grid

Testing methods informed by personal construct theory encompass a variety of forms. While the most popular is the repertory grid, this test is useful in a variety of forms from asking respondents to identify people fitting into certain predetermined categories and randomly selecting items for consideration to controlling all items for consideration and order of consideration in advance (Kelly, 1955). In each form, the test aims to 'make a direct approach to the elicitation of such constructs in the subjects whose personal-social behavior is under investigation' (Kelly, 1955, p. 219). Further discussion of the technical procedures involved in conducting repertory grid testing in its many forms can be found in Kelly (1955), Bannister and Fransella (1974) and Fransella *et al.* (2004). Furthermore, repertory grid data can be analysed in a quantitative manner, similar to that described via use of the ratings grid at the Kentucky Festival of the Arts, or the repertory grid can be employed in a qualitative manner and can provide the structure for in-depth interviews (Kelly, 1955; Bannister and Fransella, 1974; Fransella *et al.*, 2004). If used in a qualitative study, the sample size requirements are very small, perhaps a single case.

Ratings grid

The Kentucky Festival of the Arts example demonstrates applying the ratings grid to a special event or festival where expectations for the experience have been outlined for the visitor through promotional materials. If these materials are unavailable, respondents can be used to generate elements and/or constructs to be

tested in the ratings grid through interviewing or repertory grid administration. In this manner, the ratings grid serves as a large quantitative data collection procedure following a smaller quantitative or qualitative analysis of repertory grid testing. More information about the multi-phase data collection procedure that this chapter covers is available in Kelly (1955) and Fransella *et al.* (2004).

In addition to the utility and possible applications discussed here for the repertory grid and the ratings grid, an added benefit for tourism research is the potential to use photographs, rather than words/verbal phrases (Coshall, 2000).

Conclusions

This chapter examines the meaning of a special event through the perspective of the object and setting dichotomy, personal construct theory, the repertory grid and recent research that measured the symbolic meaning of an arts and crafts festival through the application of the ratings grid. Recognition of the contribution of objects and settings to the Kentuck Festival of the Arts provided a recent example of meanings research that has implications for future special event and festival research. Meanings at a special event or tourist attraction may affect an individual's set of personal constructs (Kelly, 1955) and may influence perceptions related to future events in such a way as to affect participation. Furthermore, meanings may contribute to overall perceptions of the self and of the travel or leisure activity career (Borrie and Birzell, 2001).

Findings from the Kentuck Festival of the Arts indicate that special event and festival research should consider the investigation of the relative contributions of objects and settings to an individual's experience. Objects and settings create all environments, from a coffee shop (composed of coffee mugs, coffee grinders, employees, chairs and tables, which

taken together create the setting) where one goes to read for pleasure to a vacation in Yellowstone National Park (composed in part of rocks, geysers and buffalo, which signal the setting to be set apart from other national parks and daily existence). An understanding of the meaning created by objects and settings provides a new way to investigate the leisure, tourism and special event experience, and contribute to all three bodies of research.

From an applied perspective, research reveals that objects and settings do contribute to the symbolic meaning of a special event or festival. Therefore, festival and event organizers should consider carefully all components of the festival experience for visitors, including (but not limited to) festival merchandise, objects on display (whether for sale or not), food vendors, music, festival volunteers, festival location and festival reputation. The finding of the importance of objects and settings in determining meaning applies to the organizers of the other types of festival and special events.

Finally, the research findings demonstrate the contribution that can be made by symbolic meaning of special events. As a result, tourism marketers, organizers and event planners should be cognizant of all components of the special-event experience and the symbolic meaning of the event's elements. Object and setting do provide one way to understand what shapes the visitor's meaning of a special event. In addition, understanding symbolic meaning can be used by destinations and attractions to discern what is important to visitors for the purposes of: (i) enhancing the visitor experience by providing more of what is preferred; (ii) providing more satisfying and meaningful leisure and tourism experiences; and (iii) understanding the meanings visitors ascribe to specific environments. This information can inform marketing decisions, as special event and festival managers strive to create unique images in the minds of current and potential visitors.

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Executive Training Exercises

Exercise 1

A research company completed a study for the Big River Festival and has provided you with its findings for interpretation. The festival director Sandy Jones was concerned about: (i) perceptions of community centredness and cost for certain festival components; and (ii) quality of training for volunteers who serve as re-enactors, leading tours of and participating as actors within the Big River Settlement. Therefore, she asked that this information be obtained. The firm provided you with this piece of information and the press release from the Big River Festival, which aided in the creation of the grid below. The press release reads as follows:

Festival Press Release Text:

Fiftieth annual Big River Festival to be held this weekend

Big River, Mississippi: The fiftieth annual Big River Festival, a celebration of the Big River community, will be held July 3–5 at Riverside Park, off Route 55. The festival is best known for its bass fishing tournament and historical

re-creation of the Big River Settlement. Additional activities include the fish cook-off, raft race, 'Taste of Big River', evening concerts and 'Tall Tails Fish Story' competition. 'The festival showcases the best the rural South has to offer', boasts director Sandy Jones. 'Locals and visitors alike will be impressed with our commitment to celebrating the heritage of the rural South.'

Friday's activities include the annual raft race for teams of individuals between the ages of 14 and 18 (at 9:00 a.m.), tours of the historical Big River Settlement and the Taste of Big River (featuring dishes from local restaurants in accordance with this year's theme 'Our Southern Heritage').

On Saturday, the all day bass fishing tournament kicks off at 7:00 a.m. Saturday night offers music by Southern acts and the fish cook-off. Throughout the day, tours will be offered of the Big River Settlement.

On Sunday music begins at 2:00 p.m. Throughout the day, tours will be offered of the Big River Settlement.

For more information, including registration fees for the bass fishing tournament and raft race, contact Sandy Jones at 217-555-9876 or visit www.bigriver.org.

The following grid contains mean scores for each cell (based on a scale of 1 = Likeness and 7 = Contrast). How did respondents describe

	Elements							
	Big River Settlement	Bass Fishing Tournament	Fish Cook-off	Raft Race	Taste of Big River	Concerts	Tall Tails Fish Story Competition	
Constructs	Rural–Urban	2.1	3.1	1.7	3.3	1.8	3.9	5.7
	Southern–Non-Southern	3.5	3.1	1.8	3.6	2.6	2.6	6.7
	Community orientation–No orientation	4.5	2.7	3.2	1.5	4.0	6.0	6.2
	Affordable–Too expensive	1.2	5.0	1.9	2.4	3.4	1.0	1.0

the festival? What does the festival mean to its attendees? Draft a memo to the festival director, Sandy Jones, interpreting your results and prioritizing what should be done with this information. Make recommendations concerning: new product development, marketing and promotions, and volunteer training.

Exercise 2

The Stockton River Festival Association has contacted your consulting firm, Expert Event Evaluations, Inc. (EEE), about conducting research to find out what the festival means to visitors. To do this, you decide to employ the ratings grid, as described in the chapter. Using the press release and postcard text below by the Festival Director, conduct the following exercises:

Festival Press Release Text:

Stockton River Festival Association announces annual festival

Stockton, Alabama, September 12–14: The eighth annual Stockton River Festival, a celebration of the river and its history for the entire family, will be held on September 12–14. The festival will be held at Riverside Park. Each day offers a showcase of the finest local and regional

musical acts and local fish specialties cooked and served in historical and traditional styles, as well as the finest in regional cuisine!

Friday’s activities include demonstrations of local fishing techniques historically used on the Stockton River, a children’s costume contest featuring historical clothing from the 19th century and storytelling by talented individuals, including famed regional writer/storyteller Elizabeth James. Music begins at 5:00 p.m.

Saturday’s activities include a one-mile canoe race at 9:30 a.m., a demonstration of traditional river raft-building techniques and free raft rides across the river, highlighting the importance of the river to local heritage and development. Music begins at 5:00 p.m.

Sunday features a picnic style lunch at noon (cost \$8.00 for adults, \$5.00 for children under 10) catered by local restaurants and a 1:30 p.m. auction of fishing merchandise. All proceeds benefit river restoration and the development of a centre to showcase local history and culture related to the Stockton River. Music begins at 2:00 p.m.

The Stockton River Festival begins at 9:00 a.m. on Friday and Saturday and 12:00 p.m. on Sunday. Entrance is \$5.00 per person per day (or \$10.00 for the entire weekend), and Sunday’s lunch is \$8.00 (\$5.00 for children under 10).

For additional information on the Stockton River Festival, contact Jim at 864-555-0101 or visit www.riverfestival.com.

In an effort to discern the meanings visitors assigned to various components of the Big River Festival, the following analysis was undertaken. To do so, seven components (or elements) of the Big River Festival were rated by attendees using four adjective pairs (likeness and contrast poles) via a data collection tool known as the ratings grid. This memo presents a description of the current situation based on ratings grid analysis and my recommendations for the future of the event.

Ratings grid analysis of festival components revealed that visitors viewed the meanings of each component as follows:

- Visitors perceived the Big River Settlement as rural and affordable. While they did find the meaning of the Big River Settlement to be slightly Southern and offering very little community orientation, each of these mean values was near the centre, meaning that the meaning was not strong with respect to: (i) Southern or non-Southern; or (ii) community-oriented or non-community-oriented.
- The meanings of the bass fishing tournament were described by visitors as slightly rural, slightly Southern, some community orientation and a little expensive.
- Visitors viewed the fish cook-off as rural, Southern, some community orientation and affordable.
- Visitors perceived the raft race to be slightly rural, very slightly Southern (near midpoint), community oriented and affordable. Because the value for Southern–non-Southern was so near the centre, meaning was not strong in terms of Southern or non-Southern.
- Festival attendance led visitors to derive the following meanings from the Taste of Big River: rural, somewhat Southern, neither community-oriented nor not community-oriented and slightly affordable.
- Visitors described concerts as neither rural nor urban, somewhat Southern, lacking community orientation and affordable.
- For visitors, the Tall Tails Fish Story Competition had the following meanings: urban, non-Southern, no community orientation and affordable.
- The fish cook-off and raft races both were described in terms of likeness poles (but to varying degrees).
- Visitors perceived the Big River Settlement to have a very slight Southern meaning.
- The meanings of the bass fishing tournament were described in terms of three likenesses; the exception was affordable.
- Visitors viewed the fish cook-off as rural, Southern, some community orientation and affordable.
- Because the value for Southern–non-Southern was so near the centre, meaning of the raft race was not strong in terms of Southern or non-Southern.
- The Taste of Big River was viewed as neither community-oriented nor not community-oriented.
- Concerts were not perceived as Southern. This may be due to band choice and musical styles featured.
- The Tall Tails Fish Story Competition was perceived in terms of all contrasts (except expensive). This finding indicates a problem since the competition is featured as a main component of the festival which is supposed to showcase the rural South and this year's festival theme was 'Our Southern Heritage'.

Recommendations for the festival are as follows:

- Current products are all viewed as affordable, except for the Big River Fishing Tournament. Therefore any future products and events to be added should keep with the overall affordability of the festival.
- Current festival offerings are not perceived as being strongly Southern, which is a problem, since the festival characterizes itself as Southern. To change this, new products should feature a strong Southern influence.
- Festival marketing and promotions might consider downplaying the Southern aspects of the festival unless the festival is willing to focus more strongly on its 'Southernness'.
- Conversely, if Southern heritage is to be maintained as a central component of the festival, all aspects of the festival should be made to reflect this, including marketing, promotions and all on-site activities and

Findings are summarized. Following the summaries, recommendations are made.

interactions, which includes volunteer training.

- Due to its perception as being expensive, the benefits of participating in the Big River Fishing Tournament should be highlighted to reassure participants of the value they are receiving.
- Because the Big River Settlement is perceived as having only a slight Southern orientation, volunteers working within the settlement should be trained in strategies to enhance the Southern meaning of the settlement visit. Examples may include: concern for accurate dialect and clothing specific to the period and the region and more information recounted to visitors on the forces in the region affecting the Big River Settlement.

Overall, the festival appears to be headed in the direction envisioned by its directors.

Exercise 2

- A: Step #1: Local, Regional, Historical, Traditional.
 Step #2: Contrasts could be generated by providing likeness poles to individuals judged to be similar to those to be interviewed at the festival and asking these individuals to come up with contrasts. The researcher could choose to develop contrasts, but, in this case, he/she needs to ensure the terminology chosen is understandable to the sample population. (Note that contrasts generated may vary from those to be suggested based on familiar terminology used in an area or region.)
- B: Stockton River, Fishing, Storytelling, Raft, Food, Music, Costume contest
- C: Stockton River, Fishing, Storytelling, Raft, Food, Music, Costume contest

		Elements						
Constructs		Stockton River	Fishing	Storytelling	Raft	Food	Music	Costume contest
	Local–Non-local							
	Regional–Generic							
	Historical–Contemporary							
	Traditional–Non-traditional							

13 Theme Park Tourism and Management Strategy

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Synopsis

Theme parks represent a relatively new concept of tourist attractions and strive to create a fantasy atmosphere of another place and time. Visual and vocal statements primarily communicate the theme as well as other senses like scent and touching. Successful development of a themed attraction is a combination of writing or storytelling, creative design, financial projections, audience analysis and planning. Theme parks emerged from traditional amusement parks, dating back to ancient and medieval religious festivals and trade fairs. This chapter reviews the development of the global theme park industry, as well as its scope in terms of attendance, revenue enhancement, visitor characteristics and industry organization in North America, Europe and Asia. Likely future trends of the global theme park industry are discussed, including the impact of the entertainment facilities' location and other design factors. The discussion also suggests that contemporary theme parks will develop products that enhance their guests' experiences and immerse them in fantasy feelings that they perceive unattainable, beyond their reach or they had just simply missed in life. Theme parks of the future also will continue monitoring changes in consumer demographics, potential new markets, changing technologies and their overall impact on social, cultural and political thought.

Overview

Theme parks represent a relatively new concept of tourist attractions and strive to create a fantasy atmosphere of another place and time. Many designers and product development specialists concentrate on one dominant theme with possible sub-themes. Visual and vocal statements primarily communicate the theme as well as other senses like scent and touching. In many themed attractions, hotels, restaurants and other recreation and tourist facilities, theming is reflected through architecture, landscaping, costumed personnel, rides, shows, food services, merchandising and any other services that contribute to the guest experience.

In modern theme parks, a primary theme unifies the structure and the organization of the

park through sensory statements. As a result, many theme parks attempt to incorporate the visitor experience into almost every aspect of the park's operation. For example, visitors to Florida's Walt Disney World's Magic Kingdom experience the Mickey Mouse motif through life-size strolling characters, architecture of his residence, costumes, shows, ice cream bars, local currency, telephone directories and post-boxes.

Mills (1990) attributes several characteristics to modern theme parks. These include: technological wonders, spectacular buildings (exotic, vast and novel), educational presentations, side-shows to entertain and amuse guests (fun fairs), historical presentations, pageants or displays, party atmosphere (fireworks, displays and fun), and food and drink (Mills, 1990). He compiles this list from the 1896 Cardiff Fine Art, Industrial

and Maritime Exhibition, which attracted nearly a million visitors. Mills (1990) argues these basic components are still evident in today's modern theme parks and attractions.

Most contemporary theme parks feature a dominant theme and several sub-themes that are derived and linked to the major dominant theme. For example, Disney's Animal Kingdom opened in 1998 in Florida and is themed around animal conservation. Conceptually, the park features three types of animals (real, extinct and mythical) that are illustrated on the park's logo. The major animal motif is presented in seven areas of the park, each featuring a different sub-theme: Oasis, Discovery Island, Camp Minnie-Mickey, Africa, Rafiki's Planet Watch, Asia and DinoLand.

While there is no industry-accepted classification for theme parks, these entertainment facilities can be classified by geographical span, annual attendance, annual revenue, number of rides, shows, retail outlets and restaurants offered. In addition, theme parks may be classified according to their geographical location, capacity or resources used to create the theme.

Traditionally, amusement parks charged patrons a modest admission price and then a fee for each ride while in the park. Most modern theme parks charge a single admission at the gate and all rides, shows and other entertainment activities are inclusive of this price.

The Evolution of Theme Parks from Traditional Amusement Parks

Amusement parks were the historical predecessors of modern theme parks. The origins of amusement parks lie in ancient and medieval religious festivals and trade fairs. Merchants, entertainers and food vendors gathered to take advantage of the large temporary crowds.

In the 17th century, large pleasure parks began spreading throughout France, and later on throughout Europe (Wilmeth, 1982). These pleasure parks were the first permanent public sites dedicated to outdoor entertainment. Attractions included fountains, flower gardens, bowling, games, music, dancing, staged spectacles and a few primitive amusement rides (National Amusement Park Historical Association, 2007).

While there was no admission price to enter these gardens, visitors paid for the entertainment and the amusements they enjoyed (Wilmeth, 1982).

These public entertainment facilities provided the fundamental features that later were featured in commercial amusement parks. The world's oldest operating amusement park is Bakken in Klampenborg, Denmark, founded in 1583. Other old European amusement facilities include The Prater in Vienna (1766), Blackgang Chine Cliff Top in Ventnor, UK (1842), Tivoli in Copenhagen (1843) and Blackpool Central Pier in Blackpool, UK (1868) (National Amusement Park Historical Association, 2007). Toward the end of the 19th century, the offerings of those public gardens changed to more fast-paced, active, thrill-oriented amusement parks, as consumers' tastes and preferences changed (Wilmeth, 1982).

In North America, amusement parks date back to the agricultural fairs that emerged in the mid-18th century. This new economic activity emphasized agricultural trading; however, the fair also provided an opportunity for entrepreneurial street entertainers to showcase their talents like puppet shows, juggling, tight-rope dancing, clowning and strolling fiddlers (Wilmeth, 1982).

Expos, World's Fairs or International Expositions also impacted the development of the amusement and theme park industry. These international showcases provided opportunities to exhibit manufactured goods from various countries under one roof. International expositions also established an international status for the hosting country, and provided an incentive for technological developments and the opportunity to showcase amusement equipment or 'rides', fun houses and old-fashioned midway games (Wilmeth, 1982).

The Works of Industry of All Nations, held in 1853–1854 in New York, was the first international exposition in the USA. While this business venture failed, the creation of an amusement area as an integral part of the exhibition grounds, coupled with improved transportation and technology, helped to increase the popularity of the those outdoor entertainment complexes (Wilmeth, 1982).

A major turning point in the development of themed entertainment was during the 1893 Columbian Exhibition in Chicago (Wilmeth,

1982). The Chicago exhibition was designed like a city to accommodate the 72 nations exhibited at the fair. The Midway Plaisance was constructed outside the exhibition grounds and offered international-flavoured themed attractions like Persian, Japanese and Indian bazaars, a Moorish Palace, as well as Chinese, Algerian and Tunisian villages. The theming was not only in the architecture and landscaping, but also in costumes, exhibits and entertainment. The Chicago international exhibition introduced William 'Buffalo Bill' Cody's Wild West exhibition and Ferris' famous wheel that was almost 300 feet tall and 30 feet wide with a total capacity of 1400 people (Wilmeth, 1982).

The success of the 1893 Columbian Exhibition assured the continuity of scientific exhibits. The entertainment part provided patrons with a relief from the pragmatism of progress, science and technology exhibited in the international exhibitions. This exhibition also created the opportunity for many entrepreneurs to provide outdoor amusement and autonomous business ventures. While additional international exhibitions and fairs took place around the USA during the 20th century, their popularity dropped as independent entertainment amusement and theme parks became an integral part of American life. Also, this trend impacted the development of theme parks and attractions in other parts of the world.

The emergence of Coney Island, New York, as an amusement centre (Kyriazi, 1976) is an additional phenomenon relating to the theme park industry. Originally a seaside resort in the Brooklyn Borough of New York, Coney Island was transformed into an outdoor leisure destination that provided cabaret entertainment, vaudeville acts, fortune tellers, games and rides (National Amusement Park Historical Association, 2007).

The changing social and economic conditions in the late 19th century helped to create the foundation of a new crowd that helped bind a heterogeneous audience into a cohesive whole (Kasson, 1978). Furthermore, technological advances, originally featured in World Expos, were instrumental to the development of the amusement industry. In 1884, Marcus A. Thompson introduced his Switchback Gravity Pleasure, recognized as the first roller coaster in America (National Amusement Park Historical

Association, 2007). Coney Island was a catalyst for the first competitive environment in the amusement industry as key attractions like Luna Park (1903–1947), Dreamland (1904–1911) and Steeplechase (1897–1964) competed for decades to win customers.

While Coney Island was a model for an organized amusement industry, similar seaside destinations were developed in Long Island, New England and other parts of the USA. By 1919, there were an estimated 1500 amusement facilities in the USA (Wilmeth, 1982). The 1920s and 1930s brought new patrons to the amusement parks seeking to escape from everyday life and worries of the depression. During the Second World War, the popularity of the traditional amusement parks declined. This attendance drop was due to lack of needed materials during the war, natural disasters and vandalism, as well as patron disappointment with the ageing attractions.

The 1955 opening of Disneyland in Anaheim, California, marked a turning point in the amusement business. Walt Disney's idea of organizing amusement areas, rides and shows under a theme created a new era for the outdoor mass entertainment industry. Disneyland, the new model of the modern theme park, was almost an antithesis of the old amusement park in quality, atmosphere, cleanliness, safety and security.

In the late 1950s and early 1960s, many entrepreneurs tried unsuccessfully to replicate Disney's idea. Six Flags over Texas that was opened in 1961 was the first successful non-Disney theme park. Located on a 35-acre site between Dallas and Fort Worth, the park presented Texas history by showing the flags of past rulers: Spain, France, Mexico, the Republic of Texas, the Confederacy and the USA. By 1968, the second Six Flags park, Six Flags Over Georgia, had opened, and, in 1971, Six Flags Over Mid-America (now Six Flags St Louis) opened near St Louis, Missouri (Kyriazi, 1976).

New emerging theme parks continuing to capitalize on a single motif or several motifs included Astroworld in Houston (1968), Knott's Berry Farm in California (1970), Disney's Magic Kingdom in Orlando (1971), Kings Island, Cincinnati (1972), Kings Dominion in Richmond, Virginia (1975), Opryland USA in Nashville and Great Adventure, Jackson, New Jersey (1974) (Kyriazi, 1976).

Since the 1980s, the theme park industry has become larger with the development of a worldwide variety of parks ranging in size, capacity, products and entertainment offerings. Family Entertainment Centres (FECs), themed water parks and smaller themed attractions aiming for specific market segments like Legoland (Lego bricks theme) in California or Vinopolis (wine theme) in London emerged.

Scope of the Global Theme Park Industry

The International Association of Amusement Parks and Attractions (IAAPA) is the world's largest amusement industry trade association. IAAPA is dedicated to the preservation and success of the theme park and amusement industry. The Association has over 4500 members representing facilities, suppliers and individual members from more than 90 countries. Member facilities include theme and amusement parks, water parks, attractions, family entertainment centres, arcades, zoos, aquariums, museums and miniature golf venues (IAAPA, 2007).

The non-profit association serves the industry through a system of committees that provide direction in preparing educational programmes, video training materials and publications about the industry. IAAPA also monitors closely US federal legislation that affects attraction and theme park operations (IAAPA, 2007).

North America

According to the International Association of Amusement Parks and Attractions (IAAPA), the USA is home to more than 600 amusement parks and traditional attractions, the majority of which are family owned and operated. Some facilities, however, are owned and operated by large corporations like Walt Disney Attractions (13 parks), Six Flags Theme Parks (31 parks), Universal Studios Recreation (5 parks) or Anheuser Busch Theme Parks (9 parks) (Zoltak, 2006).

In 2005, 335 million people visited these entertainment venues and enjoyed more than 1.5 billion 'rides' and generated approximately

US\$11.2 billion in revenues (IAAPA, 2007). North America's top 50 amusement and theme parks posted a 4.2% attendance increase for a total of 176 million visitors in 2005. Disney's parks have the global top eight spots in terms of attendance. The Magic Kingdom at Walt Disney World in Florida was the most visited theme park in the world in 2005 hosting 16.2 million guests, up from 15.2 million in 2004 (Zoltak, 2006).

The largest North American theme parks are located in California and Florida; however, there is also a large concentration of theme and amusement parks in the north-east, mid-west and south-west USA. Although Florida's Disney's Magic Kingdom and California's Disneyland were North America's leading parks in terms of attendance in 2005 (16.2 and 14.6 million visitors, respectively), other large theme parks drew more than 4 million visitors annually. These included: Disney's Epcot Center (Florida), Disney's MGM Studios (Florida), Disney's Animal Kingdom (Florida), Universal Studios (Florida), Islands of Adventure (Florida), Disney's California Adventure (California), Sea World (Florida), Universal Studios Hollywood (California), Adventuredome at Circus Circus (Las Vegas) and Busch Gardens Tampa Bay (Florida). The top 20 attended North American parks are summarized in Figs 13.1 and 13.2.

Europe

Europe has approximately 300 amusement parks but the popularity of modern normal theme parks has grown in the past three decades. The growth in popularity is attributed to the increase in car ownership and disposable income (Brown and Church, 1987, p. 37). Traditionally, Germany has been Europe's theme park centre; however, other northern European countries like the UK, Spain, the Netherlands, France, Denmark and Sweden also have developed theme parks or enhanced the theming of existing old-fashioned amusement parks. The reason for theme park dominance in certain countries may well be historical and social. Populations are denser in northern European countries, and in some southern European countries, particularly Italy, the travelling fair is still a major attraction (Brown and Church, 1987, p. 38). The majority of

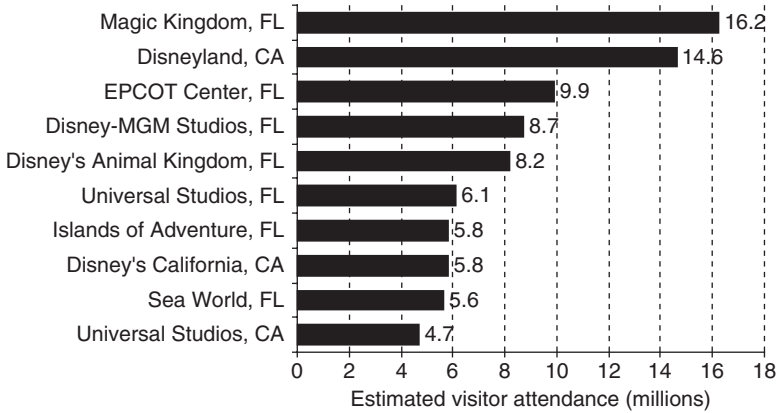


Fig. 13.1. Top North American amusement/theme parks: 2005 estimated visitor attendance (millions of visitors). Source: Zoltak (2006).

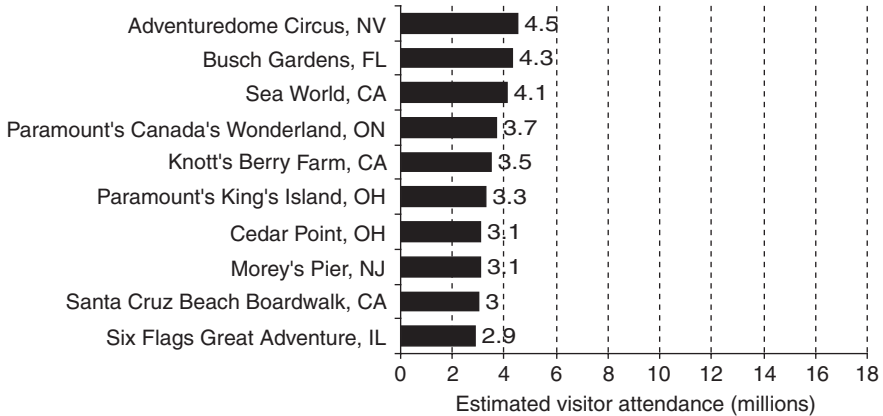


Fig. 13.2. Top North American amusement/theme parks: 2005 estimated visitor attendance (millions of visitors). Source: Zoltak (2006).

European theme parks and attractions are family owned and operated (Brown and Church, 1987).

Despite an uneven economy, the region's leading ten theme parks hosted in 2005 42.2 million visitors, a slight growth from 41.2 million visitors in 2004 (Koranteng, 2006a). Disneyland Paris, hosting 10.2 million in 2005, experienced flat attendance growth compared to the previous year (Koranteng, 2006a). Germany's largest park, Europa Park, celebrated its 30th anniversary and hosted 3.95 million visitors. Blackpool Pleasure Beach, the UK's highest attended park, reported a drop in 2005 attendance to 6 million from 6.2 million in the previous years. Figure 13.3 summarizes Europe's top ten parks in 2005.

The recent growth of Europe's theme park industry has led to some disapproval, where some critics claimed that theme parks are an evidence of US 'cultural imperialism in an increasingly Americanized world' (Mills, 1990). The growing popularity of these large-scale attractions, particularly those with names like The American Adventure, seems to support this argument. Other opponents also claim that the theme park and attraction industry influences the commercialization of heritage sites and open air museums and has led to emphasis on entertainment, modern facilities and a variety of dining facilities (Mills, 1990).

More recently, European theme park operators have faced more challenges, mainly

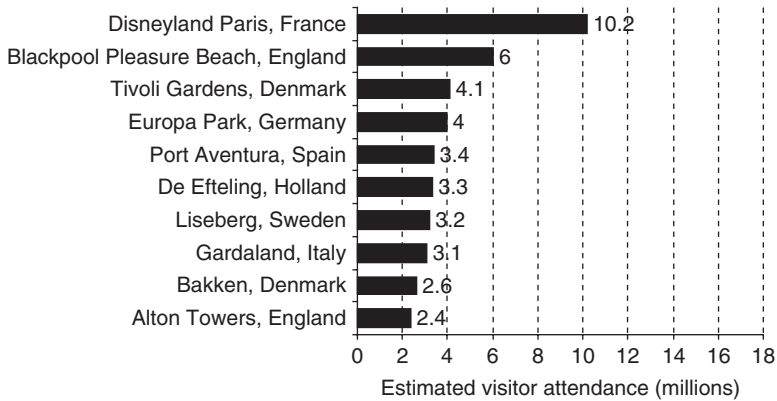


Fig. 13.3. Top European amusement/theme parks: 2005 estimated visitor attendance (millions of visitors). Source: Zoltak (2006).

associated with competitiveness and financial sustainability. Operators in major parks like De Efteling, StarParks Europe, Liseberg and Grevin & Company recently have examined new pricing, product development and marketing strategies in their attempt to appeal to the next generation of consumers through new media initiatives such as podcasting and 3G (third-generation) mobile phones (Koranteng, 2006b).

Asia and the Pacific Rim

Prior to the establishment of Tokyo Disneyland 1983, theme parks were almost unknown in Japan. However, recent theme park developments are comparable to parks in North America, and consequently their design and operation is adopted from American or European firms. Some Japanese theme parks have modified the traditional activities of the North American parks and substituted rides and shows with visual images of extensive landscaping. Although the Japanese government traditionally has encouraged new development of leisure attractions (Paris, 1988), the high cost of acquiring land is the principal obstacle for building new theme parks in Japan (Nemoto, 1990; Makanae, 1991). A different modification of the North American classical theme park also is found in Seoul, South Korea. The indoor Lotte World, opened in 1988, is considered the largest indoor facility in the world.

The turn of the 21st century's natural disasters and Japan's deflationary economy impacted negatively on attendance at theme parks and attractions in the Asia-Pacific region (Koranteng, 2006a). The most recent available industry statistics indicate that visiting guests at the leading ten Asian-Pacific parks slowed to 65 million in 2005 from 71 million the year before, a decline of 8.5% (Koranteng, 2006a). The 2005 attendance at the world's third most popular park, Japan's Tokyo Disneyland, dropped to 13 million guests from 13.2 million, Tokyo Disney Sea also declined to 12 million visitors from 12.2 million and Universal Studios Japan reported a 19% drop in attendance to 8 million visitors (Koranteng, 2006a).

The theme park and attraction industry is developing in mainland China and nearby Hong Kong, where Disneyland Hong Kong opened in September 2005. Two mainland Chinese parks in Shenzhen, Happy Valley and Window of the World, were newcomers to the global top 50 parks by hosting in 2005 2.6 million and 2.4 million visitors, respectively (Koranteng, 2006a). Asia and the Pacific Rim's top ten parks in 2005 are listed in Figure 13.4.

While many developers blamed the Asian economic recession during the last decade for slowdown in theme park projects in Asia, some argued that the success of the Asian theme park depends on customer satisfaction (Emmons, 1999). Yet, the industry has been inattentive in determining the needs and wants of the typical Asian park visitor. Research indicates that the

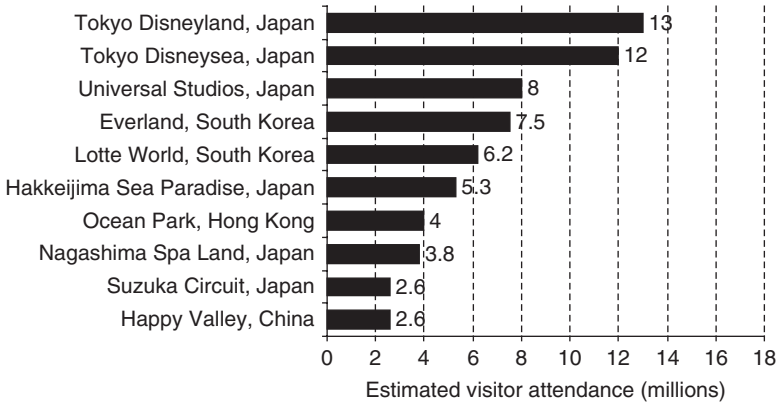


Fig. 13.4. Top Asian/Pacific amusement/theme parks: 2005 estimated visitor attendance (millions of visitors). Source: Zoltak (2006).

key factors for the success of a theme park in Asia are: location, quality, safety, consistency, imaginative theme, constant advertising and steady activities and promotions (Emmons, 1999).

Ample shade from the sun and accessibility are two of the most important customer concerns often overlooked by management of Asian theme parks. Many Asians do not like to have suntans because dark skin gives the appearance that they have been working in agricultural fields, and public transportation access is important because many potential patrons do not have cars (Emmons, 1999).

How a Theme is Created

Successful development of a themed attraction is a combination of writing or storytelling, creative design, financial projections, audience analysis and planning. The story or idea can be expressed in one simple sentence. For example, Sea World tells the story of marine environments around the world and the theme is expressed in one or two words. The story can be more unique, creative, complex and extensive. Disney's Blizzard Beach, a themed water park with the atmosphere of a ski resort, tells visitors that the attraction was inception following a winter storm which dropped snow over the Walt Disney World property in Florida. While Florida's first snow-ski resort was planned, the development idea was short-lived as temperatures increased

and the snow quickly began to melt. Disappointed operators spotted a playful alligator sliding down the 'liquid ice' slopes and realized that the melting snow created the tallest, fastest and most thrilling water-filled ski and sledge runs in the world. As a result, the ski resort/water adventure park was born (Henthorn, 2006).

Today, many modern themed parks and other themed hospitality facilities like hotels, restaurants, bars and shopping malls have adopted the concept of theming or storytelling based on pre-existing intellectual property. These include recognized folklore, mythology, legends, movies, landmarks or popular television shows. This market-positing strategy can be applied in existing natural and man-made resources, as well as in the development of new attractions.

Visitor Profile

In spite of recent decades' proliferation of theme and amusement parks around the world, very limited statistical data and research are available on the motivation and consumption characteristics of their visitors. According to the International Association of Amusement Parks and Attractions (IAAPA), 28% of Americans visited at least one amusement park in 2005. In addition, 50% of Americans indicated that they would probably visit an amusement park within the next 12 months (International Association of Amusement Parks and Attractions, 2007).

Furthermore, a recent IAAPA survey indicated that 'rides' were the primary reason that Americans chose to visit theme and amusement parks. Of the many rides offered by the various parks, 46% of patrons said that their favourite ride was the roller coaster. There are more than 1300 roller coasters in the USA. At 456 feet tall and reaching a speed of 128 miles per hour, Kingda Ka at Six Flags Great Adventure in Jackson, New Jersey, is the world's tallest and fastest roller coaster. In addition to roller coasters, 13% of US patrons prefer bumper cars, 10% prefer log flumes, 9% prefer Ferris wheels and 7% prefer carousels. Other preferred favourite park features include shows (15%), special events and festivals (12%), greeting characters and mascots (6%) and playing games (6%) (International Association of Amusement Parks and Attractions, 2007).

Theme parks, amusement parks and attractions have long been considered the core of American summer leisure activity or vacation. However, tourist behaviour has changed in the past few years. According to a recent IAAPA survey, almost half of Americans preferred a non-summer season as their favourite time for visiting an amusement park or a theme park. While 46% of patrons typically visit these facilities during the summer, 21% prefer the spring and 18% prefer the autumn. This trend also is evident in the increasing use of 'shoulder' seasons when many theme parks and other amusement facilities offer seasonal festivals and special events like Oktoberfest, Hallowe'en and the Holiday season (International Association of Amusement Parks and Attractions, 2007).

Modern theme parks are designed mainly to cater to the family as a visiting unit. In the USA, 59% of travellers to theme parks bring along children. By comparison, just over one-quarter (26%) of overall travelling households include children on their trips (Travel Industry Association of America, 2005). Furthermore, US travellers to theme and amusement parks spend more money per household per trip (US\$839) compared to other travellers (US\$433). On average, these trips also include longer overnight stays (5.4 nights) compared to the average US trip (4.1 nights) (Travel Industry Association of America, 2005).

While statistical data on non-US visitor profiles are scarce, theme parks and attractions, both

in the USA and worldwide, appear to attract a higher proportion of visitors between optimum earning ages. A survey of theme parks' international marketing managers reported quite a uniform age distribution of patrons around the USA, Europe and other international locations. The largest age group that attended theme parks was between the ages of 22 and 55 (Editorial, 2006a).

While a specific breakdown of the origins of theme park visitors is not available to the public, it has been estimated that about 75% of their attendance is likely to be derived from residents living within 150 miles of the park (Lyon, 1987). On the other hand, some theme parks located in major tourist destinations such as California, Florida or Texas rely more heavily on out-of-town tourists.

Likely Future Trends in the Global Theme Park Industry

Attendance and revenue predictors

One of the major critical issues facing the theme park industry is predicting attendance. Forecasting is risky because of the variety of external factors that could negatively affect attendance, such as weather, economic fluctuations, global and domestic political instability, changes in consumer tastes and preferences and competition. Slight changes in these conditions may reverse dramatically pre-season forecasting trends based on classical econometric forecasting models.

The factors predicting theme park attendance can be divided into two major groups: location factors and design factors. Location factors include the local market residing within a certain geographical range, as well as the number of tourists and their ease of accessibility convenience to the park like an airport, rail service or a major highway. Other location factors may include weather, value of the local currency and its attractiveness to international tourists, landscape, other neighbouring competing attractions and tourist supporting facilities such as hotels, restaurants and other services. Design factors refer to the overall attractiveness of the park and its market positioning compared to

competing parks. Design factors include architectural design and landscaping, the number and type of exhibits like shows and rides, internal logistics such as capacity, length of lines, rest areas, merchandise and food service outlets and pricing.

While forecasting attendance is challenging, some figures may help to evaluate the most recent trends. US theme park attendance grew in 2005 to 335 million visitors. This attendance level was the fifth and largest attendance increase during the years 1999–2005. Attendance growth at destination parks in central Florida and Southern California was higher (3.4%) compared to regional parks where a 1.7% growth was recorded (Henry, 2006). According to the recently published *Global Entertainment and Media Outlook 2006–2010* report, the market for US theme and amusement parks is expected to grow over the next 5 years at a compound annual rate of 3.6% from US\$11.2 billion to US\$13.4 billion in 2010 (PricewaterhouseCoopers LLP, 2006).

These growth rates projections may vary significantly between regional and destination parks (PricewaterhouseCoopers LLP, 2006). The *Global Entertainment and Media Outlook 2006–2010* report also concludes that growth of US theme parks probably will be influenced by the quality and amount of marketing, the products and software add-ons, competitors' strategies, weather and other environmental variables like economic conditions, gasoline prices or government regulations (PricewaterhouseCoopers LLP, 2006).

However, Asian and European theme parks and attractions are projected to grow at a faster rate than US theme parks and attractions. According to the *Global Entertainment and Media Outlook 2006–2010* report, theme park and amusement park revenues in Asia will grow at a faster rate in the next few years than revenues in any other region of the world. With an average yearly revenue growth of 5.7%, the Asian amusement industry alone is expected to generate US\$8.1 billion in revenues by 2009 (PricewaterhouseCoopers LLP, 2006). The report also forecasts that the theme park and amusement industry in Europe, the Middle East and Africa will grow at a rate of 5%, for a total revenue of US\$5 billion in revenues by 2009 (PricewaterhouseCoopers LLP, 2006).

Attendance at theme parks and attractions in Europe, the Middle East and Africa is

expected to grow from 131 million visitors in 2004 to 147 million in 2009, a 12% overall increase. Attendance at Asian parks will grow at a faster rate, from 236 million in 2004 to 276 million in 2009, an estimated 21% increase (PricewaterhouseCoopers LLP, 2006).

Furthermore, according to the *Global Entertainment and Media Outlook 2006–2010* report, key factors that will affect revenues and attendance are the improved global economy as well as the ongoing modernization of existing theme parks and the development of new ones. In Europe, theme park operators have been introducing new concepts and more sophisticated techniques to segment their markets. The European theme park industry has also undergone a process of Europeanization, departing from the historical influence of American design and operating philosophy. Important factors that will affect the Asian theme park and attraction industry's revenues and attendance will be the economy and the emergence of new parks and rides (PricewaterhouseCoopers LLP, 2006).

Likely future trends

Milman (2001) provides an empirical study looking at the future of theme parks and attractions from a management perspective. The theme park and attraction general managers that participated in the study indicated that the most likely themes would be: interactive adventure, fantasy and mystery, movies and television shows, science fiction and futuristic themes, space, nature and ecology, educational, seasonal, sports and story-book themes. Less popular themes were perceived by the general managers to be: ethnic, transportation, history, cultural and demographic diversity themes (Milman, 2001).

Some industry analysts evaluated the industry's outlook by predicting futuristic trends associated with admission pricing and promotions, capital additions by developing more rides, amenities (like spa facilities), indoor water parks, festivals, shows, ownership changes and industry consolidation (Henry, 2006). Other likely trends associated with enhanced guest experience, changing demographics, the impact of technology, the integration of theme parks with other tourist facilities and the influence of theme parks on other fundamentals of society are discussed below.

Enhanced guest experiences

Patrons in the entertainment industry will seek more original and innovative experiences. These encounters may relate to the type of adventures sought (natural, man-made or performance), the time setting (past, present or future) and consumers' participation level in the experience (observers, passive performers or active performers).

Contemporary theme parks will compete more on ideas to develop products that will be enhanced with atmosphere and service. Mechanical rides or attractions that were developed historically for amusement parks will be replaced by post-modern interactive experiences where all five senses will be continuously stimulated. In this contemporary theme-park environment, employees will become more like actors and their responsibility to create a themed experience environment will extend beyond their functional operational tasks.

This trend is not unique to the theme park and entertainment industries as consumers have become more demanding for experiences rather than pure products or objects. Benedikt (2001) mentioned that contemporary leisure-related experiences like climate-controlled shopping centres, bookstores that imitate old-time establishments with living room furniture and espresso bars, as well as upscale movie theatres, have become more popular in response to consumers' need for a unique consumption process. He concludes that 'every place, every product, every service and event in the experience economy becomes themed, as though it were part of an endless carnival' (Benedikt, 2001).

Also, patrons will seek more fantasy experiences that they perceived unattainable, beyond their reach or they had just simply missed in life. This trend is consistent with theme park and attraction executives' prediction of a stronger future demand for fantasy, science fiction, futuristic and space themes (Milman, 2001). Popcorn (1991) also predicts a future craving for fantasy and adventure experience by addressing the social need for 'risk taking that is risk free' and the opportunity to provide 'manufactured adventure'.

Theme parks will be ideal physical environments to realize these experiences safely.

Consequently, as safety and security issues have become major areas of concern, especially since the events of September 11, theme parks will increase emphasis on security and safety issues, so guests will have the freedom to enjoy the fantasy experience atmosphere. Design characteristics will also be taken into consideration to restrain urban violence, terrorism, natural disasters and destructive atmospheres that will bring out fear or violence.

A good example that illustrates these immersive experiences is the 2006 Year of a Million Dreams promotion in Florida's Walt Disney World Resort and California's Disneyland Resort. During the 15-month promotion, numerous events will celebrate the dreams of guests. Dreams will be awarded every day at the Disney parks and Downtown Disney in Florida and California. The awarded dreams will include a pirate tutorial with Captain Jack Sparrow, where children are taught how to live and act like a pirate, travelling around the world as a parade grand marshal in each Disney theme park, Disney Vacation Club memberships, magical Disney Cruise Line sailings, a private shopping spree for Disney merchandise and an overnight stay at the Cinderella Castle Suite (Walt Disney World, 2007a).

Finally, these enhanced experiences will be more interactive as learning and entertaining will be blended together. Technology provides an opportunity to many operators in the theme park and attraction industry to offer this type of experience. For example, Hershey Park in Pennsylvania introduced in 2006 the Reese's Xtreme Cup Challenge ride. The interactive ride is themed to match Hershey's own peanut butter products and allows guests to compete on trivial scenes concerning Reese's products. The riders must answer each of the questions so as to get to the next level (Editorial, 2006).

The impact of changing demographics

First, theme parks will continue to cater for families as a major visiting unit; however, they also should monitor carefully changes in consumer demographics as contemporary and future trends will create new markets for the theme park and attraction industry. Urban markets are going to be more diverse socially, ethnically and

linguistically. Berlin, for example, has experienced international migration since the early 1960s. In the 1970s, there were neighbourhoods in Berlin where 15% of the residents had a foreign background (Eckardt, 2005). Many urban cities around the world share the same phenomenon and, therefore, theme parks of tomorrow will be more ethnically sensitive to guests and employees, will speak more languages and will celebrate more diverse holidays and seasonal special events.

Second, the average age of the population is increasing globally as fertility rates fall and more and more people live longer. In more developed regions of the world, the over-65 population has risen from 8% to 14% during the period 1950–2000. The over-65 age group is projected to represent 26% of the population by 2050 (AARP Public Policy Institute, 2003). In many countries retirement age has already risen from the early 60s to late 60s. Older people today are more educated, demand quality experiences and they are more sceptical. Furthermore, older people have become more autonomous travellers as the traditional senior market is being replaced by a fitter, more active and independent-minded group that is no longer interested in taking escorted tours (Del Rosso, 2000).

Consequently, theme parks will feature more stories with respect for the elderly. They need to present images of active, healthy, strong and dignified older people. Theme parks also will develop more rides and attractions with moderate physical experiences. At the same time, theme parks will provide opportunities for older people to do things with their grandchildren. Theme parks will offer value for money, physical comfort and better acoustics and graphic design.

Third, the hospitality industry has traditionally offered luxury and expensive products for the economic aristocracy. The Rania Experience, for example, is a new luxury resort launched in September 2006 in the Maldives Islands. The US\$10,000 nightly rate per couple entitles guests to several hours of sailing daily in the resort's yacht, unlimited treatments at the on-site spa, snorkelling and water sports, and all meals and drinks (Rania Experience, 2007). Recently, Forbes published their 2006 list of expensive dining spots, including Aragawa in

Tokyo and Alain Ducasse au Plaza Athénée in Paris with an average per person meal cost of US\$368 and US\$231, respectively (Banay, 2006).

The theme park and attraction industry should take into consideration the luxury-seeking market segment. An opportunity exists to develop premium products in the theme park and attraction industry. Luxury-themed attractions should be added to the high-paying customer offerings like first-class airline seats, luxury cruise line suites and lavish resorts. These themed attractions should be developed near affluent neighbourhoods and rural sanctuary communities. Theme parks will charge higher admission prices and offer unique experiences like learn-while-you-play resorts where the guests will dress, sleep, play or even work in a themed environment. This individualized approach departs from conventional theme parks that offer a unified product to all economic segments of the market.

More recently, Anheuser-Busch Entertainment opened Discovery Cove in Orlando. The site's premium attraction is swimming with dolphins, snorkelling with thousands of tropical fish, wading with the rays, hand-feeding birds or relaxing in the park's pool. In addition, guests are offered breakfast, lunch and unlimited snacks and beverages throughout the day (Discovery Cove, 2007). The 2007 admission price is \$279 per person, more than three times the admission of any of Orlando's traditional theme parks like Walt Disney World parks or Universal Studios.

Furthermore, luxury products may not necessarily appeal exclusively to consumers with high incomes. This trend, referred to by Silverstein *et al.* (2005) as 'Trading Up', is a new economic and cultural phenomenon where consumers trade up by purchasing higher price quality goods and services while at the same time trade down to low cost alternatives for products that are unimportant to them. As a result, certain segments of the market may be willing to spend more money on luxury products, including themed experiences like Discovery Cove.

Finally, in 2004, Generation Xers, the 60 million Americans from age 25 to 40, spent an estimated \$2140 per capita on overall travel involving a hotel stay versus the baby boomers, aged 41 to 59 years, who spent \$2016. Vacation spending by Xers has climbed 66% per trip in the past 5 years, compared to 25% among baby

boomers. The generational change has significant implications for the travel industry as younger people are less brand loyal, less likely to call a travel agent and less likely to plan far in advance. They are more likely to book online and pay for eye-catching extras (De Lollis, 2005).

The impact of technology

Entertainment technology has been popular in a number of settings, yet theme parks provide the largest and possibly most impressive arena for showcasing these technologies (Macedonia, 2001). Since 2001, Disney's California Adventure provides guests with virtual reality experiences by combining cultural icons, like Hollywood or the redwood forest, with technology that furnishes guests with a feeling of actually being there. In addition, Disney's Turtle Talk with Crush is an example of motion simulation, virtual reality and voice-activated animation that transforms the classical movie theatre into an emotional simulation of body and mind. The experience gives guests the chance to engage in live, spontaneous conversations with the animated sea turtle. Crush chats, plays and jokes with guests in a totally unique, personalized way (Walt Disney World, 2007b).

In addition, Disney's indoor interactive theme park, DisneyQuest, offers its guests a Disney theme park experience with cutting-edge technology, virtual reality and 3-D experiences in a remote location (Walt Disney World, 2007c). The fundamentals of this technology, a blend of a theme park and a traditional video arcade, bring the thrills of a theme park to a big screen in many local communities around the world, especially in developing countries, where accessibility to attractions is limited due to economic, social, cultural and transportation barriers.

Furthermore, advances in computing technologies help in park management. Disney, for example, uses biometrics to validate multi-day tickets and seasonal pass holders (Macedonia, 2001). The popularity of cell phones, small two-way radios and palm-like devices creates an opportunity for technology designers to communicate better with guests by informing them of wait times of specific rides or enhancing the storytelling of specific attractions (Macedonia, 2001). Finally, technology will change traditional

distribution patterns of the tourist product, including theme parks and attractions.

Integration with other tourist facilities

Theme parks will become more integrated with other tourist and leisure facilities. In addition to rides, shows, shops and restaurants, future theme parks will offer supporting facilities like online booking facilities, hotels, nightly entertainment and transportation services. Some theme parks will experience an incremental development of theme parks to full-service resorts offering sophisticated amusement-recreation themed experience blended with accommodation, recreation, entertainment, retail and food-services.

For example, the Disneyland Resort Line (DRL) is an extension of Hong Kong's Public Transportation System that connects the city to the Hong Kong Disneyland. The corporation has integrated the recreational and adventurous nature of the 30-minute ride into the stations and train car design. The train has windows shaped like Mickey Mouse's head and the subway cars are equipped with velvet theatre seats and statues of Disney characters. Theme park guests are able to start their experience as soon as they board the train (MTR Corporation, 2006).

This integration also reflects the development and integration of well-known and well-liked brands into the themed entertainment industry. For example, Legoland California, which opened in 1999, is themed around the Lego building blocks. Similarly, Hard Rock International operates 131 Hard Rock Cafes and 13 hotels and casinos in 14 countries. Recently, Hard Rock announced in 2006 the development of a Hard Rock Park in Myrtle Beach, South Carolina. The park will feature six unique areas focusing on culture, lifestyle and legends of rock and roll (Editorial, 2006b).

Leakage effects of the theme park industry

Theme parks will continue to have an impact on society and they will adjust entertainment and storytelling to match changing social, cultural and political thought. However, certain classical universal values like respect for the environment, peace, animal affinity and tolerance toward ethnic and racial diversity will

continue to be featured by many theme parks globally.

In spite of the industry's criticism, especially in the areas of education, art, aesthetics and social thought (Stanley, 2002), the theme park industry has generated a wide circle of social, economic and political influences ranging from town planning, historic preservation,

building architecture, shopping mall design and landscaping. Theme parks' impact extends further to video and computer-assisted education, home and office design, exhibit design and crowd management (King, 1991). Consequently, theme parks have captured the attention of marketing, planning and communication professionals in many non-entertainment environments.

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14 Tummy Tucks and the Taj Mahal? Medical Tourism and the Globalization of Health Care

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Synopsis

Medical tourism, where patients travel overseas for operations, has grown rapidly in the past decade, especially for cosmetic surgery. High costs and long waiting lists at home, higher incomes, new technology and skills in destination countries alongside reduced transport costs and internet marketing have all played a role. Several Asian countries are dominant, but most countries have sought to enter the market. Conventional tourism has been a by-product of this growth, following from its tourist packaging, and overall benefits to the travel industry have been considerable. The rise of medical tourism emphasizes the privatization of health care, the rising dependence on technology, uneven access to health resources and the accelerated globalization of both health care and tourism.

In the last decade there has been an explosive growth in medical tourism. Often, patients travel considerable distances overseas to avail themselves of medical treatment not available or accessible at home. This chapter examines the contribution of rising costs of medical treatment and health care, higher incomes, improvements in transport technology and reductions in cost, long waiting times and better human and technical resources and services in developing countries to a new globalization of health care in which tourism now plays a key role. Dramatically, as one Indian web site advertisement argues 'many patients are pleased at the prospect of combining their tummy tucks with a trip to the Taj Mahal'.

Not surprisingly, tourism is supposed to be about relaxation, pleasure and an increase in well-being and even health. Even with the rise in cultural tourism and notions of tourism being a learning experience, such learning is still

expected to be relaxing and quite different from classroom memories. Tourists need not be hedonists, but they usually anticipate a beneficial outcome. In the past decade, the attempt to achieve better health while on holiday, through relaxation, exercise or visits to spas, has been taken to a new level with the emergence of a new and distinct niche in the tourist industry: medical tourism.

Many early forms of tourism were aimed directly at increased health and well-being: the numerous spas that remain in many parts of Europe and elsewhere, which in some cases represented the effective start of local tourism, when 'taking the waters' became common by the 18th century. By the 19th century spas were located even in remote colonies such as the French Pacific territory of New Caledonia, while the emergence of hill stations throughout the tropics further emphasized the apparent curative properties of tourism and recreation in

appropriate, often distant, therapeutic places (Smyth, 2005). When diseases such as tuberculosis were much more common, the use of hill stations was particularly important. Somewhat later recreation and tourism shifted seawards in developed countries, and extended from elites towards the working classes, and sea bathing became a healthy form of recreation (e.g. Gilbert, 1954). The health benefits from coastal or mountain retreats were constantly touted as beneficial factors in all forms of tourism, not least to the populations of the towns that grew through the industrial revolution. Some notion of climatic change was central to this (Kevan, 1993; Gesler, 2003). Sports, such as golf, cycling, walking and mountaineering similarly became part of the tourist experience. These activities were supposedly pleasurable ways of combining tourism and well-being. A number of places, from coastal resorts to pilgrimage sites (such as Lourdes or Fatima) and hill stations, gained particular prominence as places with curative properties. Many cities and resorts, from Baden-Baden in Germany, to Bath in England and Hot Springs, Arkansas, USA, and across numerous countries from Turkey to Japan, have grown up around thermal springs with therapeutic properties.

Rather more recently tourists travelled in search of yoga and meditation as the search for cures took on more spiritual and holistic perspectives. The legacy of these activities is the continued presence of 'health tourism' where people visit health spas, for example as documented in Kyrgyzstan (Schofield, 2004), but much more widely with the primary purpose of beneficial health outcomes (Goodrich and Goodrich, 1987). In recent decades, the trend has been a proliferation of holistic retreats and centres of various kinds, where the spiritual and physical are in some way combined, and few resorts are without some form of 'health centre' or spa (Smith and Jenner, 2000; Henderson, 2004). Indeed some authors now argue that spirituality is at the core of wellness (e.g. Steiner and Reisinger, 2006). However, this chapter focuses on medical tourism where the emphasis is very much on physical processes, though the spiritual change may be more evident in this tourism element.

Despite the partial exception of some spas, most visits to spas and similar places do not

involve actual medical treatment. The medical treatments are assumed incidental benefits in amenable, relaxing contexts. By contrast, medical tourism is where a visitor is linked deliberately to direct medical intervention, and outcomes are expected to be substantial and long term. As recently as the late 1980s, little evidence of medical tourism existed (Goodrich and Goodrich, 1987, pp. 219–221). A distinct tourism niche has emerged, satisfying the needs of a growing number of people, mainly in developed countries, and benefiting themselves and a growing number of destinations, principally in developing countries.

A New Tourism Sector

Today, improved health on holiday is no longer merely an anticipated consequence of escape from the tedious drudgery of work and the movement to a place with a cleaner (or warmer) climate, or the outcome of 'taking the waters', but in some circumstances the rise of medical tourism has become the central theme in an active rather than a passive sense. In the last decade and primarily in the present century, the notion of well-being is advancing further than ever before, both in a philosophical and practical sense. Also, well-being is advancing in a geographical sense. A new niche is emerging in the tourist industry. While some writers have continued to use the phrase health tourism to cover all forms of health-related tourism (e.g. Garcia-Altes, 2005), the term medical tourism seems more appropriate because the activity involves specific medical interventions.

As a new sector in the tourist industry, medical tourism has emerged from the rapid growth to become an industry. Often people travel long distances to overseas countries to obtain medical, dental and surgical care while simultaneously being holidaymakers in the more conventional sense. Medical tourism is growing dramatically due to the high treatment costs in developed countries, long waiting lists and times (for what is not always seen by governments, state hospitals and others as priority surgery), the relative affordability of international air travel and favourable economic exchange rates and the ageing of the often affluent post-war baby-boom generation.

For example, 1-year waiting times for hip replacements are typical in Canada and the UK, but this procedure is almost instantaneous in Thailand and India. Medical tourism has reversed an earlier pattern of wealthy patients travelling to developed world centres, such as Harley Street in London (but where tourism was usually not involved), or even Hawaii (Henderson, 2004). The result is medical tourism being practised by many more people.

The reversal of patient flows, from developed countries to less-developed countries, is evident in numerous contexts. Before 1995, all patients in Malta requiring cardiac surgery had to go overseas, usually to the UK, where Maltese citizens receive free medical care for acute conditions. After 1995, specialist Maltese doctors were attracted back to Malta, and new technology was acquired, resulting in both shorter waiting lists and the ability to perform more specialist functions. The savings from not referring patients to the UK were substantial and the process put in place the possibility of patients coming to Malta, to take advantage of cheaper services (Blouin *et al.*, 2006). Similar processes have happened in many Asian and Middle Eastern states.

Medical tourism's growth has been facilitated by the rise of the internet. New companies have emerged that serve as brokers between international patients and hospital networks (Henderson, 2004). Also, medical tourism's growth is due to rapidly improving health care systems in some key countries, mainly in Asia, where new technologies have been adopted. Above all, medical tourism's growth has followed the deliberate marketing of health care (in association with tourism) as medical care has gradually moved away from the public sector to the private sector, ensuring that a growing majority of people, especially in the richest countries, and especially in the USA, must pay – often considerably – for health care. Finally, growing interest in cosmetic surgery (e.g. elective procedures such as rhinoplasty, liposuction, breast enhancement or reduction, LASIK eye surgery or tattoo removal) has created new demands. Various forms of dental surgery, especially cosmetic dental surgery, are not covered by insurance in countries like the UK and Australia, hence dental tourism has become particularly common. Problems of visa rules, foreign exchange

restrictions and limits on medical insurance coverage were temporary breaks on growth and are largely problems of the past century. In Asia these trends are 'the unlikely child of new global realities: the fallout of terrorism, the Asian economic downturn, internet access to price information, and the globalisation of health services' (Levett, 2005, p. 27).

Medical tourism faces one key opposition. Medical facilities need to convince distant potential visitors that care in relatively poor countries is comparable with that available at home, in outcome, safety and even in dealing with pain thresholds. Changing patient attitudes is challenging when a country's medical care system is conventionally regarded in the west to be inadequate (as, notably, in India). As the German radio station, Deutsche Welle, points out 'India is not exactly known for health and hygiene'; yet the country anticipates a major market in Germany (Deutsche Welle, 22 March 2005). At the same time, India's image relative to other south-east Asian countries is not good. Attached is a parallel perception that 'you get what you pay for'; hence, cheap medical care may be inferior. Also, developed countries' media provide exposés of operations that have gone wrong. For example, the Australian *Sun-Herald* features perceived problems in Thailand especially, primarily for cosmetic surgery, under the headline 'Risky scalpel tours cut into taxpayers' pockets' (27 August 2006), while the Australian Society of Plastic Surgeons has expressed alarm at what it has called the phenomenon of 'scalpel tourism, often driven by agents offering a package of flights, hotel accommodation, surgery and sightseeing' (Russell, 2007). While cosmetic surgery is rarely universally successful, even in western contexts, such problem situations have declined though the perception of inadequacy remains. However, global migration of medical practitioners, especially from India to Europe and North America, has meant growing familiarity with being treated by Indians and Filipinos, and that familiarity has eased concerns over health care quality.

Medical tourism advertisements therefore invariably stress technology, quality, reliability and overseas – primarily European – training. Advertising in *Air Mauritius'* in-flight magazine *Islander*, the *Challeng'Hair* Paris hair grafting

clinic provides 'before and after' photographs of European clients and stresses:

One of the five most advanced clinics in the world is located in Mauritius. The international medical team consists of one Plastic Surgeon, a Laureate winning doctor from the faculty of Paris and an anesthetist, all members of the Medical council. . . This clinic, set up to European standards and approved by the Ministry of Health is equipped with state of art technology (*Islander* 38, December 2004).

Cuba emphasizes that the professional quality of plastic surgery and dentistry is 'unquestionable as shown by the health indices given by the World Health Organization' (www.cubanhealth.com). In all these countries, and across them, new companies have sprung up, to link patients, hospitals, potential medical tourists and destinations, many with names that either attest to these linkages, such as Surgeon and Safari (South Africa) and Antigua Smiles, that emphasise the pleasures associated with both cosmetic dentistry and visiting the Caribbean. In source countries, new companies also are emerging. For example Australia's Gorgeous Getaways specializes in cosmetic surgery in Thailand and Malaysia.

Medical Tourism in Asia

One of the first places to develop medical tourism was Cuba. In search of hard currency, Cuba unsuccessfully attempted to divert residents of Latin America and the Caribbean from US hospitals (Goodrich, 1993). Medical tourism has primarily grown in a number of Asian countries, such as India, Singapore and Thailand. Many Asian countries deliberately link medical care to tourism, and thus boost the attractions of nearby beaches and other attractions. Also, medical tourism has developed in South Africa and in countries not typically associated with significant levels of international tourism (e.g. Belarus, Latvia, Lithuania and Costa Rica). Hungary, for example, declared 2003 to be the Year of Health Tourism. Eastern European countries have become important for dental care and plastic surgery. Jordan serves patients from some parts of the Middle East while Israel caters to both Jewish patients and others from nearby countries, through specializing in female infertility, in vitro fertilization and high-risk pregnancies.

South Africa is growing in prominence, especially for cosmetic surgery, since the costs are less than half those of the USA, from where most of the patients come. Also, Argentina is noted for plastic surgery. The Caribbean has found it more difficult to enter the medical tourism market since, despite close proximity to the USA, prices in Caribbean countries cannot compete with Latin America (Huff-Rousselle *et al.*, 1995). Some Caribbean states try to be competitive by specializing in specific procedures. For example, Cuba specializes in skin diseases and Antigua in dentistry. In the Pacific, Guam has become a regional dental centre for Palau, the Federated States of Micronesia and also Japan (*Pacific*, June 2005, p. 23). In Latin America, Chile attracts patients from Bolivia, Argentina and Peru. Mexico is attracting medical tourists from the USA based on price differentials in medical and dental care as well as for purchasing pharmaceuticals. A large proportion of these patients are returning Mexican-Americans (Blouin *et al.*, 2006, pp. 214–215).

A main source of medical tourists is the Middle East – particularly Dubai. Recently, Bahrain and Lebanon also have sought to reverse this flow and are developing their own medical tourism industries. Dubai built Healthcare City (DHCC) to capture the Middle Eastern market and to try and divert tourists from Asia. Unable to compete on price, the Middle East largely competes on quality, with Dubai bringing in German doctors to guarantee high skill standards. Lebanon also stresses many doctors are trained in Europe and America. Branding is seen as important; 'it remains to be seen if DHCC will attract people . . . if there is a single hospital that had one or two good brands that would be good if there was a Cleveland Clinic or a Guy's or St Thomas's Hospital' (Gulfnews.com, 23 May 2005). Saudi Arabia links medical tourism, and especially cosmetic surgery and dentistry, with pilgrimage (*hajj*) visits to the country, with most patients being from other Gulf countries (*Arab News*, 27 July 2005). Iran's Health Minister claims that 'No Middle East country can compete with Iran in terms of medical expertise and costs', comparing the cost of open heart surgery at US\$18,000 in Turkey, US\$40,000 in UK and US\$10,000 in Iran so that patients 'can afford the rest on touring the country' (*Persian Journal*, 22 August 2004). In 2005

relatively low-cost Jordan remained the main medical tourism destination in the Middle East. However the Middle East's medical tourism is much less significant than Asia's.

As medical tourism has grown in Asia, developed countries have become involved. For example, the Bavaria Medical Group (BMG) has developed links with Qatar Airways and the Sultanate of Oman to take patients from Oman to Germany as well as specialist BMG doctors visiting Oman (*Times of Oman*, 24 May 2005). However rich countries can rarely compete, and restore the old order, as medical tourism has reversed direction. In a very short time period the global structure of health tourism has become highly complex and sophisticated.

Despite competition, the most important region for medical tourism is Asia. Thailand became known as a destination for medical tourism as early as the 1970s because the country specialized in sex change operations, and later moved into cosmetic surgery. Malaysia became involved after 1998 in the wake of the Asian economic crisis and the need for economic diversification, as did many Thai hospitals, when local patients were no longer able to afford private health care. Singapore belatedly has sought to compete with Malaysia and Thailand by deliberately setting rates just below those in Thailand. Singapore's international airport even displays fliers about medical procedures to inform and advise transit passengers.

Usually, India is regarded as the contemporary global centre for medical tourism. India advertises everything from alternative Ayurvedic therapy to coronary bypasses and cosmetic surgery. To become the most important global destination, India has upgraded technology, absorbed western medical protocols and emphasized low cost and prompt attention. Since economic liberalization in the mid-1990s, India's private hospitals have expanded and imported technology and other medical goods, thus bringing infrastructure in the best hospitals to western levels. The links to India's highly successful IT industry also are advertised as important. As hospitals improved and specific salaries increased, Indian doctors have returned from overseas. Many of these doctors have international qualifications and western experience that could be advertised to make potential tourists more comfortable. The same liberalization brought new

structures of corporatization that streamlined India's notorious bureaucracy and significantly improved administration. The principal corporate hospital chains employ teams of interpreters, though India has benefited because of widespread English speaking ability. (Thailand's Phuket Hospital provides interpreters in 15 languages and receives about 20,000 international patients a year, while the now famous Bumrungrad International Hospital in Bangkok claims to employ 70 interpreters, all the medical staff speak English and the hospital has 200 surgeons certified in the USA.) Bumrungrad also has a Starbucks cafe in the lobby and an Italian restaurant. While technology has become much the same as in the west, and doctors are experienced in western procedures, most labour costs remain very low and insurance is less costly. Success rates, even for procedures that can have high infection rates, such as heart operations, bone-marrow transplants and kidney transplants, are comparable to those at some of the world's best hospitals. India has an annual Medical Tourism Expo; the Ministry of Tourism is aiming at 1 million medical tourists by 2010. The Ministry of Tourism predicts that medical tourism will earn India as much as US\$2 billion by 2012.

Measuring the number of medical tourists is difficult because the activities defy easy categorization (either in terms of patients and/or accompanying family members) and partly because no statistics are kept. The only specific survey undertaken appears to have been in Costa Rica, where a 1991 university study found that 14% of all visitors to Costa Rica received some sort of medical care, usually cosmetic surgery and dental work (www.infocostarica.com/news/20-Jun-2005.html). In terms of origin, an estimated 50,000 people left the UK in 2003 as medical tourists (*Guardian*, 11 May 2004). Thailand claims to have the largest number of medical tourists, with a million patients from Japan in 2003 and a 20% increase in 2004 (www.expresshealthcaremgmt.com/20050315/interview01.shtml), and has been credited by Singapore with having 800,000 overseas patients in 2003 (Ai-Lien, 2005) but there are no reliable data to demonstrate this. Thai hospitals report that in 2004 some 247,238 Japanese, 118,701 American, 95,941 UK and 35,092 Australian patients were treated; however, these figures

include locally based expatriates and other injured and sick tourists (Levett, 2005). An estimated 600,000 overseas tourists used Thailand's health services in 2002, contributing about US\$477,000 to the economy (Henderson, 2004, p. 115). Although this revenue estimate seems implausibly low, the results were a catalyst for an expanded advertising campaign, especially after the Asian financial crisis of the late 1990s. By the mid-1990s the Bumrungrad Hospital had become one of the largest private institutions in the region, handling about a quarter of a million patients a year, increasing to a million patients by 2006, of whom about 400,000 to 450,000 were from overseas. In Thailand and elsewhere in Asia, numbers were boosted after 9/11 by a reduction in the number of patients travelling from the Middle East to the USA, and by 2005 the number of Middle Eastern patients visiting Bumrungrad alone had risen from 5000 in 2000 to 70,000 (*Straits Times*, 6 November 2006).

In India, an estimated 150,000 medical tourists arrived in 2002, almost half of whom came from the Middle East (Neelankantan, 2003). By 2005, the number of medical tourists reached about 500,000. Another 2004 estimate claims the annual inflow to India to be between 10,000 and 20,000 foreign patients (*Indian Express*, www.expresstravelandtourism.com), and another estimate repeats the 150,000 figure (ABC, 8 November 2005).

Malaysia has gone from focusing on medical screening to a range of programmes. At the end of the last century, the number of foreign patients seeking medical treatment in Malaysia was estimated to have been around 400,000 over a 2-year period (Chaynee, 2003); this total probably is an overestimate since only 150,000 were reported in 2004 (Chong *et al.*, 2005). Medical tourism's income was estimated to have reached about US\$103 million in 2003 (Henderson, 2004, p. 114). Malaysia's Eighth Malaysia Plan (2001–2005) nominated 44 hospitals to take part in the medical tourism programme, and 35 of these facilities were marketed abroad. These hospitals were linked to specialist tourist operators who organized leisure trips, especially to Malacca and Penang. Recently, Malaysia has promoted itself as the most appropriate destination for Muslim patients from the Middle East, stressing *halal* food and Muslim doctors that

say prayers before operations (*Straits Times*, 6 November 2006).

Singapore claims an annual 150,000 international patients in 2001 and 2003, and the country also reported that 230,000 foreigners sought medical care in 2003 (Ai-Lien, 2005). In 2001 about 80% of these were from neighbouring Indonesia and Malaysia, and stayed an average 5 days spending about US\$1522 per person (Henderson, 2004, p. 114). Malaysia reports 200,000 annual medical tourists in 2004 (Gulfnews.com, 14 February 2005), and that number increased to 374,000 in 2005. The country has a national target of a million patients by 2012. In 2005 those who came to Singapore were primarily from Indonesia (52%) and Malaysia (11%), with other significant sources being USA/Canada (5%), UK (4%), Japan (3%) and Australia/New Zealand (3%). Most patients still come from developing countries rather than developed countries, but the year 2005 was the first time Bangladesh and Myanmar had enough medical tourists to be among the top ten sources. Regional arrivals primarily visited for check-ups and minor treatments; patients from developed countries sought more significant treatment (*Straits Times*, 29 March 2006).

Throughout Asia, medical tourism numbers are steadily rising in most destinations. Still, no reliable national figures exist by country for totals of medical tourists, or differentiation of tourists travelling specifically for treatment versus those visitors that take advantage of medical procedures after arrival, or refer to those who accompany them. All countries are anticipating that significant future growth will come from China's growing middle classes, and also India, although currently established sources will remain valuable.

The Economic Rationale for Medical Tourism?

Not surprisingly medical tourists are mainly from developed countries where the costs of medical care may be very high and the ability to pay for alternatives also is high. Within Europe, there are very significant differences in the cost of treatment and hence greater mobility within the European Union region (Smith, 2006). Most of the new medical tourists are from North America,

Western Europe and the Middle East. However, the case of Singapore demonstrates that regional visitors remain exceptionally important in most places. In India a majority are part of the Indian diaspora in the USA, Britain and elsewhere (as they are in Mexico), but medical tourists include elites from a range of countries, including several African states. Recently, the trend has been a gradual shift to a more diverse patient population. One Chennai (Madras) hospital claims patients from Oman, UAE, Bahrain, Qatar, Saudi Arabia, Mauritius, Seychelles, Maldives, Sri Lanka, Bhutan, Nepal, East Africa, Germany, Australia, Canada and the UK (*Times of Oman*, 11 June 2005). European patients favour India, Thailand and Malaysia. Early on, Malaysia primarily focused on the Middle East, stressing Islamic credentials, including the presence of *halal* food and Islamic practices in hospitals. The manager of one group of Malaysian hospitals has said 'since 9/11 people started looking to the Eastern world for holidays and we are trying to capture a fraction of these people. The Middle East is a huge market for us. Abu Dhabi Company for Onshore Oil Operations sends its 36,000 employees to us for check-ups' (Gulfnews.com, 14 February 2005). Since 9/11 Thailand has gained contracts from the UAE's police department and the Oman Government, both of which were formerly linked to Europe (Levett, 2005). Also Malaysia has organized trade missions to such South-east Asian countries such as Myanmar and Vietnam, where there is a small potential elite market (and there are few high-quality medical facilities), and the country receives a large number of medical visitors from Indonesia (Chaynee, 2003). However, 70% of UAE medical tourists go to Singapore (Gulfnews.com, 14 February 2005) and India is said to be the preferred destination of Omanis (*Times of Oman*, 11 June 2005). Many patients at Malaysia and Singapore clinics are Europeans and Americans resident in Asia. The Singapore market has shifted from Indonesia to the Middle East, alongside ethnic Chinese from a diversity of sources. Rich Javanese tend to make the short flight to Singapore; Sumatrans go by ferry to Malaysia.

Unlike other countries Thailand deliberately has sought the Japanese market, since many Thai doctors were trained in Japan. The nurses and other staff have been taught to speak Japanese.

Thailand mainly has patients from Japan, Brunei, Singapore, Taiwan, Pakistan, China and Bangladesh. Cuba has a primarily Latin American market with Argentina, Ecuador and also the Dominican Republic as the main sources of medical tourists (Huff-Rousselle *et al.*, 1995, p. 10). Japan always has been unwilling to accept immigration and hence has a health care system under considerable pressure, especially due to an ageing population, without access to migrant health workers as in most other developed countries. Consequently, Japan has taken particular advantage of medical tourism. Many Japanese companies even send their employees to Thailand and Singapore for annual physical examinations, as the savings on medical fees and high-quality medical care make the airfare inconsequential. For provincial Japanese companies, the cost of overseas medical care is little more than travelling to Tokyo. The medical reports are done in Japanese and images are sent electronically back to Japan. At least one Bangkok hospital has an exclusively Japanese wing. Bangkok even hosts a number of Japanese nursing homes.

Medical tourism's rise is primarily a function of economic change. Price differentials between most Asian states and more-developed countries are considerable and diverging even further. This trend may be accentuated or influenced by long waiting lists. For complex surgery the differences are considerable. In 2003 a small child in the USA with a hole in her heart was faced with a domestic surgery bill of around \$70,000; the operation was performed in Bangalore, India, at a cost of \$4400 (Neelankantan, 2003). Open heart surgery may cost about \$70,000 in Britain and up to \$150,000 in the USA, but India's best hospitals charge between \$3000 and \$10,000, depending on procedure's complexity. Dental, eye and cosmetic surgery costs about a quarter of that in western countries (Neelankantan, 2003). The price differentials for cosmetic surgery are particularly significant since cosmetic procedures are not covered by insurance. A face-lift in Costa Rica costs about one-third of the cost in the USA, and rather less in South Africa. However, any complications and post-operative costs may have to be met in the patient's home country, hence disparaging comments that this is 'fly-in fly-out' or 'itinerant surgery'. Patients in a sense are both outsourcing and globalizing themselves.

India has cornered a substantial part of the market because of low fees compared to other possible destinations. For example, a heart bypass operation in India is about one-sixth of the price of the same procedure in Malaysia. None the less price differentials between all Asian countries and the West remain considerable: Thailand can offer liposuction and breast-enhancement surgery for one-fifth of the cost in a German hospital. Not surprisingly, Thailand has focused on this particular European market. Singapore has sought to compete on quality rather than price and stresses superior technology, and emphasizes that local doctors carried out the first Asian separation of Siamese twins, the first South-east Asian heart transplant and other breakthrough medical procedures.

Economic benefits are central to medical tourism, but other factors are also important. Waiting lists for non-essential surgery such as knee reconstructions may be as long as 18 months in the UK. In India, the entire procedure can be completed in under a week; patients are sent home after a further 10 days. Although this type of surgery is regarded as non-essential or low priority in the western world, the procedure may be necessary for certain forms of employment, and hence worth the overseas trip. Similarly, in the UK, waiting times for fertility treatments may be very long, and at an important period in couples' lives, hence many 'fertility tourists' have gone overseas (Graham, 2006).

Distance provides anonymity. Some medical procedures, such as sex changes, have become small but significant parts of medical tourism, especially in Thailand, where recuperation and the consolidation of a new identity may be better experienced at a distance from standard daily life. Similarly cosmetic surgery patients may prefer recuperation in a relatively alien environment.

For many, what makes medical tourism so appealing is that no one need know there was anything medical about the trip. [A couple from the USA] visited South Africa a year ago for tummy tucks, liposuction and eyelifts. Back from South Africa they threw a SuperBowl party. 'Friends kept saying we looked fantastic.' Funny how a good vacation can be such an uplifting experience (Andrews, 2004).

Even where privacy is not crucial to the operation, undergoing a procedure that parallels exclusivity can be important. Thus the Mauritius

hair grafting clinic, whose name suggests an elite Parisian connection, argues 'Sited not far from most exclusive hotels, the clinic receives patients from around the world. Many stars and persons of international fame, who naturally require the utmost discretion, owe the restoration of their hair to this clinic' (*Islander* 38, December 2004).

Travelling beyond national boundaries also offers alternative options. Certain operations may not be available in origin countries or have a low priority. In Australia, for example, breast reconstruction surgery has very low priority, even for survivors of breast cancer, hence overseas surgery becomes an attractive option. Abortions are banned in several countries or are restricted to early periods of pregnancy. In Britain, for example, health authorities usually are unwilling to countenance stomach stapling for patients if they are aged less than 18; this restriction is not the case in many medical tourism destinations where the customer is more likely to be right. The demand for organ transplants is growing much faster than the supply of organs donated through traditional means, hence a small but growing number of the world's poor are providing body parts, especially kidneys, for sale, and receiving these organs often necessitates an overseas trip. Durban and Johannesburg were common centres and meeting points for such surgery, for 'transplant tourists', until the South African authorities broke up a trafficking ring. Now, most transplants take place in developing countries (Scheper-Hughes, 2000, 2005).

The most extreme form of such travel, where the word tourism fits least easily, is that of patients seeking euthanasia. In recent years, this purpose has brought a stream of non-citizens to Switzerland, may have taken 'death tourists' to the Netherlands and for a time in the 1990s took Australians to the Northern Territory (the only part of the country where euthanasia was briefly permissible). In early 2007, Switzerland came under considerable international criticism for enabling euthanasia, or what was then being called 'suicide tourism' (*Sydney Morning Herald*, 3 February 2007). Spain has become a European centre for couples requiring donor eggs, while Denmark has become the sperm powerhouse of Europe, as one of the few countries in Europe where there is a substantial supply of sperm for infertile patients, especially from the UK where

sperm imports are banned. As one Danish doctor noted 'You can fly Ryanair from Stansted, and we have deals with hotels: fertility tourists get a discount' (quoted in *The Times*, 27 November 2006). A final form is a variant of 'transnational retirement': the establishment of overseas nursing homes, where patients effectively stay permanently, as in Kenya, where converted hotels (as the tourism market declines) have been turned into homes for east African Asians, retiring and returning from the UK, or for Japanese in Thailand and the Philippines.

But is it Tourism?

Invariably and unsurprisingly advertisements for medical tourism stress the links between surgery and tourism, especially during recuperation. The extent to which recuperating patients may be able to benefit from 'normal' elements of tourism may be queried. Is this therefore merely long-distance migration for surgery, marketed as an attractive tourist experience, or is there actual tourism? Indeed describing a medical procedure as part of a tourist experience might seem to be merely cosmetic advertising.

For some destinations, including Hungary and Mauritius, medical tourism possibilities are advertised in in-flight magazines and standard government tourist publications. The assumption is tourists might avail themselves of small-scale procedures, such as dentistry, during otherwise standard tourist visits. Arguably, Thailand's reputation as a tourist destination has boosted medical tourism to the extent that the Bangkok Dental Spa treated about 1000 overseas patients during the first year. 'Ninety percent of patients already know Thailand and love it as a holiday destination' (Levet, 2005, p. 27). Tourism provides a partial basis for medical tourism.

Marketing naturally stresses the pleasures of the destinations. Goa Tourism's brochure *Find All* in November 2006 features health tourism (and thus reached those who had already got to Goa) pointing out:

Welcome to tropical sun and escape from the gloomy European winter. It is only now that the idea of offering health care services has been taken up. Combining holidays with health treatment is becoming more and more popular among tourists coming to Goa. The advanced

treatment here costs a fraction of that in the developed world. So it makes perfect sense to combine holidays with treatment.

The brochure suggests that tourists avail themselves of anything and everything from *ayurveda*, homeopathy and *reiki* to dental and hearing clinics, cosmetic surgery (tummy tucks, facelifts and hair transplants) and beauty parlours. None of these activities require major decisions or referrals. Some sense of the link between health care and tourism is evident in the web site for the Nirmalyam Ayurvedic Retreat and Hotels Company in Kerala, which also stresses the possibilities of catamarans and house boats:

The tourists are attracted by Yoga, Ayurveda and Vedic Astrology, the great sciences which grace Indian culture. One of the resorts which supports these sciences is the famous Nirmalyam Ayurvedic Retreat, where many tourists come and stay for Ayurvedic treatment and enjoyment of scenic beauties in God's own country, Guruvayur, Kerala. Within a couple of kilometres from Guruvayur, the famous temple city, is the world's largest elephant sanctuary of 58 elephants, which is visited by many a tourist. The Nirmalyam Ayurvedic Retreat functions as an Ayurveda centre as well as a three star hotel with state of the art 60 rooms with economical rates (www.eastrovedica.com).

However, this advertisement is primarily health rather than medical tourism, involving no more than massage. Tourists who have not experienced invasive procedures are more likely to appreciate the delights of elephants and catamarans. One Bombay hospital has considered the slogan 'open your new eyes on the beach at Juha' (some 30 km to the north). Indonesian visitors to Malaysia prefer to be treated in the large cities of Penang and Malacca, both of which have a significant tourism industry.

Some hospital chains are integrated into the tourist industry. The principal hospital group in Singapore, Raffles, arranges airport transfers, books a patient's relatives into hotels and helps to arrange local tours. Hotels in Malaysia similarly have become horizontally integrated with hospitals. In an advertising supplement in Brunei's national daily newspaper Malaysian hospitals stressed the links with tourism:

Vista Vision Specialist was selected as the Best LASIK Centre in the 2006 Malaysia Spa and

Wellness Awards hosted by Tourism Malaysia. Vista is located at the Curve, Malaysia's first lifestyle pedestrianised shopping mall. A four-star boutique hotel is easily accessible and a one minute walk. You and your companions can also enjoy other services such as karaoke, spas, beauty salons, gyms and even banks, and movies at the Cineleisure Damansara. The centre's strategic vision provides you with a one-stop shopping wonder. To date Vista has performed over 10,000 Lasik procedures in Malaysia of which 20 percent were foreigners from the US, Europe, Japan, Australia, Singapore, Brunei and many more (*Borneo Bulletin*, 12 March 2007).

In the wake of the December 2004 tsunami, Thai hospitals in Phuket, like nearby hotels, offered special packages (focused on cosmetic surgery) to revitalize the (medical) tourist industry there. The Phuket Health and Travel web site notes 'In addition to scheduling your medical treatment, we also arrange your travel and accommodation, as well as any car hire, cruises, tours or other vacation services. You will fly on a scheduled flight to Bangkok, then join a connecting flight to Phuket . . . After your medical procedure we will then arrange for your transfer to the hotel or resort selected by you, for your relaxation and recuperation' (www.phuket-health-travel.com). Tourism is certainly an integral part of medical tourism.

If tourism is about travel and experiencing other cultures, then all medical tourism is tourism. Usually, medical tourism is more because tourists can only return home when they are, in a sense, well enough to travel. Tourism may involve their accompanying relatives rather more than themselves, but most patients are able to sample standard tourist experiences if they wish. In a few cases, patients choose holiday destinations with the secondary goal of medical treatment, usually for high-cost and low-risk operations such as dentistry.

Californian resident Eva Dang decided to take the 24-hour flight over the Pacific Ocean for a dental appointment. '[Singapore] is just as good as America. Doctors are very professional and caring and very attentive.' And cheaper too. What is more she can get to relax by the pool in a tropical climate, grab some food at the hawker stalls and catch the sights at the same time (www.CNN.com, 24 February 2005).

In the same way a cosmetic surgery patient in Jamaica recuperated a few 100 yards from the hospital in a villa furnished in wicker and mahogany, with a terrace and a private pool (Andrews, 2004). However, despite the name, patients of the Surgeon and Safari Company in South Africa may be discouraged from going on safari after plastic surgery to ensure proper recovery (Andrews, 2004). Other patients may prefer to recuperate at length, even get used to their new selves, through tourism, and later see specialists for a final time. Most visitors spend some time shopping, even if no further than hotel stores, and justify this (should they feel the need) on the grounds of the money saved through the overseas health care.

Ultimately tourism is more than just a cosmetic noun for an activity that otherwise has little to do with conventional notions of tourism, since most visitors and certainly those who accompany them, do find some time for tourism. Moreover at the same time the whole infrastructure of the tourist industry (e.g. travel agents, airlines, hotels, restaurants and taxis) benefits considerably from this new niche. Indeed, since a significant proportion of patients there may stay for a lengthy period of recuperation, the rewards to the tourist industry, and especially the hotel sector, are considerable. Tourists from the Middle East tend to be relatively high spenders, especially from the United Arab Emirates, where the government funds medical care overseas, and provides hotel allowances. Also, Arabs have a tradition of purchasing gifts for many family members back home (*Straits Times*, 17 April 2006). Currently, medical tourism's economic impact is unquantifiable. One estimate is that medical tourists in Thailand spent US\$1.6 billion in 2003 (Taffel, 2004), while medical tourists in South Africa were estimated to spend between US\$30 and 40 million in the same year (J. Mortensen, pers. comm., 2005). Despite the lack of formal calculations, and only a handful of similar estimates, there is no doubt that medical tourism has become a significant economic niche.

Conclusion: Towards Globalization

Medical tourism is likely to increase even faster in the future as medical care continues to be

increasingly privatized, and significant cost differentials remain in place. As the demand for cosmetic surgery (including dentistry) continues to expand dramatically, the need for overseas services will grow. Cosmetic surgery probably will replace heart surgery as the core element in medical tourism. Moreover, as successful outcomes become more evident, demand will probably increase further. Western insurance companies might encourage overseas treatment to reduce their own costs. One Kolkata (Calcutta) hospital has signed an agreement with the British insurance company BUPA. Similarly, at the start of 2005, the British National Health Service (NHS) sent patients to Europe to cope with a backlog of cases, but restricting them to places within 3 hours' flying time (such as France and Spain) and within the European Union market area (Carrera and Bridges, 2006). If waiting lists increase further, an extension of this policy might enable benefits to trickle down to those countries now seeking medical tourists. Larger Indian companies have been in negotiations with the NHS about outsourcing the treatment of British patients to India. A further constraint to expansion is concern over the insurance of health care overseas and the whole nature of cross-border medical liability.

On the supply side, the number of countries seeking to develop medical tourism continues to grow. Medical tourism's success in Asia especially has prompted growing global interest and competition, and optimism is seemingly unbounded. Singapore, for example, though a relatively high-cost destination, seeks to attract 1 million patients by 2012. These patients would generate US\$1.8 billion in revenues, create at least 13,000 jobs (Ai-Lien, 2005) and even restore economic growth after the recession in the IT industry at the end of the 20th century. The Philippines recently declared an interest in medical tourism based on a new airport and the familiarity that people all over the world have with English speaking Filipino doctors. As a consultant noted, 'There used to be a time gap in terms of medical technology reaching the shores of Manila, but not anymore. Also with every third medical practitioner in the UK or the USA known to be of Filipino descent, first-world patients attach a reasonable amount of confidence and comfort in being treated in the Philippines' (quoted in Kinavanod, 2005).

Dubai has built Healthcare City to discourage Middle Eastern tourists from going to Asia. The largest international private medical service group in India, Apollo, had 37 hospitals in India in 2004, partnerships in hospitals in Kuwait, Sri Lanka and Nigeria, and plans for others in Dubai, Bangladesh, Pakistan, Tanzania, Ghana, Singapore, Philippines, London and Chicago as privatized corporations grew and international linkages intensified. Apollo's web site early in 2007 advertised:

With over 7000 beds in 38 hospitals, a string of nursing and hospital management colleges, and dual lifelines of pharmacies and diagnostic clinics providing a safety net across Asia, Apollo Hospitals is a healthcare powerhouse you can trust with your life. We unite exceptional clinical success rates and superior technology to match the best in the West with centuries-old traditions of Eastern care and warmth. Because at Apollo Hospitals we believe the world is our extended family – something our 14 million patients from 55 countries can warmly affirm. And by providing patient care beyond compare, we dream of a healthy, happy planet for all (www.apollohospitals.com).

Apollo Hospitals provides a new face of medical care – a transnational phenomenon that goes on in a pleasant, modern context, and ultimately is specifically linked to tourism in a new structure of horizontal integration between hospitals and hotels. As Tourism India notes 'So the wheel has come full circle. Instead of Western missionary docs coming to India to treat the poor now we have rich First Worlders buying Medicare here.' Medical tourism does however have negative consequences.

Medical tourism has been particularly attractive to elites, even – perhaps especially – in developing countries; Nigerians, for example, spend as much as \$1 billion per year on health costs outside Nigeria (Neelankantan, 2003). Despite the presence of traditional therapies within Indian medicine the medical market is oriented increasingly towards high-end tourism. One outcome is a rapid rise of a private health sector in the medical tourism destinations, as the economic benefits from employment in that sector become even greater. A higher earning capacity plays a small part in reversing the brain drain, a significant issue in

such developing countries as India, where many doctors and nurses have migrated overseas. Malaysia has actively sought to encourage doctors to return from overseas, to be involved in medical tourism and to provide more equitable health care (Chong *et al.*, 2005). Expansion of the private sector may be at some cost to the public sector, where patients have very limited ability to pay, if skilled health workers move out of that sector (Henderson, 2004, p. 118). The recent boom in medical tourism has occurred in a context where 40% of India's population live below the poverty line and have no access to basic health care and infant and maternal mortality rates are high. As one health researcher has pointed out:

The poor in India have no access to healthcare because it is either too expensive or not available. We have doctors but they are busy treating the rich in India. Now we have another trend. For years we have been providing doctors to the western world. Now they are coming back and serving foreign patients at home (Ravi Duggal, quoted in Ramesh, 2005).

Consequently ethical issues have become significant (Borman, 2004), in terms of both equity and the more competitive involvement of the medical care market. Over the past decade the Indian health system has become more dichotomous, as a dual or two-tier structure emerges. While Apollo sets aside free beds for those who cannot afford to pay, little evidence is found that these beds are used (ABC, 8 November 2005). Also, little evidence supports Apollo's use of pioneering telemedicine to serve India's remote parts. Similarly Apollo argues that 'India is now ready to heal the world' but the ABC notes that 'the majority of its own people remain at the back of the queue' (*ibid.*). Urban bias in health care delivery has been

intensified everywhere. Malaysian health care delivery is increasingly inequitable (Chong *et al.*, 2005) and Thailand's system results in 'a huge drain on the public health sector. To practise medicine in Thailand you must pass a Thai language examination, so the booming private sector can take staff from only one place' hence 'In the past we had a brain drain; doctors wanted to work outside the country to make more money. Now they don't have to leave the country, the brain drain is another part of our own society' (Levett, 2005, p. 27). In source countries: 'Fertility tourism has always happened and will continue to happen. The real tragedy is that those with money can always go overseas, but the people who haven't two brass farthings to rub together are always the people who lose out' (Graham, 2006, p. 9). Uneven development is one facet of medical tourism.

In little more than a decade medical tourism's rise has demonstrated that a form of service provision, the provision of health care, so labour-intensive that it was assumed to be highly localized, can now be globalized like so many other service activities. Japanese export of workers, even for medical examinations, and of old people into nursing homes has taken this to a contemporary extreme. This process follows the growing emphasis on technology, private enterprise and the attitude that health care can be bought 'off the shelf'. Higher incomes, especially in Asia, will enhance this trend. The trade in health services is expanding, becoming more competitive, and creating new dimensions of globalization, all elegantly packaged, and sometimes actually functioning, as the new niche of medical tourism. Medical tourism is a niche that will continue to grow and to intensify with competition.

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15 Wine Tourism and Consumers

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Synopsis

This chapter examines the interconnections, or nexus, between wine consumer behaviour and wine tourism, including both theoretical concepts and applied research findings. Until very recently most wine tourism research had been conducted at wineries, which is very useful for evaluation of product and service quality but sheds little light on what wine consumers around the world think about wine-related travel or their actual behaviour as wine tourists. Wine tourism is defined, in terms of both demand- and supply-side perspectives. Then, in examining the interrelationships between wine consumption and wine tourism, nine specific topics are examined through literature review. These include: wine region appeal; wine region locations; wine tourism destinations; wine tourism destination choice; wine marketing and awareness; wine consumer needs; wine consumer involvement; wine tourism motivations; and wine tourist behaviour. To further illustrate the inter-connections and provide implications from applied research, results of wine-consumer research are presented. The chapter integrates and summarizes the literature from a number of perspectives. It describes an empirical study that includes a purposeful sample of wine consumers in Calgary, Canada (a city remote from wine-producing regions). They were questioned on their wine consumption habits and preferences, and their wine tourism behaviour and preferences. A Wine Involvement Scale was developed to test the theoretical proposition that those highly involved with wine would be more likely to travel for wine-related experiences, and to differentiate their travel and experiential preferences from lesser-involved wine consumers. The respondents displayed a high level of wine-related travel. The sample frame and method do not permit generalization to the whole population, but it is clear that the link between wine consumption and wine-related travel is strong in the Calgary market. Specifically, these wine consumers were found to hold distinct preferences for wine from certain countries and regions, and this did influence their wine tourism behaviour. As well, their preferred wine tourism destinations were also shaped by knowledge about regions, or wine appellations within countries. These points have been summarized in a proportional map displaying the wine tourism world from the perspective of the respondents. Factor and cluster analysis revealed two distinct segments that were highly involved with wine, and they were mostly older males. Age and gender differences were found to be significant in terms of a number of important variables. This segmentation technique and the related conclusions have important implications for wine tourism development and marketing. Conclusions are drawn on how to advance knowledge in this area, and on how tourism and wine industry managers can effectively use the available concepts and knowledge.

Introduction

Wine marketing research is expanding rapidly, so the literature review only serves as a general

overview. First, wine tourism is defined, and nine specific interconnections between wine consumer behaviour and wine tourism are explored. Next, this chapter presents research

findings from a wine consumer study in Calgary, Canada. For the first time the disparate publications from this research are summarized collectively (see Brown and Getz, 2005; Getz *et al.*, 2005; Getz and Brown, 2006, Brown *et al.*, 2007). This integration allows further elaboration on most of the wine-consumer–wine-tourist inter-connections. The chapter concludes by recommending academic research opportunities as well as practitioner-oriented suggestions for wine industry managers.

What is Wine Tourism?

Wine tourism is special-interest travel based on the desire to visit wine-producing regions, or in which travellers are induced to visit wine-producing regions, and wineries in particular, while travelling for other reasons (Getz, 2000). This definition is a demand-side understanding of tourism behaviour. The emphasis is on understanding who engages in wine tourism, as well as why (e.g. motivation and preferences) and how (e.g. where they go or what they do).

Many wine regions around the world are capitalizing on wine tourism's growth. This increase is related to a general surge in culture and lifestyle or 'experiential' travel. From the destination's perspective (supply-side), wine tourism is developing and marketing wineries, vineyards, wine events and wine-related themes to attract visitors. Increasingly, 'wine country' is becoming an attractive place to live or to holiday.

Information about wine tourism is available from many sources. Reviews of wine tourist research are found in academic journals (Carlsen, 2004; Mitchell and Hall, 2006) and in books (Getz, 2000; Hall *et al.*, 2000; Carlsen and Charters, 2006). Additional material is available in various journals, especially in *The International Journal of Wine Marketing*. Another source is conference proceedings, particularly those events that deal in whole or part with wine tourism (e.g. Dowling and Carlsen, 1998; Cullen *et al.*, 2002). Finally, Carlsen and Charters' (2006) *Global Wine Tourism: Research, Management and Marketing* provides the most recent and comprehensive collection of research papers on this topic.

One major theme expressed in the wine tourism literature is the need for more consumer-

based research (Hall *et al.*, 2000). In particular, wine tourists' characteristics, motives and preferences are not well understood (Charters and Ali-Knight, 2002). Until recently, the linkage between wine consumers and wine tourists was neglected. Most early wine tourist studies emphasize winery visitors rather than wine consumers in general.

This nexus between wine tourism and wine consumers can be examined within a general framework of consumer demand, interactions between supply and demand and leisure/travel theory concerning seeking and escaping, or push and pull factors. In particular, the following nine dimensions are germane:

- Wine region appeal
- Wine region locations
- Wine tourism destinations
- Wine tourism destination choice
- Wine marketing and awareness
- Wine consumer needs
- Wine consumer involvement
- Wine tourism motivations
- Wine tourist behaviour

Wine Region Appeal

A growing body of literature examines the tourist attractiveness and development of wine-producing regions (Getz, 2000; Carlsen and Charters, 2006). Surprisingly, the literature provides little insight or evidence concerning the link between wine preferences and wine-related travel. The prevailing attitudes in the wine and tourism industry associate wine quality with wine tourism demand. For example, one early regional wine tourism strategy was prepared for Western Australia in 1998. Wine Tourism was defined as 'travel for the experience of wineries and wine regions and their links to the Australian lifestyle and encompasses service provision and destination marketing' (Carlsen and Dowling, 2001, p. 46). A SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) finds a number of perceived strengths including: premium quality wines; a unique, attractive environment; regional produce and fine cuisine; variety of lifestyle experiences; variety of accommodation styles and price

range; a range of associated regional craft and merchandise; a range of existing events in wine regions; many existing small family-owned and operated wineries; many new ventures in the wine and tourism business, and a high level of support.

Getz *et al.* (1999) gathered opinions of wine and tourism-industry professionals, both in Australia and Washington State. The study concludes that professionals believed wine quality to be a destination's major selling point. Not surprisingly, wine quality is a frequent theme in wine tourism development and planning. These results imply that tasting quality wines is a strong motivation for visiting wineries.

Although little systematic or comparative research examines the appeal of wine regions, Charters and Ali-Knight (2000) admonish that wine tourist expectations likely vary from region to region. No one set of critical success factors will apply everywhere.

Williams (2001a, 2001b) studied the evolution of wine region imagery as reflected in *Wine Spectator* magazine's advertising pages. He concludes that imagery shifted through the decade of the 1990s, from emphasizing wine production and related facilities to aesthetic and experiential dimensions. The imagery conveyed to wine consumers of wine country as a rural paradise is one in which leisure, cuisine, scenery and outdoor activities are bountiful. Williams notes that consumer research on perceived and preferred wine country imagery is needed to permit proper wine-region positioning.

Bruwer (2003) concludes the wine region's appeal should be based on 'difference of place', and these differences must be branded. Both natural and cultural features are important, but attractiveness also is related to distance (real and perceived) to markets.

Wine tourism and wine exports should be mutually reinforcing. For example, Sharples (2002) suggests that the reputation (e.g. quality image of wine) and export of Chilean wines fuels wine tourism to that country. Consumers who previously visited a wine-producing region might be more likely to become loyal customers and to spread a positive word about the wines. Still unknown is this interaction's dynamics and the resulting pattern of travel preferences and choices.

Chaney (2002) argues that many consumers simplify their wine choices by picking a

brand based on country of origin. To expedite the process, many retailers display wines by country and region of origin. Chaney further observes a link between preferences and travel among UK wine consumers, noting that 'for most people part of the travel experience involves sampling the local food and drink in a relaxed environment'. Travel experiences therefore influence future wine choices.

Wine Region Locations

Although wine production is expanding geographically around the world (now including countries like India, China and Japan), wine has strong and positive associations with certain countries. This association is based in part on culture (such as the strong links between North America and Europe) and the volume and quality of wine exports (which more recently favours Australia and South America).

Also, the notion of secular pilgrimage is relevant. In social settings (e.g. wine clubs, wine tasting or among wine-loving friends), opportunities exist for sharing informal word-of-mouth and formal wine-region information. An element of status might be associated with visits to famous or even out-of-the-way wine regions. Much as golfers 'collect' experiences at different courses, wine lovers might sequentially visit wine regions searching for novelty and variety. To extend this analogy, just as a golfer desires to play at St Andrews in Scotland (the home of golf), a wine lover might desire to make a pilgrimage to the origins of famous or preferred wines.

Many wine-related web sites provide evidence that consumers think in terms of pilgrimage, and marketers use this concept in their wine tourism promotions. Lee Foster (2003) expresses his desire as 'Every traveller with an interest in wine and food owes himself or herself, at some point in life, a pilgrimage to Bordeaux. I will always remember my own journey to this gustatory shrine.'

What sets a pilgrimage apart from other special-interest travel is that very specific sites hold deep meaning for the visitors. Travellers search for authenticity, often manifested in seeing the actual grapes, physical plant and personnel

that produce favoured wines. Arguably, famous wine regions (e.g. Bordeaux) are pilgrimage destinations, even for those who prefer wines from elsewhere. If true, this attraction suggests that the Bordeaux 'brand' holds 'equity' for the destination as well as its wine producers (see Lockshin and Spawton, 2001, for a discussion of brands, involvement and wine tourism).

Wine tourist research in Canada concludes that wine tourists also seek cultural experiences and engage in active outdoors pursuits (Lang Research Inc., 2001; Williams and Kelly, 2001). These findings suggest that wine regions must offer a bundle of benefits, not just wine-related opportunities. If wine tourists are better-educated and more sophisticated travellers, then they are more likely to be demanding of their selected destinations.

Wine Tourism Destinations

Howard's (1963) concept of a destination's 'evoked set' is pertinent. According to Um and Crompton (2000, p. 87), an evoked set is the mental list of destinations consisting of '...those remaining from an initial awareness set after some reduction process has been implemented'. For tourism, Um and Crompton argue the evoked set should be thought of as 'probable destinations' within some period of time. This contrasts with the 'inept set' of those rejected destinations. An inert set of destinations includes those that cannot be evaluated by the consumer because of a lack of information.

The implication is that potential wine tourists possess a short list of preferred or likely destinations. At a general level, in wine tourists' minds the evoked set consists of all wine regions classified by how each destination would offer something new. When tourists are queried about their likely travel to wine regions, the evoked set might be much narrower. This reduced evoked set could be based on time and distance barriers and/or wine-specific criteria (e.g. reputation for wine), preference for those wines or knowledge about the wine experiences available in each location.

Roberts and Sparks (2006) provide insights into the factors that enhance the wine tourism experience. Their research is part of a larger study

by the Australian Sustainable Tourism Cooperative Research Centre (see www.crctourism.com.au) study of 'Good Living Tourism'. Through focus groups, they identify eight enhancement factors which provide context to the wine tourism experience:

- Authenticity of experience
- Value for money
- Service interactions
- Setting and surroundings
- Product offerings
- Information dissemination
- Personal growth – learning experiences
- Indulgence – lifestyle

Griffin and Loersch (2006) find that people are the key to delivering quality wine tourism experiences, particularly in emergent wine tourism regions such as Canberra, Australia. As with all wine tourism regions, quality wine is the core product. In addition, the setting and the service of the wine are crucial to attract, satisfy and retain wine tourists.

Wine Tourism Destination Choice

Um and Crompton (2000) believe travel constraints and risk reduction affect final destination choice more than with the destination's attributes – which are important in the awareness and evoked sets. Actual travel decisions are affected by many situational variables, and these elements have not been examined for wine tourists.

Compared to food or manufactured products, why does wine invoke a desire to visit a destination? If wine is an indirect influencer on travel choices, what properties are of greatest importance (e.g. wine quality, intangibles like lifestyle association or specific landscape imagery)?

A review of well-known travel and destination choice models (see Hudson, 2000; Pizam and Mansfeld, 2000) suggests that wine can impact destination choice in many ways. These influences include both 'push' factors (needs, motivation to travel and specific trip motives) and 'pull' factors (e.g. the attractiveness of destinations or activities and events). The 'choice model' described by Ryan (2002, p. 62) is pertinent in this context, a summary of which is provided in Table 15.1. Ryan's model is salient

Table 15.1. Wine-related factors in the destination choice model.

	Wine-related factors
A) Tourist variables needs, motives, personality, lifestyle, life-stage, experience	<p>Basic needs are met through wine tourism experiences; these motivate travel:</p> <ul style="list-style-type: none"> – learning about wine and culture, wine and landscape – sharing wine tourism experiences with significant others and like-minded travellers – gaining esteem (through acquired knowledge and experiences; to ‘master’ wine) – serious leisure and involvement (wine central to lifestyle; amateurism) – relaxation in wine regions (idyllic rural landscapes)
B) Marketing variables and destination awareness	<ul style="list-style-type: none"> – preferences for particular wines by origin country or specific appellation – destination branding by wine companies – wine tasting specific to their origin – co-marketing by DMOs and wine industry – personal visits to wineries and wine regions, plus word of mouth, influence future travel
C) Affective association of destinations	<ul style="list-style-type: none"> – cultural and historic links favour certain destinations (e.g. North American and European links) – exports of wines affect availability and encourage loyalty – pilgrimages to famous and important wineries and wine regions – authenticity of the cultural experience (wine as an integral part of lifestyle)
D) Tourist destination preferences	<ul style="list-style-type: none"> – the ‘evoked set’ of known and preferred wine-specific destinations, versus general-purpose travel preferences
E) Situational variables	<ul style="list-style-type: none"> – risk reduction; cost and distance barriers; packaging; knowledge about the wine regions

Adapted from Ryan, 2002.

for explaining how the wine-related factors are linked to five generic choice factors.

Wine Marketing and Awareness

Marketing of wine destinations is done by tourism organizations as well as individual wineries and wine companies. The wine industry often associates its brands with specific appellations and promotes visits to its wineries (see Getz, 2000, for a case study of Australia’s Southcorp). As wine destination numbers increase, due to spreading wine production and growing importance assigned to wine tourism, developing a competitive advantage becomes more problematic.

Awareness of the wine-producing region can be increased through repeat purchases of wines (which might have pertinent information on the label), discussions with other wine consumers, formal wine tasting, background reading on wines or co-marketing by wineries and wine destinations. Surprisingly, most wines are sold with little destination information or imagery on the labels. To add to the problem, in some countries (including Canada) wines can be made from imported grape juice and sold with misleading origins. Consumers who are highly involved with wine in their lifestyle, or who are interested in specific wines by origin, likely would enjoy learning about wine producing regions, regardless of their travel experiences and propensity.

Some evidence suggests that marketing campaigns are not the key factor in attracting wine tourists. Dodd's (1995) research on visitors to Texas wineries finds that word-of-mouth recommendations are the most important source of information, followed by previous exposure to the winery's labels and other sources. Brochures are most important to visitors living more than 30 miles from the visited winery. One key research question is whether visiting a winery generates brand loyalty, influences subsequent sales and generates positive word of mouth for a wine region and its wineries.

Mitchell's (2006) analysis of reasons for purchase (and non-purchase) by wine tourists after visiting wineries uncovers variables that affect this relationship. He interprets winery visitation as 'consumer experience tourism' and finds that the experience elements of the visit (e.g. service and social aspects) are most influential in post-visit purchase behaviour. He also points out the importance of dissatisfiers or 'hygiene factors' that, if absent, can compromise the experience; however, these factors do little to enhance the experience. In contrast to previous studies, Mitchell finds a high likelihood of brand loyalty amongst New Zealand winery visitors, especially if they visit more frequently, which results in increased post-visit purchases. Mitchell also provides the first insights into reasons for post-visit non-purchase by winery visitors.

O'Mahony *et al.* (2006) conclude that high involvement correlates with higher post-visit purchases of wine, but the relationship is complex. Without over-reliance on market segmentation (which can be misleading when based on a single factor such as demographics), this research suggests that there is a continuum of wine involvement from low to high that may or may not change after a winery visit. Wine tourists' motivations, involvement and behaviour are discussed in more detail in the following sections.

Wine Consumer Needs

Personal needs are at the root of all consumer behaviour and there are many theories to explain them. These personal needs are identified in Maslow's hierarchy of needs (see Hudson, 2000; Ryan, 2002); however, the need to drink wine or to visit wine regions is mainly subsumed within

much broader relationship and recreation needs. Human needs are in part met through leisure and travel interactions and experiences. Interactions between personality, lifestyle, life-stage and experience shape specific travel motivations. These powerful motivations can include the following (from Ryan, 2002, p.35, following Beard and Ragheb, 1983):

- intellectual (to learn, explore, discover)
- social (linked to friendship and interpersonal relationships, plus the need for the esteem of others)
- competence-mastery (to achieve, master, challenge and compete)
- stimulus-avoidance (to escape or relax)

Of particular relevance to most forms of special-interest travel such as wine tourism are the intellectual and competence-mastery motivations. In terms of wine tourism these appear to translate into the genre-defining activities of visiting wineries and vineyards to learn about wine (see Charters and Ali-Knight, 2000, for a pertinent discussion). Escape and relaxation also are clearly associated with wine regions, as the imagery presented of wine regions stresses an idyllic rural and cultural experience or lifestyle. As a result, wine consumers who read *Wine Spectator* potentially are inculcated with a belief that wine regions are worthy of a visit (Williams, 2001a, b). Increasingly wine regions are being developed with spas, golfing, special events, country inns and other pleasant diversions (Getz, 2000).

Also, the social dimension should be prominent in wine tourism, and not just through travel with like-minded people or meeting them in the wine region. In terms of life-stage, the presence of a 'significant other' who is also a wine lover might encourage wine tourism, while having children at home is possibly a disincentive. Belonging to a wine club, or having other wine consumers as one's reference group, might strongly influence the value placed on wine tourism.

Wine Consumer Involvement

The wine consumer's level of involvement with wine in general, or particular wines, has been studied in the context of wine purchase behaviour (see Lockshin and Spawton, 2001, for an overview), but the tourism dimension only recently

has been addressed. Studies of leisure and recreation involvement (e.g. Havitz and Dimanche, 1999) suggest that people highly involved with wine can be expected to value wine explicitly as a central part of their lifestyle. These people exhibit behaviours such as joining clubs, making wine (as a hobbyist), reading about wine and collecting or cellaring preferred wines.

Highly involved wine consumers (about one-third of the total) like to learn, and will refer to the region of origin as one purchase cue (Lockshin and Spawton, 2001). Surprisingly, very few consumers stick to one brand; instead, most people like to try the unfamiliar and to search for the unknown brands from familiar regions.

The highly involved wine consumer engages in serious leisure, typified by the acquisition of specific knowledge and skills, perseverance, amateurism (e.g. making wine at home), searching for durable benefits or self actualization, enhancement of self-image and self gratification (Stebbins, 1992). Serious leisure often encompasses one's entire social world, and Ravenscroft and van Westering (2001) discuss wine involvement in these terms.

The concept of recreation activity specialization is closely related to involvement. Bryan (1977) conceptualizes a continuum of behaviour from the general to the specialized, which is reflected by equipment, skills used and preferences for specific recreation settings. Ditton *et al.* (1992) add a 'social worlds' perspective in which at one end of a continuum is the least specialized subworld and its members and at the other end is the most specialized subworld and its members. Scott and Shafer (2001) argue that recreational specialization generally is treated by leisure researchers as a measure of intensity of involvement and is used to explore variation among activity participants in terms of their preferences, motivations, attitudes and the like, but they stressed a developmental process in which specialization is a progression in behaviour, skill and commitment. They argue that progression is not a typical path, but may well be the least common trajectory among recreation participants.

Wine Tourism Motivations

Mitchell *et al.* (2000) conclude that much of the research concerned supply-side issues, from

the perspective of wineries hosting visitors, and much less had been completed on demand-related questions. In particular, little is known about the international or long-distance wine tourist. The literature gap is due to both the tendency to sample winery visitors (who are normally operationalized as wine tourists) and the general absence of travel-related content in wine consumer research.

Charters and Ali-Knight (2000) determined from a sample of Western Australian winery visitors that about one-third can be called 'wine lovers'. The wine lovers are characterized by a desired learning experience at wineries. Also, these consumers have a comprehensive grounding in wine education. A small component of this segment is called the 'connoisseur'. The connoisseur is much more interested in learning about wine production. The implication is that wine tourists might seek out destinations that offer the learning experience they desire. Charters and Ali-Knight (2000) also concluded that wine tourists seek a 'bundle of benefits', and not just wine-related experiences, appealed to wine lovers.

Johnson's (1998) typology of 'generalist' versus 'specialist' is germane. Johnson argues that some winery visitors take the visit more seriously than others and therefore have different needs. Presumably the 'specialist' is similar to the 'wine lover' of other typologies. The place of wine in lifestyles also has been examined, leading Hall *et al.* (2000) to conclude that the experiential aspects of lifestyle (such as socializing, travel, entertaining and dining out) are more important than materialistic aspects.

One large-scale consumer study is directly pertinent. The Travel Activities and Motivation Survey (TAMS), commissioned in part by the Canadian Tourism Commission (Lang Research Inc., 2001), includes the development of a wine and cuisine index reflecting travel related to food and wine. The study finds that 12.9% of adult Canadians and 17.9% of adult Americans have a high level of interest in wine- and cuisine-related travel, while an additional 17.2% of Canadians and 17.2% of Americans had moderate interest. Segmentation reveals that the greatest interest levels in Canada occur among young and mature couples, and young and mature singles. Interest in food- and wine-related travel increases with household income

and education levels. Overall, the study concludes the best target segment can be defined as 'affluent mature and senior couples'.

Wine Tourist Behaviour

March and Woodside (2005) investigated the gap between planned and actual behaviour and expenditure of visitors to Prince Edward Island, Canada. They find significant differences between planned and actual expenditures and behaviour, influenced by product experience, group composition and motivation. Their findings apply to the way tourists, including wine tourists, plan and budget for their trips and the key drivers of their purchase decisions and activity. Wine tourism is hypothesized as having a highly experiential component (visitors previously tried the region's wine and food), involving a higher level of small groups and couples (not families) in unplanned behaviour. Also, visitors motivated by wine tourism are more likely to engage in unplanned activities due to the convenience and proximity of wineries, galleries, restaurants and other attractions in one location. These relationships have important implications for managing and marketing wine tourism.

Getz and Brown (2006) suggest that core wine product, core destination appeal and cultural product are important to forming wine tourists' beliefs, values and attitudes. To test these values, Sparks (2007) employed the theory of planned behaviour to examine wine tourists' beliefs about the likely outcomes and values attached to a behaviour. Factor analysis identified destination experience, core wine experience and personal development as unique dimensions of wine tourists, with core wine experience being a common dimension in both Getz and Brown (2006) and Sparks (2007).

The Research

Purpose and method

One unique aspect of this research is that the study group covers wine-related travel habits and preferences of wine consumers (in Calgary, Canada). The sample group does not live near

a wine region and was not selected on the basis of its travel patterns or winery visits. For this exploratory research, a convenience sample was taken, so the findings cannot be generalized to a larger population. The study results have been published in various journals and are in this section collectively summarized.

Data were obtained from a self-completion questionnaire completed by 161 wine consumers. Respondents all belonged to one of several social wine clubs (not a purchasing club), or attended a wine tasting event held at a retail outlet. Respondents were not pre-screened, so actual travel behaviour and wine preferences initially were unknown. Through the cooperation of the retailer, surveys were handed out and collected from attendees at a wine tasting event. Two wine clubs agreed to provide mailing lists, and each member was sent a questionnaire with a postage-paid, return envelope included.

The wine consumer questionnaire was developed in part through a focus group in which a small number of wine consumers who drank socially together were asked to discuss informally their involvement with wine, their wine preferences and the connection to wine tourism. The focus group revealed that some wine lovers' general travel led to an interest in wine (especially from living abroad), whereas for other wine tourists patterns followed naturally from growing involvement with wine as part of their lifestyle.

Drawing from previous studies that utilized the involvement construct in the context of leisure and wine, a Wine Involvement Scale was developed. The various statements, to which respondents indicated their level of agreement or disagreement, encompass four involvement domains pertaining to lifestyle centrality, interest and pleasure, 'sign' or self identity and risk (e.g. fear of making a mistake). The scale can be considered an adaptation of Laurent and Kapferer's (1985) multidimensional involvement scale.

Profile of the Calgary respondents

Almost half (48.4%) were males and the average age was 49. Seventy per cent were married, but only 29% had children living at home. Of

those respondents with children at home, the mean age of the offspring was 17 years. The sample contains a large proportion of self-employed (30.1%) compared to employed (45.5%), and a fairly high level of retirees (20.5%). They were very well educated (67% had completed or were working on a university degree, of which 29% were post-graduate; another 22% had completed or were attending a college). Given their education levels and

employment characteristics, the high household incomes were not surprising.

Table 15.2 shows an overall profile of the sample of wine consumers. Primarily, the sample is mostly mature, married adults, in an upper socio-economic group. This profile is consistent with the North American profile of wine consumers in general (as profiled in Getz, 2000, and in the TAMS study by Lang Research Inc., 2001).

Table 15.2. Profile of the Calgary respondents.

Gender	Male:	48.4%		
	Female:	51.6%		
Average age (in years)	49			
Age by gender			Male	Female
	22–29:		3 (4.2%)	5 (6.5%)
	30–39:		7 (9.7)	13 (16.9)
	40–49:		14 (19.4)	31 (40.3)
	50–59:		30 (41.7)	20 (26.0)
	60–69:		15 (20.8)	8 (10.4)
	70–71:		3 (4.2)	0
Marital status	Male:	73%		
	Female:	62%		
Percentage with children living at home	Male:	31%	Female:	28%
	Mean age of children living at home: 17			
	Range: 2–37 for the youngest			
Employment status			Males	Females
	Employed:		35.1%	55.1%
	Self-employed:		43.2	16.7
	Retired:		18.9	23.1
	Unemployed:		2.7	5.1
Education (highest level completed or in progress)			Males	Females
	High school:		4.0%	11.1%
	College:		12.0	33.3
	University:		41.3	38.3
	Postgraduate:		42.7	17.3
Household income	Under \$20,000:		1.7%	
	\$20–39,000:		5.8	
	\$40–59,000:		11.6	
	\$60–79,000:		16.5	
	\$80–99,000:		14.9	
	\$100–119,000:		16.5	
	\$120–139,000:		10.7	
	\$140–159,000:		2.5	
	\$160,000+:		19.8	

Cross-tabulations show significant differences by age and gender (see Table 15.3). Males are older on average, better educated in terms of university or postgraduate degrees (84% to 56%) and more likely to be self-employed (43% to 17%). A higher proportion of the females in the sample are single (38% to 27%). But there is no statistically significant difference between males and females in terms of having children living at home (31% for males, 28% for females).

For the purpose of statistical tests, the respondents are split into two age categories: less than 50 years old versus at least 50 years old. This data transformation results in a very balanced comparison with 74 labelled 'younger' and 76 called 'older'. Note that these terms are relative, as the sample contains very few respondents under the age of 30 and the mean age is 49 years old. Also, female respondents are younger than males, with 63.7% of females being under the age of 50 compared to only 33.5% of the males.

Wine consumption patterns

Over half (57%) of the respondents were members of one or more wine clubs, but this result is largely an artefact of the sampling. Eighty-nine per cent had been to a wine tasting in the past year, with the average being eight tastings (among those going to a tasting). Nearly three-quarters of respondents owned books about wine, with the average seven books owned. Thirty-eight per cent of respondents read magazines about wine, with an average of 1.55 magazine subscriptions among those who subscribe. This finding suggests that wine magazines are not reaching the majority of serious wine consumers. Slightly more than a quarter of respondents make their own wine. This result shows that many hobbyist wine makers are also serious wine consumers.

In terms of making wine purchases, the average number was 29 times in the past 12 months, with spending averaging C\$136 a month. All the respondents bought some quantity. The main price range paid for a wine bottle was between \$13 and \$30, inclusive of mid-priced to premium wines, but not luxury brands. Sixty-one per cent maintained a wine cellar, with an average of 319 bottles per cellar among those

who had one. No data were collected on either preference for or consumption of wine type (e.g. reds, whites, sparkling, fortified or dessert).

Wine preferences by origin

Respondents were asked whether they prefer to buy wines produced in particular regions (yes or no). For respondents who answered yes, they were asked to write in the names of up to three regions, starting with their favourite. The names of regions or countries provided were of great interest, given the goal of linking wine preferences with wine tourism destinations, but so too were the ways in which the respondents interpreted 'region'.

Table 15.4 displays data on the three variables of relevance to the question of whether or not wine preferences by origin or appellation lead to wine tourism to specific wine regions. The nature of the data (number of times mentioned) and the measures used (percentages) do not allow a statistical correlation between these three variables, so a qualitative evaluation is provided.

Nearly 70% of respondents preferred to buy wine from one or more particular regions. This finding is not specifically a measure of loyalty, as appellation preferences might very well change over time. Table 15.4 shows the combination of three choices, with France being top choice with 80 mentions and accounting for 23.2% of all origins mentioned. Australia, Italy, the USA, Chile and Canada were the other major wine sources mentioned. Australia's popularity likely is an artefact of the sampling frame. One of the groups sampled was an Australian wine club.

The data on wine preferences also provide insights to interpreting the word 'region' and understanding how consumers perceive wine origins in a geographical sense. The main regions of France and Italy are well known, so the popularity of Bordeaux (15 mentions), Rhone (15) and Burgundy (7) is not surprising as well as seven other French regions that respondents mentioned. Similarly, within Italy there were specific preferences for wines from Tuscany (7 mentions) and three other regions. In Canada and the USA, three geographic levels were recorded: country, state/province and specific wine regions. This finding can perhaps be attributed to more intimate knowledge based on proximity and

Table 15.3. Summary of age and gender differences.

Variables	Age	Gender
Wine consumption measures (all respondents were wine drinkers)	Older respondents displayed the highest levels of consumption and tangible wine-related behaviour.	Males displayed higher levels of wine-related behaviour purchases, wine clubs, wine cellars, tasting, reading about
Wine preferences by origin (about 70% had preferences)	Younger were more likely to prefer wines from Chile, Australia, New Zealand Older preferred France, Italy, British Columbia in general, California	Females preferred Chile, Australia, the Okanagan Valley Males preferred France and Tuscany
Barriers to wine tourism (cost, time and alternatives were the main barriers to wine tourism)	No significant differences	No significant differences
Previous visits to wine-producing regions (79% had visited a wine-producing region in the past 5 years)	Older respondents mentioned more regions visited and more visited for mainly wine reasons	Males mentioned more regions visited
Likely future visits to wine-producing regions (51.3% were definitely planning to visit within 3 years)	No significant differences in levels of interest	No significant differences in levels of interest
Packaging	No significant differences in levels of interest	Females were more likely to prefer a packaged holiday to the Okanagan, including cultural and recreational activities plus winery visits
Preferred wine region features	Older significantly more likely to prefer fine dining and gourmet restaurants Younger significantly more likely to prefer children's activities and sports	Females significantly more likely to prefer group winery tours, knowledgeable winery staff, local arts/crafts and farm produce
Involvement	Older were significantly more likely to agree that 'I have invested a great deal in my interest in wine' and that 'understanding the complexity of wine production provides an exciting challenge for me'	Males constitute 57% and 60% of the two segments most involved with wine, wine consumption and wine tourism Males significantly more likely to agree that 'I have a strong interest in wine', 'I have invested a great deal in my interest in wine', 'My interest in wine has been very rewarding', 'I am knowledgeable about wine' and 'People come to me for advice about wine' Females constitute 70% and 69% of the two least involved segments, but these segments were highest in intent to visit wine regions in the next 3 years

Table 15.4. Relationships between preferred wine, wine regions previously visited and wine regions most likely to be visited.

Country	Number of mentions: preferring wine from this country (% of sample, summing all three preferences)	Number of mentions: have already visited (% visited for wine)	Number of mentions: most likely to visit, next 3 years (% to visit for wine)	Comments on each country's position
France	80 (23.2)	36 (56)	71 (46.5)	Classic wine destination; always a winner
Australia	69 (20.6)	15 (60)	48 (44.1)	Major growth potential for wine tourism
Canada	42 (12.2)	89 (45)	71 (46)	Close to home; wine tourism will continue to grow
Italy	40 (11.6)	10 (30)	46 (47.5)	Classic wine destination; always a winner
USA	40 (11.6)	56 (50)	78 (51.5)	Close to home; wine tourism will continue to grow
Chile	32 (9.3)	3 (0)	6 (33.3)	Modest potential; constrained by distance and lack of differentiation
Germany	8 (2.3)	6 (33.3)	8 (0)	Performing well below potential
New Zealand	7 (2.0)	8 (25)	6 (60)	Potential could be enhanced through packaging with Australia
Spain	6 (1.7)	2 (100)	9 (71)	Potential to grow, but lacks regional differentiation
South Africa	4 (1.2)	2 (0)	11 (55.6)	Potential to grow; constrained by distance, but benefits from appealing image
Argentina	3 (0.9)	0	1	'Terra incognita'; constrained by distance and lack of knowledge
Portugal	3 (0.9)	5 (0)	3 (0)	The rest of Europe needs differentiation
Greece	0	3 (50)	0	
Slovakia	0	1 (0)	0	
Europe	3 (0.9)	3 (33.3)	5 (50)	
UK	0		1	
Slovenia	0		1	
Hungary	0		1	
Various international	3 (0.9)			
North America	2			
Australia/ New Zealand	2			
South America	1			

previous visits. Californian wines were the most popular (21 mentions for the state as a whole, plus Napa receiving 4 and Sonoma 1). The neighbouring province of British Columbia was the most frequently mentioned origin of favoured Canadian wines (12 mentions plus 11 others specifically for the Okanagan Valley).

Other countries that produce preferred wines were not as well known by region and sub-region. Although Australian wines were mentioned 69 times (20.6% of the total), only four specific appellations were mentioned with the top one being Barossa with three mentions. Although Chilean wines also were popular (32 mentions and 9.3% of the total), no one mentioned a region within that country. German wines were not very popular (8 mentions) but respondents did mention two regions, the Mosel (2 mentions) and Rhine Pfalz (1). Only the Rioja region of Spain was specifically identified (1 mention), and in all the other countries mentioned there was no regional differentiation.

Affiliation with an origin-specific wine club, or attendance at country-specific wine tasting, should increase consumers' knowledge and possibly their regional preferences. On the other hand, the fame and availability of wines from specific countries and regions should influence consumer preferences. It might be impossible to prove which comes first, so a mutually reinforcing process could be at work. Most likely, the respondent's special interest creates knowledge about wine regions which, in turn, provides a mechanism for enhanced geographical awareness. This heightened knowledge provides scope, at a minimum, for a more sophisticated approach to destination decision making in countries that are subject to the relevant insight.

Previous wine-related travel

The second column in Table 15.4 shows the number of respondents that previously visited wine-producing destinations. Respondents were asked to write in the names of any regions they had visited in the last 5 years, and for each region to indicate the purpose. Fully 79% of respondents had visited a wine-producing region in the last 5 years. This finding is remarkable given Calgary's distance from the nearest region,

the Okanagan Valley in British Columbia. The percentage of visits made for wine-related purposes ranged from zero to 100%, but more important is the fact that three destinations attracted both high numbers of visits and at least 50% of them were for wine-related reasons (e.g. France, USA and Australia). Canadian destinations were most frequently mentioned (89 times), of which 45% were wine-related trips.

Table 15.4 indicates the proportion of travellers who travelled because of their interest in wine. Respondents were instructed to list their main reasons for visiting the region, after a general introduction stated: 'We are also interested to learn whether your interest in wine was the main reason for visiting the region or if other reasons were more important in your decision.' Answers were coded into five categories: wine-related (accounting for 45% of all trips mentioned); vacations (37.7%); conference (6.1%); visiting family (9.6%); and scenery (0.9%). If two reasons were equally mentioned, and one was wine, the answer was coded as being wine related.

The influence of proximity is shown by British Columbia's (BC) popularity as a wine-related destination. Given that BC is a preferred holiday destination in general for residents of Calgary; this finding is not too surprising. The Okanagan Valley attracted 59 mentioned trips of which 46% were wine related. The other top North American regions visited were California (Napa Valley in particular, with 20 mentioned trips, of which 61% were wine related), Washington State (8 and 62.5%) and other parts of British Columbia (the Fraser Valley near Vancouver and Vancouver Island). The top overseas country visited was France (36 and 56%), with eight regions mentioned (Burgundy was highest at 6 and 67%). Australia had attracted 15 trips of which 60% were wine related, and four regions were mentioned (Hunter Valley at 3 and 100% was highest). Other popular overseas destinations included Italy, with three regions mentioned, New Zealand (4), Germany (2) and Portugal (1).

Evidently, distance is less important than might be expected when choosing major wine-related destinations. The popularity of France, Italy, Australia and New Zealand supports this proposition. The negligible performance of South America (three had visited Chile, but none were wine related, and none mentioned

Argentina) suggests that other factors were much more important.

Planned travel

Future wine-related travel was examined, first with the question: 'How interested are you in visiting a wine-producing region in the next 3 years?' Five response categories were provided, and 51.3% checked 'Definitely plan to visit a wine region.' In addition, 19.4% were 'very interested' and 18.8% were 'interested'. Only 1.9% of respondents were definitely not interested.

Table 15.4 displays the interest levels for future visits to wine regions. Respondents were asked to: 'Please list the wine-producing regions you would be most likely to visit in the next 3 years.' Although respondents ranked their answers from most likely downwards, all the replies have been combined for this table. Respondents also wrote their main reasons for visiting. These results were coded in the same way as for the question on wine regions previously visited. Overall, 46.7% of the reasons were wine-specific or included wine (wine was sometimes mentioned equally with other reasons).

The USA is the top likely future destination for travel in general as well as for wine-related travel, and three levels of destination (national, state/provincial and region) were mentioned. Presumably mentioning the USA in general suggests either multiple visits to wine regions, or some degree of uncertainty. California, on the other hand, is well-enough known by respondents to be considered a stand-alone wine destination (mentioned by 36, with 44% wine related). In addition, California's Napa region also has great appeal (26 and 62%).

Canada and France were virtually equal in their appeal for future trips (both 71 mentions and about 46% wine related). Canada's Okanagan Valley was the preferred future destination (38, 43%), while France as a whole is perceived to be a wine destination (38, 34.5%) as are specific regions (Bordeaux 8, 75%; Burgundy 7, 67%; Loire 5, 20%). Italy and Australia were also almost equal as preferred future destinations for both general travel and wine-related purposes. Five Australian regions were mentioned (from one to three times only) but they are largely seen as a single destination. Italy, on the other hand, is

both a single destination (26, 28.6%) and a regional destination. Italy's popular wine destination of Tuscany was frequently mentioned by respondents (15 mentions, 67% wine related).

Future research should examine the actual patterns of wine tourism in order to examine the routes, linkages and country or regional combinations. The Calgary data suggest that Europe in particular and to a lesser extent Australia plus New Zealand are logical combinations for wine-related travel.

The relationship between preferred wine and wine-related travel

Although the relationships shown in Table 15.4 cannot be statistically quantified, a qualitative interpretation is provided under the heading 'comments on each country's position'. This summary concentrates on each country's attractiveness as a wine destination. Additional insights are provided below on the apparent links between wine popularity by origin and travel to that origin.

Two countries, France and Italy, stand out as 'classic' tourism and wine destinations. Both destinations possess an abundance of cultural, landscape and wine-related attractiveness. They are perennial favourites for Calgarians and North Americans in general. Their future as wine destinations is assured. Many wine consumers prefer the wines of France (23%) and Italy (12%), however, about twice as many respondents preferred French wines. These countries attract wine-related trips from consumers who did indicate a preference for their wines. Most probably multiple regions in the two countries are combined in one visit, and possibly with other European wine regions as well.

Australia has the greatest potential for wine tourism growth. The results show a preference for Australian wine (21% preferred Australian wines) and probable future visits for both wine and general purposes. Wine consumers who visit Australia for other reasons are likely to seek out specific wine regions. In particular, the Hunter Valley is an attractive wine destination because it is close to Sydney. Also, New Zealand has the potential to benefit from the demand for Australia through two-country packaging for wine tourists.

Canada and the USA both benefit from proximity to Calgary, and both general-purpose and wine-related travel will likely continue to grow. California's Napa Valley is a classic destination, and the Okanagan Valley in British Columbia is achieving this status among Calgarians. Sonoma could benefit more from joint promotions with Napa. Because of proximity and the frequency of travel by Calgarians to British Columbia, the Okanagan undoubtedly will become a differentiated wine-tourism destination, with the distinctive South Okanagan poised to become an appellation.

Chile and Argentina have been labelled 'terra incognita' because of their lack of internal differentiation and low levels of planned visitation. The preference for Chilean wines in particular (9%) has not yet translated into travel preference. Presumably, Chile's lack of appeal is due to a lack of knowledge about the wine tourism product, or overall low travel appeal. Distance alone does not penalize South America; Australia's appeal (and to a lesser extent South Africa's) suggests other factors are stronger influences. Image enhancement and detailed information directed at wine consumers is a necessity for South American wine regions.

Germany is somewhat of an enigma. This country compares poorly to France and Italy, yet offers numerous wine routes and distinctive regions, combined with interesting scenery and cultural opportunities. The Mosel and Rhine valleys do have an identifiable, but modest, appeal within the Calgary sample, but Germany is clearly under-achieving. The problem could be complacency on the part of the German wine industry and tourism agencies. Another possibility is that Germany is identified as mostly a white wine producer. Perhaps serious wine tourists seek out the regions producing red wines. This proposition will need to be tested in future research.

South Africa shows modest growth potential. South Africa's image is still recovering from the decades of wine embargos and product image is still weak in North America. Fortunately, the country's wine region's image is appealing. Positioning the product as environmentally and culturally exotic may improve its wine's attractiveness.

Spain also shows modest potential, but a lack of regional differentiation negatively impacts

product image. Only Rioja is known among the Calgarians. Spain needs to improve information and image enhancement in order to increase travel. The same can be said of Portugal and the rest of Europe. There are many wine regions that Calgarians appear to know little or nothing about. One response suggests that family ties, for example with Slovenia or Slovakia, lead to wine tourism, so perhaps the 'visiting friends and relatives' market in North America could be exploited in promoting wine tourism.

A Proportional Map of the Wine World

Figure 15.1 is a proportional map of the wine world as indicated by the wine-related travel preferences of the sampled Calgary wine consumers. The proportions are based on the number of respondents indicating they would most likely visit these destinations in the next 5 years for wine-related reasons (e.g. USA had 78 mentions; Canada and France received 71 each). Within Canada, British Columbia dominates – in part because of proximity – while California dominates the USA. France and Italy are differentiated by regions in the minds of these respondents, but other countries are not.

The map cannot be generalized to the whole population of wine consumers or Calgarians, as the sample introduced one or more biases, particularly favouring Australia. Nevertheless, little doubt exists that wine consumers are potential wine tourists who form an evoked set of preferred wine tourism destinations based in part on their wine preferences. Other factors likely explaining this evoked set include knowledge about the wine regions, and general perceptions of destination attractiveness. In this context, the classic destinations of France and Italy always will remain popular. Cultural differences among consumers in different countries should be tested regarding their wine tourism worlds. A random sample of consumers also might produce significant variations.

Involvement-based segmentation

The specially developed Wine Involvement Scale was examined by exploratory factor analysis.

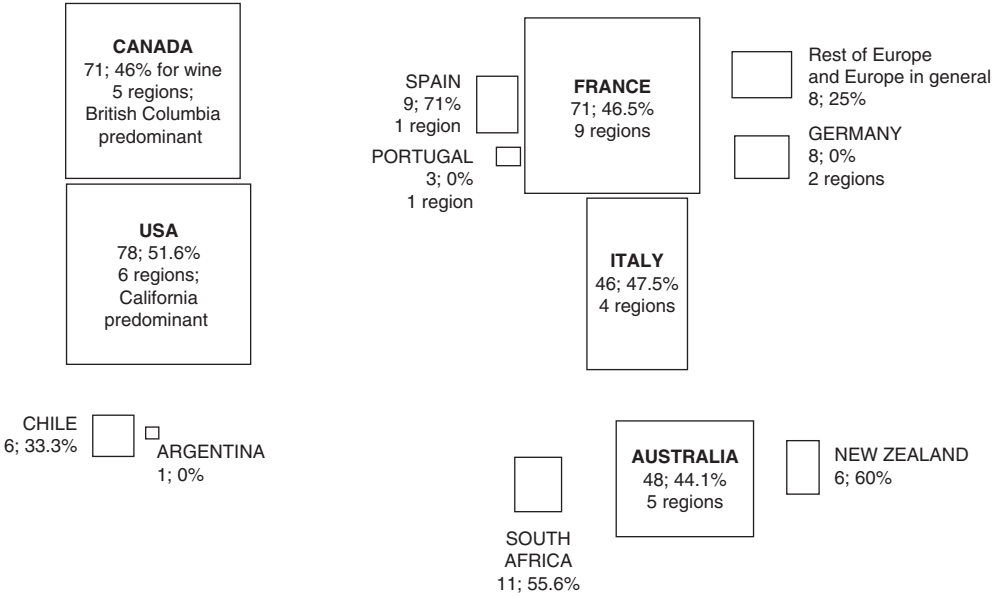


Fig. 15.1. Proportional map of wine destinations most likely to be visited by Calgary wine consumers. Showing number of respondents mentioning each country and the percent saying the trip would be wine related; also showing the number of regions mentioned in each country.

The results yielded a three-factor solution which explained nearly 65% of the cumulative variance (see Table 15.5). The three factors were then treated as independent variables in a cluster analysis. A four-cluster solution was deemed most suitable for identifying market segments. All four segments are viable, considering that the smallest comprised just under 10% of the sample ($n = 16$) and the largest comprised nearly 37% ($n = 59$). The clusters represent two very-high-end groups and two less-involved groups.

Although the four segments differ on the basis of gender and employment status, no other demographic differences stood out. Apparent descriptive differences related to income, marital status, age and education notwithstanding, these tests were not significant ($p > 0.05$). While differences exist between the four clusters, compared to the broader population all of these segments would be rather high end with respect to wine involvement and consumption.

The first segment, called Fastidious Epicureans, contains 37% of the sample and comprises nearly 57% males; they are also the group most likely to be self-employed (39%). This segment ranks at the high end on all eight

measures of wine consumption. Over 93% had visited a wine region in the past 5 years and they are the most likely to desire an independently planned, wine-specific trip. Regarding wine region features, this segment exhibits stronger preferences for knowledgeable winery staff, wine festivals, visitor-friendly wineries and fine dining and gourmet restaurants.

The second segment is called Hedonic Aficionados and includes 28% of the sample. This segment has the highest percentage of males (over 60%) of the four, and in terms of wine consumption behaviour they rank equally or just below the Epicureans on all eight measures. Over 91% had visited a wine region in the past 5 years.

The third segment, Cautious Enthusiasts, is 25% of the sample. The Cautious Enthusiasts are predominantly female (70%) and they most likely work outside the home, but not in self-employed capacities. On most measures they engage in considerably less wine consumption. Under half of the Cautious Enthusiasts had visited a wine region in the past 5 years, but this segment and the fourth segment display the highest interest in visiting a wine region in the next

Table 15.5. Factor analysis of the wine involvement scale.

Scale items	Factors				Communalities
	Mean out of 5 (SD)	F1: Expertise	F2: Enjoyment	F3: Symbolic centrality	
I am knowledgeable about wine	3.12 (1.03)	0.81	—	—	0.74
People come to me for advice about wine	2.68 (1.26)	0.79	—	—	0.67
Much of my leisure time is devoted to wine-related activities	2.57 (1.18)	0.74	—	—	0.68
I have invested a great deal in my interest in wine	2.94 (1.17)	0.73	—	—	0.75
Wine represents a central life interest for me	3.11 (1.13)	0.73	—	—	0.71
I like to purchase wine to match the occasion	3.81 (0.98)	—	—	0.78	0.68
My interest in wine says a lot about type of person I am	2.65 (1.16)	0.51	—	0.65	0.68
Many of my friends share my interest in wine	3.38 (1.03)	—	—	0.60	0.49
Deciding which wine to buy is an important decision	3.76 (0.93)	—	0.54	0.58	0.64
I like to gain the health benefits associated with drinking wine	3.36 (1.02)	—	—	0.56	0.45
For me, drinking wine is a particularly pleasurable experience	4.48 (0.78)	—	0.78	—	0.68
I wish to learn more about wine	3.97 (0.92)	—	0.77	—	0.67
I have a strong interest in wine	3.95 (1.01)	0.48	0.73	—	0.77
My interest in wine has been very rewarding	3.61 (1.04)	0.55	0.62	—	0.74
My interest in wine makes me want to visit wine regions	3.77 (1.10)	0.46	0.53	—	0.53
Eigenvalues		8.50	1.40	1.11	
Percentage total variance		26.75	20.90	17.26	
Cumulative variance		26.75	47.65	64.91	
Sub-scale alpha		0.90	0.86	0.79	

3 years (perhaps because they had done less wine-related travel in the past.) Cautious Enthusiasts reported the strongest preferences for two all-inclusive packages to the Okanagan Valley, while there was very little interest in these choices among the other three segments. This segment also displays the strongest preferences for packaged holidays and cooking classes.

The fourth segment, Functional Differentiators, have overall the least ego involvement with wine. They are predominantly female (almost 69%) and contain the largest percentage of retirees (36%) and lowest percentage of self-employed people (just over 7%). About 75% of Functional Differentiators had visited a wine region in the past 5 years.

Using the chi square statistic and 95% level of confidence the zone of rejection for the null hypothesis is $p < 0.05$. 'I have invested a great deal in my interest in wine' ($p < 0.05$) was much truer for the older respondents, while 'understanding the complexity of wine production provides an exciting challenge for me' ($p < 0.1$) generated many more neutral responses for the younger group. Significant gender differences occurred on a number of the statements included in the involvement scale, with males agreeing more with the following:

- I have a strong interest in wine
- I have invested a great deal in my interest in wine
- My interest in wine has been very rewarding
- I am knowledgeable about wine
- People come to me for advice about wine

Wine tourism destination preferences and model

A list of 27 features was provided to respondents and they were asked to indicate the importance of each when deciding to visit a wine region (see Table 15.6). The 27 features include a number of items from an earlier study of tourism and wine industry professionals on critical success factors for developing wine tourism (Getz *et al.*, 1999). This list was intended to determine critical success factors for wine tourism regions as perceived by potential, long-distance wine tourists.

Only three of 28 listed features showed significant age-related differences. 'Fine dining and gourmet restaurants' ($p < 0.01$) appealed to most respondents, but somewhat more to the older respondents. 'A wide range of activities for children' ($p < 0.05$) appealed only to a few young respondents, as only a small minority had children at home. 'Excellent sport facilities' ($p < 0.05$) was not important to very many respondents, but younger respondents were more uncertain or neutral about it. Females were more likely to prefer group tours of wineries, packaged holidays to wine regions, knowledgeable winery staff, local art and craft sales and farm produce.

The ideal wine tourism experience for this wine consumer sample consists of a package of benefits (based on mean scores and exploratory factor analysis) that can be described as the 'core destination appeal' (consisting of attractive scenery, pleasant climate, moderately priced accommodation, easy-to-obtain information, well-signposted wine trails, lots to see and do and opportunities for outdoor recreation), the core wine product (visitor-friendly wineries, knowledgeable winery staff, wine festivals, familiar wineries, a large number of wineries to visit, famous wines and group tours of wineries) and the cultural product (unique accommodation with regional character, fine dining and gourmet restaurants, traditional wine villages and specialty shops or markets selling local farm produce). Figure 15.2 is a graphic illustration of this ideal wine tourism destination experience.

Summary and Conclusions

Wine consumers in Calgary, a city remote from wine-producing regions, displayed a high level of wine-related travel. The sample frame and method do not permit generalization to the whole population. Still, the results suggest a strong link between wine consumption and wine-related travel in this market.

Generally, demographics are more useful for differentiating between participants and non-participants, and this sample excluded people who did not drink wine. However, a number of significant differences between males and

Table 15.6. Importance of wine region features.

We are interested in the importance you place on different features when making your decision about which wine region to visit. Please rate the importance you would place on each of the following features.	1: Of no importance (valid percentage)	2	3	4	5: Very important	Means out of 5	SD
1) The wine region is close to home.	31.8	14.9	20.8	19.5	13.0	2.67	1.428
2) The region is popular with wine tourists like me.	26.1	17.0	28.1	21.6	7.2	2.67	1.272
3) The region's wines are famous.	6.5	7.2	26.8	37.9	21.6	3.61	1.102
4) There are a large number of wineries to visit.	4.5	5.8	22.1	44.8	22.7	3.75	1.018
5) Group tours of the wineries are offered.	22.2	17.6	22.9	28.1	9.2	3.84	1.303
6) I am familiar with one or more of the wineries.	11.1	17.0	32.7	29.4	9.8	3.10	1.140
7) I can get an introduction to meet a winemaker.	22.4	17.1	25.7	21.7	13.2	2.86	1.342
8) Information about the region is easy to obtain.	7.2	5.9	37.3	35.3	14.4	3.44	1.044
9) Friends have visited the region.	15.6	15.6	37.0	22.7	9.1	2.94	1.173
10) Packaged holidays are offered to the region.	35.7	18.8	24.7	14.3	6.5	2.37	1.278
11) Wine trails in the region are well signposted.	16.8	14.2	27.7	32.3	9.0	3.03	1.227
12) Moderately priced accommodation.	5.2	7.8	28.6	37.7	20.8	3.61	1.062
13) Attractive scenery.	1.9	3.2	18.7	44.5	31.6	4.01	0.901
14) A pleasant, all-year climate.	6.5	8.4	24.0	39.6	21.4	3.61	1.110
15) A wide range of opportunities for outdoor recreation.	11.0	12.3	26.0	27.3	23.4	3.40	1.275
16) Traditional wine villages.	9.1	14.3	24.7	30.5	21.4	3.41	1.224
17) Unique accommodation with regional character.	6.5	10.4	29.9	38.3	14.9	3.45	1.103
18) Fine dining and gourmet restaurants.	3.9	9.7	25.3	35.1	26.0	3.69	1.081
19) Local art and craft for sale.	24.8	18.3	24.8	25.5	6.5	2.71	1.272
20) A wide range of activities for children.	71.9	12.4	8.5	4.6	2.6	1.54	1.007
21) Excellent sports facilities.	39.9	19.0	20.9	13.7	6.6	2.28	1.295
22) Wine festivals.	9.3	9.3	29.1	43.0	9.3	3.34	1.076
23) Specialty shops or markets selling local farm produce.	12.3	14.3	36.4	29.2	7.8	3.06	1.116
24) There is a lot to see and do in the region.	0.6	1.3	19.4	43.9	34.8	4.11	0.802
25) Winery staff are knowledgeable about wine.	2.6	4.6	19.0	38.6	35.3	3.99	0.983
26) The wineries are visitor friendly.	3.2	2.6	13.6	37.0	43.5	4.15	0.975
27) Cooking classes.	27.8	17.2	32.5	17.2	5.3	2.54	1.450

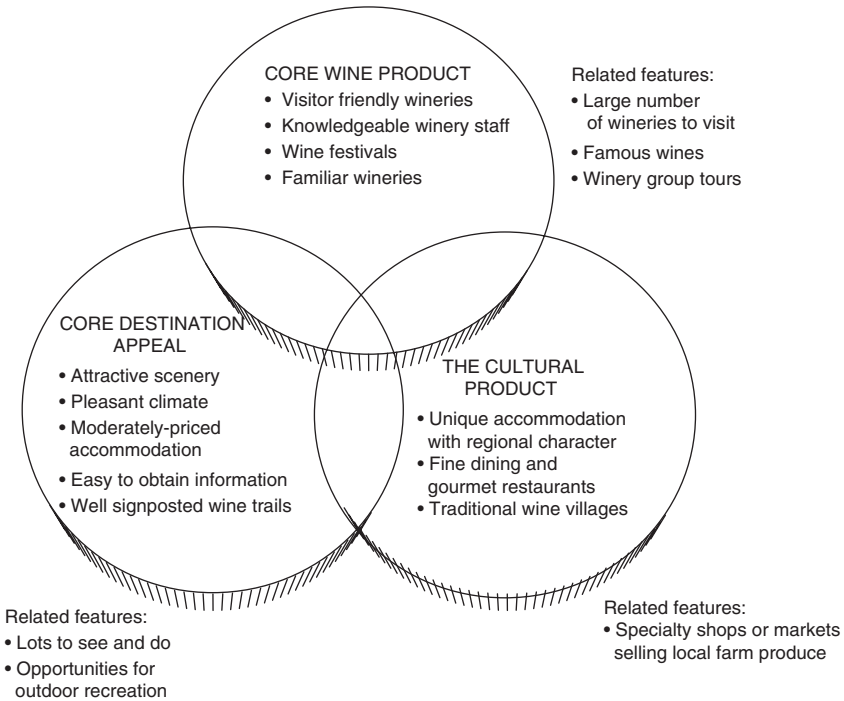


Fig. 15.2. Critical features of the wine tourism experience.

females, and between younger and older respondents, was found, suggesting that the wine-consumption and wine-tourism markets contain important age and gender variations.

Older males in the Calgary sample were found to be considerably more involved with wine compared to younger or female respondents. Their higher level of ego involvement translates into higher wine consumption and a higher level of actual travel for wine-related purposes. Their preferences for wine-region features also were different.

As ego involvement with wine rose, so did nearly all related consumption behaviours as well as actual travel for wine-related purposes. An interesting deviation from expected results occurred with regard to likely future visits to wine regions, with higher ego involvement not translating into higher future demand. A possible explanation is that respondents were novelty seeking. Experienced wine tourists may be less interested in repeat visits. That interpretation is a testable hypothesis for future research.

Implications for theory

The evidence suggests that certain leisure and lifestyle interests (especially for those people who are highly involved, or engaged in 'serious leisure') automatically carry with them a heightened interest in travel to a particular set of destinations. Behaviours and activities most associated with the pursuit (e.g. wine tasting and learning about wine), and the desire for making a pilgrimage to famous and important places that hold special meaning, shape travel destination choices.

Furthermore, for leisure pursuits that engender an 'evoked set' set of desirable destinations (such as the specific number of known wine-producing regions), consumers may engage in sequential travel – to satisfy both their need for pilgrimage to the most important places and their desire for novelty within an evoked set. The desire for mastery or self-esteem within the subculture of wine lovers also might lead to a desire for visiting remote and minor wine producing regions, as these

visits may increase one's knowledge and reputation within their circle of wine lovers. More refined research is needed to examine the sequential patterns of wine tourism, and to test the hypothesis that there are important destination choice factors related to pilgrimage, novelty, mastery or self-esteem. For example, after the obligatory pilgrimage to France and Italy, which wine regions become most appealing? Do wine lovers go back to their favourite wine regions repeatedly?

Also, the results show that wine consumers engage in wine-related activities while travelling for other purposes. Although respondents travelled to many destinations for reasons other than wine, where possible they included wine in their activities. How important is the relative contribution of wine to the overall destination choice? Also, how are wine-related activities accommodated within other-purpose travel?

In the context of recreation activity specialization, this study's results provide clues suggesting that Bryan's (1977) concept of specialization applies to wine consumption and wine tourism. Specific testing of this proposition is another area of future inquiry. Specifically, the data suggest a highly involved group of wine consumers engage more in specialized behaviour. Unfortunately, the data do not shed light on how this specialization occurred. Also unknown is how exactly the specialized social world (see Ditton *et al.*, 1992) of wine lovers links to destination choices, but the evidence suggests that appellation-specific wine tasting and the networking associated with social wine clubs are influential. Regarding the argument made by Scott and Shafer (2001) that progression to specialization is the least common path, what constitutes the finest level of specialization in wine tourism? The research only suggests a hypothesis, that specialization results in travel to more distant wine regions that are more precisely defined appellations or sub-regions, and that more precisely match wine preferences by origin.

A large-scale, random survey of the general population (in different countries, preferably) would enable several important determinations. This research has examined only wine consumers, but to what extent do non-consumers engage in wine tourism?

The wine tourism world map constructed on the basis of the limited sampling of Calgarians likely is different when all wine consumers are consulted, and probably varies by city and country, thereby necessitating random sampling within targeted populations.

How one gets started in the specialization continuum is another important practical and theoretical question that requires examination through more systematic coverage.

Wine tourism development implications

Many destinations are now competing for the wine tourist, requiring greater sophistication in their development and marketing strategies. Consumer-oriented research is necessary both at the cellar door, especially to evaluate the product and service, and also within target populations. The research in Calgary demonstrates that wine consumers are wine tourists, so there will be value in studying wine consumers in remote destinations. Reaching those consumers through wine clubs will be particularly efficient.

The model of the ideal wine tourism destination experience presents many specific implications for wine-tourism development. The evidence suggests that wine tourism is a form of cultural tourism. Wine tourists also want a range of cultural and outdoor experiences. Wine tourism will not work well as a single-attraction proposition. If the destination only has vineyards and wineries, the opportunities for attracting and holding high-yield tourists are minimal.

Marketing implications for the wine and tourism industries

The wine industry, including wine, and wine destinations, should treat customers as individuals. Demographics (e.g. age and gender) cannot accurately predict behaviour. However, age and gender must be considered as several important marketing implications arise from this current research and related studies.

For example, more females than males purchase wine in supermarkets, but not necessarily from wineries and retail outlets. Also, more females than males visit wineries, but they are likely searching for a different experience. Females want an enjoyable social experience, knowledgeable staff, excellent customer service and a pleasant ambience. Males, especially older ones, are likely to be more knowledgeable visitors who will be specifically interested in, and more critical of, the wines. Males are more likely to purchase wines on the spot, whereas females might be more inclined to become loyal customers after visiting a winery. Because so much wine

tourism is undertaken by couples, wineries and destinations need to offer a bundle of experiences and services that meet the varying needs of men and women.

Currently, wine consumption and wine tourism are dominated by the baby-boom generation. Future demand is dependent upon continuation of the trend for the 'echo-boom' or 'millennial' generation to adapt wine drinking and wine tourism into their lifestyles. Younger consumers in the Calgary sample exhibited some significantly different preferences for wines and destinations, and that is likely to result in substantially different patterns of wine tourism in the future.

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16 Complexity at Sea: Managing Brands within the Cruise Industry

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Synopsis

This chapter examines the management of cruise-line brands. Specifically, the chapter shows that the management of these brands can be a complex task. Managing cruise-line brands involves more than simply crafting well-defined brand images. What really matter are customers' experiences, which are shaped by shipboard employees. Brand management needs to be tied to human resource management; cruise lines need to encourage employee behaviour that best represents the company's brand. Corporate consolidation within the cruise industry means that many cruise-line brands are managed as part of a brand portfolio. As a result, cruise-line brands are managed in association with other brands; managing a brand or a series of brands within a portfolio, for a brand manager, is often more complicated than managing a stand-alone brand. Brands – whether or not they are part of a portfolio – can shape a company's stature and position within international markets. One challenge for managers is adapting a brand across different cultures and locales to suit different tastes and preferences while simultaneously maintaining equity and core identity. Brand partnerships also contribute to the complexity of brand management. Managing a cruise-line brand may involve a relationship with a non-cruise brand. Brand partnerships can span both product categories and international borders. Brands are valuable business assets. Therefore, the brand's value needs to be protected from potential threats. Brands are vulnerable to attack when the companies that own them behave irresponsibly. Protecting the brand's reputation can be a challenge for brand managers. This chapter suggests that brand managers within the cruise industry need to – and, in some ways, have – come to terms with the complex nature of brand management.

Introduction

Brands play an important role in establishing a company's visibility and position within the marketplace. A strong brand communicates meaning and defines image (Danesi, 2006). Often meaning and image are shaped by marketers and brand managers, but brands ultimately consist of beliefs, perceptions and attitudes in consumers' minds. While brands possess symbolic importance, they also possess genuine financial value.

Within the tourism industry, brands are commonplace. Many scholars address the

branding of tourist destinations (Morgan *et al.* 2002, 2003; Blichfeldt, 2005; Pike, 2005) and tourism-related services such as accommodation and air travel (Cai and Hobson, 2004; Olsen *et al.*, 2005; Sheehan and Guo, 2005; O'Neill and Xiao, 2006). Brands have the ability to differentiate destinations and service providers from competitors. In part, the importance of brands and branding within the tourism industry can be linked to tourism's ephemeral and intangible nature (Middleton and Clarke, 2001). Brands and images enable tourists to appraise the places they can visit and the services they can purchase. Brochures, advertisements and

internet sites which promote destinations and travel services – and which may give prominence to particular brands – contain promises regarding what consumers can anticipate.

Brands are a critical factor in attracting customers. As a result, brands have become as much a business asset as employees, equipment or capital – and should be managed with the same degree of care and diligence (Dawar, 2004; Kay, 2006). Enhancing shareholder value through greater profits is the main objective of senior managers. Mobilizing the resources of a company in order to create strong brands supports this objective. A strong brand focuses consumers on specific points of differentiation, ranging from particular product attributes to more image- or experience-oriented benefits. Creating and effectively managing strong brands increases revenue, improves profitability and assures better returns for shareholders. Brands are a potential competitive advantage.

This chapter addresses the management of brands within the cruise industry. In particular, the chapter explores factors that make brand management a complex endeavour. Managing – or trying to manage – the many variables that influence the value of brands is an ongoing project that poses challenges for brand managers. Through management, companies seek to shape and control perceptions of their brands as much as possible.

The chapter includes seven sections. The first section offers an overview of different brands within the cruise industry. Large corporations within the cruise industry – in particular, Carnival Corporation and Royal Caribbean Cruises Limited – have pursued a brand-based acquisition strategy. By adding brands, these corporations seek coverage of market segments that offer growth potential. Many established brands within the cruise industry possess tangible value. Cruise ships themselves promote these brands. Indeed, a ship's physical appearance may play a role in boosting a brand's visibility and profile. The second section of the chapter explores the involvement of frontline service personnel in the production of branded experiences. Branding and brand management involve more than just the production and dissemination of visual symbols. The brand's image development and management are often

tied to the management of employees who provide on-brand customer service. Managing employees who deliver this customer service contributes to the complexity of brand management. Third, brand management can become a complex exercise for companies that own more than one brand. The ownership of cruise-line brands has become more concentrated since the 1980s and 1990s; a smaller number of corporations own a larger collection of brands. Companies that own several brands need to consider brand management and strategy in the context of their brand portfolio. Managing a bundle of brand identities is different from – and arguably more complicated than – managing a single, stand-alone brand. Brand managers must be familiar with the equities of each brand, as well as relationships between brands.

Increasingly, companies are pushing their brands across international borders. As a result, brand managers need to understand how consumers in different parts of the world will embrace a brand. The fourth section of the chapter examines the complexities of managing a brand so that it appeals to multiple cultures and markets. Creating strong, international brands is a daunting task. The global marketplace has fragmented to the extent that local preferences cannot be overlooked. Fifth, some cruise lines have forged relationships with brands that are outside of the cruise industry. These relationships create opportunities for cross promotion. At the same time, however, these brand partnerships result in managerial challenges. Sixth, brands are increasingly susceptible to criticism – and consumer boycotts – as omnipresent brands embody both environmental and human exploitation. Activists and outraged consumers have taken aim at visible brands in order to draw attention to serious issues associated with globalization. While cruise lines have not been seriously affected by the recent wave of anti-corporate sentiment, they are potential targets for public outrage. The seventh and final section is the conclusion. This section reiterates the notion that brand management is a complex undertaking. Efforts to understand – and manage – this complexity are fundamentally important in a marketplace where such a great deal of emphasis is placed upon brands.

Cruise-line Brands: Overview and Context

A small number of large corporations currently dominates the cruise industry. The most dominant corporation is Carnival Corporation (Hannafin and Sarna, 2006). The company's flagship brand is Carnival Cruise Lines. Carnival's image has been compared to Wal-Mart and Kmart, two discount retailers based in the USA (Wallace, 1996; Sarna and Hannafin, 2003; Kwortnik, 2006). These comparisons have sometimes been made by observers who believe that the cruise line's holiday product is tacky and cheap. A more sympathetic observer notes that the Carnival Cruise Lines brand has, in essence, contributed to the democratization of cruise travel from the early 1970s through to the present day (Dickinson and Vladimir, 1997). More than any other cruise-line brand, Carnival Cruise Lines has made cruise travel more accessible to the average consumer. Many of the cruise line's ships – the so-called Fun Ships – can accommodate over 2000 passengers and can be described as a cross between a hotel resort and a theme park.

Over time, Carnival Corporation has acquired a collection of other cruise-line brands. Carnival's acquisitions have earned the nickname Carnivore (Boorstin, 2003). Each brand Carnival has purchased possesses different equities and provides benefits aimed at different customer segments. In 2003, Carnival Corporation acquired Princess Cruises (Hannafin and Sarna, 2006). Princess Cruises is positioned as a more sophisticated travel product than Carnival Cruise Lines. However, the Princess brand is still a middle-market brand. *The Love Boat* television series contributed to the popularity of cruise travel; some scenes were actually filmed on board two of the company's ships, *Pacific Princess* and *Island Princess* (Hannafin and Sarna, 2006). Until recently, brochures produced and distributed by Princess Cruises – and the cruise line's internet site – even featured a trademarked slogan that contained a direct reference to the television series: 'It's more than a cruise, it's *The Love Boat*.'

Carnival Corporation purchased Cunard in 1998. The Cunard brand has a noteworthy maritime heritage; the company owned *Queen*

Elizabeth 2 at the time of the acquisition (Hannafin and Sarna, 2006). Despite Cunard's venerable reputation, the product was viewed as 'a dying brand' by Micky Arison, Chairman and CEO of Carnival Corporation (Stieghorst, 2004, p. D1). After the acquisition, Carnival Corporation used the Cunard brand to follow through on plans to build the world's largest passenger ship, *Queen Mary 2*, which was launched by Cunard in 2004 (Hemphill, 2004). Magazine advertisements and brochures that promote *Queen Mary 2* continue to evoke Cunard's esteemed past. Similar to Cunard, Holland America Line's brand history is an essential part of the brand's image. The appeal of the cruise line is, in part, due to historical links with seafaring tradition; Holland America has operated passenger ships since the 1870s (Hannafin and Sarna, 2006). Holland America was purchased by Carnival Corporation in 1989. Among Holland America's repeat customers, the acquisition was, at first, poorly received. Loyal customers were afraid that Holland America would start to resemble Carnival Cruise Lines. Carnival Corporation has, however, sought to ensure that both the Cunard and Holland America brands remain relatively intact so that devotees of the two brands do not become disenchanted.

Carnival Corporation owns other brands including Costa Cruises, Windstar Cruises and The Yachts of Seabourn. Costa offers customers Italian-style cruising in the Mediterranean and Caribbean. The company's vessels have a ship-board atmosphere that is designed to celebrate Italian culture. Onboard menus feature Italian dishes; the entertainment and activities also contribute to the cruise line's theme. Windstar operates three motor-sail vessels that resemble small luxury resorts. Two of Windstar's ships accommodate 148 passengers; the third one carries 308 passengers (Hannafin and Sarna, 2006). These ships are popular with a more affluent clientele who are seeking a small-ship environment. The Yachts of Seabourn operate three 208-passenger vessels that have been described as 'the caviar of cruise ships' (Hannafin and Sarna, 2006, p. 303). Passengers typically have an average household income that exceeds US\$250,000 (Sarna and Hannafin, 2003, p. 304). To summarize, the range of brands owned by Carnival Corporation – Carnival Cruise Lines, Princess,

Cunard, Holland America, Costa, Windstar and The Yachts of Seabourn – would suggest that acquisitions have expanded the breadth of the brand portfolio. This portfolio contains brands with wide appeal as well as brands that target niche markets.

Carnival Corporation's main rival is Royal Caribbean Cruises. Both corporations are large, successful money-making enterprises; in 2005, Carnival Corporation and Royal Caribbean Cruises reported net incomes of US\$1.8 billion and US\$716 million, respectively (Jarossy, 2006). Royal Caribbean Cruises owns two prominent brands: Royal Caribbean International (RCI) and Celebrity Cruises. RCI offers customers a cruise product that is roughly comparable to the one offered by Princess Cruises. In recent years, RCI has refashioned itself as a large-scale cruise line that offers customers activity-intensive and exciting holidays (Dev, 2006; Kwornik, 2006). Each of the cruise line's ships – many of which can accommodate over 2000 passengers – features a distinctive, outdoor rock-climbing wall. This wall has become one of the brand's signature elements; the feature appears in RCI's brochures and television advertisements (Kwornik, 2006). The ships operated by Celebrity Cruises are, for the most part, somewhat smaller than ships operated by RCI. Celebrity Cruises also occupies a position at the higher end of the market than RCI (Davids, 1998). One of Celebrity's ships, *Celebrity Xpedition*, operates under a brand name – Celebrity Xpeditions – that is an extension of Celebrity Cruises (Blenkey, 2005). *Celebrity Xpedition* is a 92-passenger megayacht that visits more remote ports of call.

Branded companies that are associated with a wide range of products and services – for example, Disney and easyGroup – also operate cruise ships (Wetlaufer, 2000; Dev, 2006). In 1998 and 1999, Disney Cruise Line launched *Disney Magic* and *Disney Wonder*, respectively. The Walt Disney Company is an entertainment and multimedia master brand (Stewart, J., 2005). Disney Cruise Line benefits from the halo effect of this master brand. At the same time, the cruise ships also support and reinforce Disney's brand identity. Since the Disney master brand is associated with wholesome family entertainment, Disney's ships do not have onboard casinos (Hannafin and

Sarna, 2006). The thinking was that Disney Cruise Line could challenge Carnival Cruise Lines' dominance within the cruise industry. However, Disney continues to operate only two ships. Furthermore, Disney does not appear to have plans to expand its fleet size in the near future; the cruise line has not placed an order with a shipbuilder for new vessels.

The cruise ships owned by easyGroup receive a reputation boost through their association with a recognized master brand. This company also owns the European low-cost air carrier easyJet, operates a range of companies that offer a no-frills service – for example, easyCinema, easyBus, easyHotel, easyInternetcafé, easyTelecom and easyCruise (Balmer and Gray, 2003). Established in 2005, easyCruise currently operates two vessels that visit ports of call in Europe and the Caribbean. One vessel can accommodate 170 passengers, the other 100 passengers (Passy, 2006; Sloan, 2006). The easyGroup master brand, as one of Europe's leading budget brands, creates value in the company's various sub-brands (Balmer and Gray, 2003). Aircraft, buses, hotels and cruise ships owned by easyGroup are readily identified by the company's distinctive orange logo.

Brands and branding relate to the way in which companies wish customers to view them. Companies use logos and colour schemes to communicate their personalities. Brand logos are used in advertising; sometimes they adorn employee uniforms. Architecture also contributes to the brand image that a corporation seeks to project. For example, certain features of a cruise line's ships may symbolize the company in customers' minds and therefore contribute to the brand's reputation. Ships operated by Carnival Cruise Lines have distinctive exhaust funnels (Fig. 16.1). The funnel on each ship is painted red, white and blue in a manner that resembles the cruise line's logo. Large fins or wings protrude outward from the funnel. The funnels are a playful departure from typical exhaust funnels and they have become synonymous with the cruise line's Fun Ships. Each ship within RCI's fleet has a distinctive observation deck and bar – the Viking Crown Lounge – that resembles an airport control tower (Fig. 16.2). The Viking Crown Lounge usually encircles the ship's exhaust funnel. This lounge makes RCI's ships easy to identify and to differentiate from



Fig. 16.1. Carnival Cruise Lines' ships have a distinctive exhaust funnel. Source: author.



Fig. 16.2. RCI's flying-saucer shaped Viking Crown Lounge is situated high on a top deck. The lounge usually encircles the exhaust funnel. Source: author.

ships that are affiliated with other cruise lines. Ships within the Princess fleet have a distinctive logo emblazoned across their exhaust funnels: the outline of the head of a woman – a princess – with long, flowing hair.

Ship design provides a cruise line's fleet with a degree of recognizability. The ship's appearance provides (prospective) passengers with visual cues to remember a certain cruise line. Ships, seen in advertisements or in-person, are important brand vehicles for cruise lines. However, as subsequent sections of this chapter demonstrate, managing cruise-line brands

involves more than simply developing the outward appearance of ships or designing an eye-catching logo.

Managing Shipboard Employees and Branded Experiences

Branding and brand management involve more than just the production and dissemination of visual images in advertisements and brochures – or distinctive ship design. Travel consumers

want more than symbols that are indicative of a company's personality. Consumers seek experiences and feelings generated from positive interactions with a brand. Brand logos and slogans can serve as shorthand summaries – or reminders – of the experiences and good feelings consumers can have with a brand.

Consumers are increasingly in search of experiences, something that can be personally encountered or undergone. In an experience economy, consumers will base their brand loyalty not merely on reliable service, but increasingly on the experiences they have with the brand (Pine and Gilmour, 1999). The word experience is difficult to define in simple terms. An experience can refer to sensations or knowledge acquisition that results from a person's participation in, or even observation of, an activity. Creating value within an experience-driven industry such as tourism involves developing memorable experiences. Within a commercial environment, employee–customer interactions are often fundamental to the creation of memorable experiences. A key challenge for managers is to orchestrate the provision of experiences.

Many authors regard the moments of interaction between customers and service providers – which are often called 'moments of truth' (Baum, 2002, p. 99) – as those times when a company has an opportunity to create a positive brand experience for customers. Every encounter or interaction an employee has with a customer can be seen as a moment of truth that can either delight or disappoint a customer. The employees' behaviour projects images that characterize the company and brand in the customer's eyes. Cruise-ship employees who practise emotional labour (Hochschild, 1983) play a critical role in shaping moments of truth; these employees get close to consumers and deliver the emotional content of brands.

Teye and Leclerc (1998) demonstrate that customer service is a very important component of the cruise-vacation product. Passengers, over the course of their cruise, routinely have contact with an array of shipboard employees – for example, restaurant waiters and room stewards. Cruise brochures often promise a very high standard of customer service. Variations of the verb to pamper appear throughout many cruise-vacation brochures (Wallace, 1996). Cruise lines require a

large number of shipboard employees in order to pamper their customers. The ratio of passengers to cruise-ship employees is typically higher on board vessels that cater to the mass market. Ships that are part of the Carnival Cruise Lines fleet have passenger to crew ratios of between 2.2:1 and 2.6:1 (Hannafin and Sarna, 2006, pp. 117–129). *Seabourn Pride* and *Seabourn Legend*, two vessels operated by The Yachts of Seabourn, have passenger to crew ratios of 1.5:1 (Hannafin and Sarna, 2006, p. 307).

Shipboard employees such as restaurant waiters, assistant waiters and cabin stewards try to ensure that passengers have memorable experiences. The evening meal is one occasion when waiters and assistant waiters strive to produce these types of experiences (Teye and Leclerc, 1998). During a cruise, passengers typically sit at the same table every evening for dinner; they are usually served by the same waiter and assistant waiter. Waiters and assistant waiters often memorize the names of the passengers they serve as well as their beverage preferences. These employees converse with – and sometimes entertain – passengers. One cruise-line executive interviewed by the author remarked that passengers are more likely to remember the name of their waiter than the name of the cruise ship.

Room stewards, while they may not interact with passengers to the same extent as waiters or assistant waiters, try to provide memorable customer service. In addition to cleaning cabins, room stewards create 'towel animals' for passengers (Kwortnik, 2006, p. 297). These animal-shaped sculptures are crafted from clean, carefully folded towels that are placed in freshly made up cabins. The towel animals are a small, service-related touch that is popular with many passengers.

Employees are carriers of a brand's promises. Brand management needs to be interwoven with human resource management so that each moment of truth enhances how the customer views the brand. In addition to creating a strong brand externally, companies need to create a strong brand internally (Maxwell and Lyle, 2002; King and Grace, 2006). Company employees are an important audience for brand-related messages. If employees are going to deliver what the brand promises, they must understand it. The challenge, then, is for

companies to transform their employees into motivated partners who support and champion the brand. Management cannot simply tell employees to believe in something; rather, managers must inspire commitment from employees. Harmonizing the actions of employees with the brand's values is a critical test for managers.

Internal brand building is potentially a complex process for companies that employ a multicultural workforce. A number of large cruise lines – for example, Carnival Cruise Lines, Princess and RCI – recruit shipboard workers from over 50 different countries (Wood, 2000; Mather, 2002). Cultural and language differences may inhibit the development of a shared understanding of a brand. The potential for miscommunication is therefore considerable.

For most cruise-ship passengers, shipboard employees represent the company's face. Some cruise-ship companies have made a strong effort to align their human resource management practices with their brand. Princess Cruises requires employees to behave in accordance with the acronym C.R.U.I.S.E: Courtesy, Respect, Unfailing in Service Excellence (Loades, 2001). Shipboard employees wear a small lapel pin that features the C.R.U.I.S.E acronym. This acronym is intended to guide the activities of workers on a day-to-day basis. RCI has developed a programme, *Anchored in Excellence*, that is designed to encourage on-brand behaviour by shipboard employees (Frieze, 2001; Goldstein, 2002). This programme's aim is to maximize customers' satisfaction. Seven statements underpin *Anchored in Excellence* (Fig. 16.3). The Carnival College programme implemented by Carnival Cruise Lines is

designed to improve the English-language skills of crew members and to train service employees to view customers as guests, not passengers (Kwortnik, 2006). When crew members encounter guests on board the ship, they are to be greeted as guests. Crew members, for example, are supposed to ask guests politely about their general well-being or perhaps their day at shore. Developing a credo or a set of tenets that encourages a commitment to on-brand service is certainly very important. One challenge for managers, however, is converting such a credo or set of tenets into tangible actions. Management needs to evoke passion, a task which is certainly much more complex than developing a clever acronym or preparing written text that merely signals intentions.

Brands are complex entities to manage precisely because they are not just visible symbols. The dilemma for cruise lines – and other companies that provide customer service – is that moments of truth, which are so important to customers, are actually difficult for managers to control directly. Sincere, personalized customer service is practically impossible to script; such service requires a considerable degree of spontaneity and improvisation. This spontaneity and improvisation may need to be managed differently from the company's inanimate brand images and symbols. Employees who deliver branded customer service are not as predictable or static as trademarked logos or slogans.

Employees are clearly key players in creating experiences for customers. However, despite their valuable contributions to a cruise line's brand image, many shipboard employees

1. We always provide service with a friendly greeting and a smile.
2. We anticipate the needs of our customers.
3. We make all effort to exceed our customers' expectations.
4. We take ownership of any problem that is brought to our attention.
5. We engage in conduct that enhances our corporate reputation and employee morale.
6. We are committed to act in the highest ethical manner and respect the rights and dignity of others.
7. We are loyal to Royal Caribbean and Celebrity Cruises, and strive for continuous improvement in everything we do.

Fig. 16.3. *Anchored in Excellence*. Source: Goldstein (2002).

receive very little money from the cruise line directly. Cruise lines basically ask passengers to pay certain shipboard employees – in particular, restaurant waiters, assistant waiters and room stewards. Passengers are strongly encouraged to pay gratuities; cruise brochures even suggest how much certain employees should receive. A cruise line typically pays waiters and room stewards as little as US\$50 per month. Gratuities, however, enable some workers to earn between US\$2000 and US\$3000 per month (Frantz, 1999; Klein, 2002; Mather, 2002; Weinberg and King, 2003), a rather large sum of money for someone from a poor country in South-east Asia, eastern Europe or Central America. The cruise line, in essence, offloads their responsibility for paying some employees on to passengers.

Shipboard employees who receive gratuities can be rewarded handsomely for their efforts. However, an income dependent on gratuities can fluctuate. Cruise ships that sail with fewer passengers on board will tend to have fewer gratuity-paying passengers. The issue of employee remuneration has implications for brand management. Many cruise-ship workers are not being paid by cruise lines in a manner that is commensurate with the contribution they make to the production of branded experiences. Cruise lines, in other words, pay a very paltry sum to those workers who, for many passengers, are the frontline representatives of the brand. Arguably, cruise lines exploit both passengers and employees through gratuity-based remuneration.

Cruise lines have developed a rather ingenious way to minimize their labour costs. Cruise lines externalize the remuneration of many of their service employees. Depending upon one's point of view, cruise lines either manage the remuneration of their shipboard brand ambassadors rather cleverly or they are taking advantage of them (and also, at the same time, taking advantage of their passengers). Brand managers within the cruise industry should perhaps consider a number of issues. Should brand management simply involve activities that improve a company's bottom line, or should the company also take into account matters related to equity and fairness? Should workers who play an important role in shaping a brand's image and reputation be reasonably compensated by the

brand's owner for their efforts? What sorts of responsibilities does a brand's owner have to workers who enhance the customer experience or turn customers into brand evangelists?

Managing Brand Portfolios within the Cruise Industry

Sometimes, brand managers focus on an entire brand portfolio rather than a single brand (Hill *et al.*, 2005). Many corporations such as Carnival Corporation and Royal Caribbean Cruises own more than one brand. Managing a single brand is different from managing a portfolio of brands, each with their own particular meanings and attributes. Brand management can therefore be geared to maximizing the value of the brand portfolio as a whole. When managed effectively, a well-structured brand portfolio can drive growth and help the whole family of brands reach their full potential. Managing brand portfolios is more than simply acquiring popular and recognized brands. Portfolio management also involves harvesting the value that resides in the brands added to the portfolio.

Brands may play different roles within a portfolio. Some brands will dominate the portfolio; others are important niche brands. Brands within a portfolio typically have different equities and serve different customer segments. Developing a portfolio of brands helps a corporation spread risk. The decline or failure of one brand may not affect the other brands.

Carnival Corporation's overall corporate strategy seems clear: to develop and manage a portfolio of strong, autonomous brands across a spectrum of cruise products (Palmeri, 2004). After acquisition, Carnival Corporation's brands remained almost intact. Carnival has a strong interest in preserving the character of the acquired brands. In an interview, Micky Arison, Chairman and CEO of Carnival Corporation, acknowledges that Carnival Corporation 'operate[s] by the brand; the power of the company is the power of the individual brands' (Perez, 2002, p. A3). This sentiment is echoed by Pier Luigi Foschi, Chairman and CEO of Costa Cruises. He states that Carnival Corporation must 'protect the uniqueness and the characteristics of [its] brands' (Hayhurst, 2006a, p. 18).

Managing the boundaries between, or among, brands is part of the challenge of managing a brand portfolio. Royal Caribbean Cruises has struggled to differentiate the company's two main brands – RCI and Celebrity Cruises (Hayhurst, 2006b; Snowden, 2006). The danger is that if the boundary between the brands is perceived as fuzzy, the extent to which they can be differentiated by consumers will diminish. In the words of one commentator, RCI and Celebrity Cruises seem to be 'merging into one' (Snowden, 2006, p. 18). In order to address this problem, Royal Caribbean Cruises produced a single brochure which had an RCI-branded cover on one side and a Celebrity-branded cover on the other. This brochure contains information about cruise vacations offered by both brands. The design of this brochure facilitates direct comparisons between the brands (Hayhurst, 2006b). Consumers can more readily detect the salient differences between the brands.

The degree of overlap among brands within Carnival Corporation's portfolio is a concern. While Princess Cruises competes with Royal Caribbean International, Princess operates ships that visit some of the same ports of call as ships that are operated by Carnival Cruise Lines and Holland America (Stieghorst, 2003). Carnival Corporation does not want to be in a situation where one of the company's brands cannibalizes sales from others. Therefore, corporations need to explore whether brands within the same portfolio are taking market share from each other or from their competitors.

Although corporations may not want brands within their portfolios to overlap, they may still seek ways to develop linkages between diverse brands. In 2000, Carnival Corporation developed a loyalty programme called Vacation Interchange Privileges (Beirne, 2000; Hemphill, 2005). This programme provides discounts to consumers who repeatedly purchase cruises from the different brands owned by Carnival Corporation. Vacation Interchange Privileges enables Carnival Corporation to manage brands in a more synchronized manner. Carnival Corporation recognizes that customers do shift between different brands. The loyalty programme is part of a portfolio strategy that tries to keep customers within Carnival Corporation's constellation of brands.

Retaining each brand's customers at all costs is not in Carnival Corporation's best interests. Future profit is not necessarily driven by repeat business with a particular brand; rather, purchases across all of Carnival Corporation's brands may drive future profit. Therefore, the corporation uses Vacation Interchange Privileges in order to hold on to customers who decide to trade up to higher-priced brands. Brand management can therefore involve trying to get the most from existing brands through managing brands and their interrelationships within a portfolio.

Within a brand portfolio, the equity of brands must be managed over time by reinforcing the meanings that underpin them and, if necessary, by revitalizing brands. Prices may be shifted up or down, product features may be added or dropped, and advertising campaigns may employ different creative strategies and slogans (Kwortnik, 2006). Established brands run the risk of becoming tired. Recently, Carnival Cruise Lines has sought to add sophistication to the brand without undermining its fun image (Kwortnik, 2006, p. 298). The cruise line is looking to broaden brand position and target new customers. Revitalizing one brand within a portfolio, however, could possibly have implications for other brands within the portfolio. With respect to refining Carnival's image to create a more sophisticated brand, the outcome is unclear. How will repositioning Carnival differentiate the brand from Princess Cruises? Currently, Princess is perceived to be more sophisticated than Carnival Cruise Lines. The challenge of brand revitalization is to modify a brand's image in a way that does not erode the brand equity that already exists (Kwortnik, 2006). At the same time, brand revitalization should not undermine the equity of other brands within the same portfolio. Repositioning one brand may have ripple effects for others.

Globalization and Brand Management

Without question, many brands compete within a global marketplace (Knowles *et al.*, 2004). One key issue is how to manage a brand across multiple societies and geographical areas.

This issue is not simply related to the scope of management – that is, the effort involved in coordinating the management of a brand in many widely dispersed places. Global brand management also is tied to the ability of a company to exploit the full potential of a brand in culturally diverse markets. The challenge is finding a balance by modifying or acclimatizing the brand to suit local tastes and circumstances and ensuring brand consistency across different – and dispersed – markets. Of course, consumers across different countries could receive vastly different brand experiences. Consistency and uniformity, then, become issues for brand managers.

Carnival Corporation is trying to make headway in the Chinese market. Costa Cruises is being used as a stepping-stone to enter this market by Carnival Corporation. The 800-passenger *Costa Allegra* began sailing from Shanghai in 2006 (Stieghorst, 2006). Some adaptations were made to the ship for Chinese consumers. For example, more shops and restaurants were added to the ship in order to suit Chinese tastes; a new sushi and noodle bar will probably be popular (Katz, 2006). The ship's spa facilities also were enlarged.

Costa Cruises offers passengers an Italian-style cruise experience. The ambience that typically is associated with the Costa brand will still, to some extent, be evident on board *Costa Allegra*. Indeed, more Italian artwork was placed on display on board the ship when the *Costa Allegra* was renovated and refitted for the Chinese market (Katz, 2006). Carnival Corporation chose a Costa ship to sail from Shanghai because the Costa brand has a tradition of catering to customers from different European countries and cultures (Martinez, 2006). Other brands within Carnival Corporation's portfolio were thought to cater to specific nationalities; however, Costa was seen as a more international brand. The brand caters to passengers from North America, Europe and South America (Hannafin and Sarna, 2006). Currently, *Costa Allegra* offers a cruise product that combines Italian-style ambience with shipboard features and facilities that are meant to appeal to Chinese consumers.

Consumers' behaviour may converge in certain ways, but some markets continue to have

idiosyncrasies that need to be acknowledged. The challenge for some brand managers is to adapt brands so that they are relevant and enticing to consumers in specific societies. At the same time, brand managers should not depart from the brand's core attributes when entering culturally distant markets. The complexities associated with managing brands across international borders can create both opportunities and challenges for corporations.

Managing Brand Partnerships

Brand partnerships are useful to brand managers for increasing the impact of brands (Strate and Rappole, 1997; Motion *et al.*, 2003; Knowles *et al.*, 2004). These partnerships represent one effort to cut through the sea of messages and noise that confronts today's consumers. The combination of brands creates a synergy that is more than the sum value of the brands. The aim is to incorporate each company in the other's brand-building efforts. Brand partnerships are created by brand managers in their efforts to make lasting impressions in a cluttered marketplace.

Brand partnerships need active management in order to achieve the desired exchange of values and reputation between brands. One managerial intention of brand partnerships is to link meanings by transferring positive customer views of brands. The management of brand partnerships, however, involves managing complex relationships between brands. Brand partnership management certainly can be more complicated than managing a single brand in isolation from other brands. Therefore, managing cruise-line brands may, at times, involve managing relationships with non-cruise brands (Fig. 16.4). Cross-industry brand partnerships require brand managers to develop an understanding of a broader range of brand meanings.

Brand partners may increase awareness of their brands through exposure to their partner's customer base. In 2004, Celebrity Cruises established a partnership with Cirque du Soleil (Yee, 2004; Tvarez, 2005). Each promotes the other product to customers, thereby increasing mutual exposure. A Cirque du Soleil

Cruise Line	Brand Partner	Short Description of Partnership
Celebrity Cruises	Cirque du Soleil	Each brand promotes its product to the other's market Cirque du Soleil performs on board some of Celebrity's ships
Celebrity Cruises	Sony Corporation	Passengers have the opportunity to use a number of Sony products on board the ships
Royal Caribbean International	Fisher-Price	Children have access to Fisher-Price toys in shipboard play areas Passengers with small children receive Fisher-Price newsletters in the mail after the cruise
Carnival Cruise Lines	Coca-Cola	Coca-Cola has established a partnership with Carnival Cruise Lines to develop shipboard 'teen centres' that serve 'Coke-tails'
Princess Cruises	Häagen-Dazs	Häagen-Dazs ice cream is sold on board Princess ships. It is the only brand-name ice cream made available to passengers during the cruise

Fig. 16.4. Some examples of brand partnerships that involve cruise lines. Sources: Gelsi (1997), Wade (1999), Bly (2002), Tavarez (2005), Kwornik (2006), Stewart (2006).

theatre troupe performs on board two Celebrity Cruises vessels, *Constellation* and *Summit*. Cirque du Soleil's onboard performances are expected to attract new passengers to these ships. Celebrity Cruises will, in turn, act as an official sponsor of Cirque du Soleil's touring shows in North America and Europe. Each year, performances by Cirque du Soleil's touring shows attract over 2 million spectators. These spectators 'have demographics that closely match those of Celebrity's. . . guests' (Tavarez, 2005, p. 41).

Brand partnerships also may involve product placement. Sony Corporation has entered into an agreement with Celebrity Cruises whereby Sony products are on board the ships. These products include the television sets within the passengers' cabins and the video game systems within the children's play areas (Gelsi, 1997). On board ships operated by RCI, Fisher-Price toys are available in the children's play areas (Stewart, L., 2005). Fisher-Price's partnership with RCI enables the toy maker to expose both parents and children to the

company's products during the course of the cruise. A cruise ship is an ideal environment for certain types of product placement because consumers can be provided with opportunities to sample or experience certain products and services. Indeed, ships have something of a captive audience.

Brand partnerships require careful management because they influence customers' perceptions of the participating brands. Well-matched brand partners could create benefits for both brands. Of course, a poorly thought-out match runs the risk of damage to both participant brands. The success of a brand partnership depends on the degree of fit between the brands. Brand fit can be thought of as the level of consistency between perceptions of each brand involved in the partnership. In other words, are the brands seen as logical partners for one another? Companies can assess the value of a brand partnership by considering factors such as mutual brand enhancement and the extent to which products or services created by different brand partners can be used in conjunction with one another. The challenge for brand managers within the cruise industry is to identify brands that are compatible with the cruise line's brand or even the shipboard environment.

The Vulnerability of Brands

Brands figure among the most valuable business assets that a company owns. Companies use their brands to project a favourable image. However, recent scandals have demonstrated that brands are vulnerable to attack. Reputations that take years – even decades – to build can be seriously damaged in a matter of days. As brands become more successful and achieve greater notoriety, they also become potential targets for activists and special-interest groups. Prominent brands such as McDonald's and Nike continually face barrages of criticism about their business practices. Best-selling books have drawn attention to the ethically questionable behaviour of companies that own well-known brands (Klein, 2000; Schlosser, 2002; Bakan, 2004; Fishman, 2006).

Brand management is complex because consumers are more capable of challenging – and

sometimes undermining – brand images that corporations develop and disseminate. Corporations view their brands as valuable commodities and any effort to tarnish a brand name is a serious threat. In particular, brands are vulnerable to symbolic contestation since symbolism and image are precisely the business of branded companies (Klein, 2000). Furthermore, a possibility always looms that brand managers and marketers, who are trained to promote the virtues of the brand, may not be equipped to anticipate or address potential threats to the brand.

To date, cruise lines have not been the targets of anti-brand activism. However, they are susceptible to such activism. Some journalists and academics accuse cruise lines of both environmental and human exploitation (Frantz, 1999; Reynolds and Weikel, 2000; Klein, 2002, 2006; DuPont, 2003; Weinberg and King, 2003). Cruise tourism, which is usually associated with pleasure and paradise, has a dirty underbelly (Klein, 2002).

The cruise industry has a poor environmental record. In 1999, Royal Caribbean International was fined US\$9 million for illegally disposing of oil-contaminated waste at sea and then covering up the crime. Carnival Cruise Lines was fined US\$9 million in 2002 for concealing the illegal dumping of oily waste (Klein, 2002). These incidents received some media coverage, but the wave of negative publicity did not seriously harm the cruise industry's reputation, or the reputation of a particular brand. In some instances, cruise lines have sought to improve shipboard waste management in response to pressure from environmental advocacy groups. RCI recently began to install advanced water purification equipment on board its vessels in order to treat waste water (Perez, 2004).

By registering their ships in countries such as Liberia and Panama, many cruise lines operate their ships largely in accordance with their own labour codes. The staff members who organize shipboard activities for passengers are typically from the USA, the UK, Canada and Australia. However, many employees who work behind the scenes, serve meals and clean cabins are from poor countries such as Indonesia and the Philippines. Cruise-ship work can be arduous and tiring – employees are often on duty 10 to 14 h per day, 7 days a week (DuPont, 2003;

Raub and Streit, 2006). Some employees – restaurant waiters, assistant waiters and room stewards – earn most of their income from the gratuities they receive from passengers. While apparel manufacturers have used sweatshop labour in developing countries, cruise lines have been accused of operating sweatships (Mather, 2002). These sweatships do have at least one redeeming feature, however – many cruise-ship workers earn more money working on board a cruise ship than they would at home. That said, cruise lines still profit enormously from their ability to pay many of their shipboard workers very poorly by western standards.

Can cruise lines remain immune to anti-brand activism if they continue to dump waste at sea illegally or operate sweatships? Obviously, companies should protect their brands' reputation by engaging in socially and environmentally responsible behaviour. Responsible behaviour by corporations is a type of brand insurance (Werther and Chandler, 2005). This insurance would, in essence, help to protect the brand from being devalued by negative publicity. Behaving responsibly – similar to a typical insurance policy – will almost certainly cost money. However, one pays for insurance today in order to avoid a terrible disaster that may occur at some point in the future. Brand insurance therefore assists companies such as cruise lines in their efforts to limit their exposure to reputation risk.

In addition to behaving more responsibly, corporations need to develop ways of communicating their ethical practices clearly and convincingly. One challenge for brand managers is to disseminate information about these practices in a manner that is compatible with the company's brand image. Within the cruise industry, up-market cruise lines could certainly portray social and environmental responsibility as cosmopolitan and current. Carnival Cruise Lines may have more difficulty balancing fun and frivolity with social and environmental responsibility in brochures and advertisements. Perhaps Carnival Cruise Lines could position the product as offering customers 'guilt-free' fun or relaxation without remorse. Brochures and advertisements could inform customers that they need not worry about the social and environmental ramifications of their cruise

vacation, because the cruise line is already managing those issues carefully and dutifully.

Conclusion

Companies create and manage brands for use as a centrepiece of their communication efforts with consumers. Well-known, trusted brands make an important contribution to generating and sustaining financial performance. The modern brand is a sign of ownership, of heritage and of quality level. The challenge is for managers to apply a brand's stamp in ways that leave a lasting impression with consumers. Careful brand management is essential if a business is to maintain the competitive advantage that strong brands can bring. Brands can be used to inform, if not to drive, key strategic decisions.

Brands and branding can benefit both consumers and corporations. Brands allow consumers to identify the products and services that best serve their psychological and physical needs. When businesses develop and promote brands, they are differentiating themselves from competitors, and, through communication, are enhancing their position within the marketplace. As a result, businesses may be able to gain greater customer loyalty.

This chapter addresses brand management within the cruise industry. The chapter explores a number of factors that make brand management a complex exercise. Brand management's complexity certainly does not mean that the task is impossible. As this chapter demonstrates, cruise lines are developing strategies that take into account the complex nature of brand management.

Brand management has perhaps never been as important as it is today. Modern-day commerce is permeated by brands. While brands are meant to assure the quality of products or services, they also have become a crucial selling point. Tastes are increasingly defined by brands. The importance of brands means that brand managers must develop an appreciation for the factors that make brand management a complex undertaking.

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17 Internationalization and the Hotel Industry

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Synopsis

This chapter reports an empirical study into internationalization and expansion strategies of international hotel operators in five countries in Eastern Central Europe. A questionnaire survey was conducted of the leading chains, framed around Dunning's (1993) eclectic paradigm. The major ownership advantages include knowledge of guest requirements, strategic planning and reservation systems. Location advantages that the chapter describes consist of the size and nature of the city in which the hotel was to be located, the infrastructure within the region, and the perception of the region as an attractive business tourism destination.

Keywords: internationalization; hotel sector; competitive advantage.

Introduction

Theories about internationalization include many schools of thought. A forerunner of these theories is David Ricardo's classical theory. According to Ricardo, international trade always is beneficial for all partners and the quality of exchanges depends on the differences between comparative production costs. Ricardo's theory was a true advance compared to Adam Smith's theory based only on absolute cost differences.

Vernon and Wells develop the theory of the international product life cycle (IPLC), which was largely adopted by science and business practice. IPLC shows, without empirical verification, the connection existing between international product diffusion and foreign investment. During the product development and launch phases, innovators are located in the USA. They produce and sell products domestically.

After the home market is saturated, production is exported.

In the following maturity phase, foreign competitors appear, especially from Europe and Japan, producing the same product for their home markets and also exporting, even to the American market. These competitors are successful because they improve the quality of the product or because they offer the product at a lower price. To protect their markets, the innovators react and start investing abroad in the form of direct takeovers or joint ventures. They improve, hereby, their presence on the foreign market and keep competition under control.

During the decline phase, factories are located in developing countries with low wages in order to bring down manufacturing costs even more and to take advantage of the delayed market demand.

Vernon and Wells' theory fits the economic post-war period through the 1960s very well.

Nevertheless, IPLC theory has at least one major weakness. IPLC is based on the assumption that foreign investment only takes place when competition appears.

Vernon and Wells contend firms also should invest step by step in international markets: first at home and then abroad. In contrast, Stephen H. Hymer's theory the 'International Operations of National Firms' (also known as the 'Arbitration Theory') claims that foreign investment abroad always is necessary if a firm wants to obtain a competitive advantage. The absence of foreign competition should not preclude foreign direct investment. Hymer's theory fits the present economic context very well. Today's multinationals locate their production plants and organize distribution channels in low-cost countries. In addition, financial and administrative networks are established in countries which are more efficient in this domain (Hymer, 1976).

Perlmutter's ethnocentrism, polycentrism, regiocentrism and geocentrism (EPRG) theory states that several management concepts can be developed depending on the importance placed on home and foreign markets. For example, ethnocentric-oriented firms manufacture products principally for their domestic market. In contrast, polycentric firms completely adapt their products and communication networks to the local markets. Regiocentric companies view regions and continents as culturally homogeneous; however, these areas can be different from each other. Regiocentric companies differentiate markets by region (for example, 'Eurocars' are developed for Europe only). Finally, geocentric companies view the entire world as one market and develop a single global product (Wind *et al.*, 1973).

Services, particularly tourism, have become the major area of economic activity in developed countries (WTTC, 2001). Surprisingly, few studies apply conceptual models to one of the most important branches of the tourism industry: the international hotel industry. Dunning's (1993) eclectic paradigm is an exception. The eclectic paradigm is a reference for studies in internationalization, and has been applied to the worldwide hotel industry (Dunning and McQueen, 1982; Kundu, 1994).

In relation to Eastern Central Europe, there has been much academic interest in the tourism

field with researchers including Hall's (1992, 1995, 1998a, b, 2000) extensive examination of various elements of tourism development in the region; Williams and Balaz's (2002) in-depth studies with specific reference to the Czech and Slovak republics; and Szivas and Riley's (1999) discussion of tourism industry employment during economic transition.

A number of hotel industry studies focus upon one country and one-topic issues. Examples include hotel investment and Hungary (Lorenz and Cullen, 1994), training needs for the Polish hospitality industry (Airey, 1994) and the effects of the market economy on the Hungarian hotel industry (Johnson, 1997). Surprisingly, the tourism literature does not include a comprehensive analysis of Eastern Central Europe's internationalization and hotel industry. This chapter investigates the major competitive advantages considered important to an international hotel operator when it decides to go international. The chapter concludes with a discussion of the critical considerations for hotel operators that want to conduct business in Eastern Central Europe.

Study Methods

Problems with definitions and identifying the industry

Two main definitional problems occur in the industry that cause problems in the collation and comparison of statistics. First is the issue of what actually constitutes a hotel. For example, one may speak of hotels, private hotels, residential hotels, guest houses, boarding houses, lodging houses, bed and breakfast, inns, pensions, motels, *auberges*, *posadas*, etc., which in different countries may or may not fall within the remit of an hotel per se. In Europe, the problem is compounded, due to the peculiarly diverse range of provision (Slattery and Johnson, 1993).

The nearest to a universally accepted definition is that of the World Tourism Organization (WTO), which includes hotels within the classification of tourism accommodation as collective tourist establishments, comprising: hotels, apartment-hotels, motels, roadside inns, beach hotels, residential clubs and similar

establishments providing hotel services including more than bed-making and cleaning of rooms.

The WTO specifies that in order to qualify as an hotel certain criteria must be included, including a minimum number of rooms (but the actual number of rooms is not mandated) and that the premises should be under a common management, with certain services, including room service, daily bed-making and cleaning of sanitary facilities, being provided (WTO, 1994).

This definition is far from perfect and is still open to individual interpretation by different countries. Nevertheless, the WTO states on a national basis that the total number of accommodation establishments covered in national statistics should represent at least 95% of the total overnight stays in hotels and similar establishments. Despite the differences this definition means that there should, therefore, be some consistency in reporting between countries.

The second problem in definition for statistical purposes is that the hotel industry is composed of many different elements that are not always clear or easy to analyse. The hotel industry is notoriously difficult to 'tie down'. Some authors claim that the hotel industry may be several distinct industries operating within the overall 'industry' structure. Three types of companies may be identified:

1. Companies involved in constructing, developing and owning hotel buildings (e.g. Accor).
2. Companies involved in managing hotels, with or without equity in the hotels under management (e.g. Hilton International).
3. Franchizing companies, which develop hotel chains without being involved in either owning hotel buildings or managing hotels such as Choice hotels or Cendant (Lewis *et al.*, 1998).

A further complication, characteristic of the hotel sector, is that some hotel companies exist with little visibility to the general public. Although these invisible hotel companies may be of significant size, they exist solely through the management of hotels under different brand names. People do not generally realize that brand A hotel is owned by Company X, marketed by Company Y and managed by Company Z.

Also, apart from owner-managers, owners, managers and franchizers, other corporate forms exist such as representation companies

(e.g. The Leading Hotels of the World), consortia (e.g. Best Western), central reservation systems (e.g. Utell) and internet intermediaries (e.g. Travelocity). All of these hotel groups play active roles in the hotel industry.

Questionnaire survey

A seven-page questionnaire was developed and sent to the Director of Development or Director of Marketing of the largest international hotel companies. The questionnaire included four sections. Section 1 sought general historical information concerning the company. Section 2 attempted to ask two related questions; first, which are the structural and behavioural variables considered important to an international hotel operator when it decides to 'go international', and secondly, what are the perceived competitive strengths of international hotel companies compared to other major competitors in the arena, and also compared to indigenous hotel operators from the study region? Section 3 focused on the critical locational considerations for hotel operators when deciding on international expansion. The final section attempted to identify the major factors behind the choice of entry mode for hotel development in the region, the numbers of properties in operation and the time frame for beginning operations in the case of companies that were not currently represented. The aim was to provide an overview of the market in terms of years of operation and form of involvement, foreign direct investment, management contract or franchizing.

Respondents were asked to rate on an 11-point Likert scale (from -5 'significant disadvantage' to +5 'significant advantage') their perceptions of the competitive advantages, the ownership 'O' advantages of their company and perceived sources of specific locational 'L' advantages within the region. The resulting rankings for the major variables were then averaged and the results displayed in graphical and tabular form. Completed questionnaires were received from 41 out of the 86 companies originating from 13 countries that controlled 3,504,694 hotel rooms. This sample represented 87.84% of the total rooms in the population.

Each of the ten major companies by number of rooms and 15 out of the top 20 hotel operators were included in the sample.

Background Characteristics of the Industry

The hotel industry is an important sub-sector of the tourism industry and provides accommodation and related services to tourists. The problems defining hotels are compounded by the lack of reliable statistics on numbers of hotels. The last official statistics are almost a decade old and record 15.4 million rooms worldwide by the end of 1998 (WTO, 2001). Since 1990, the industry has recorded an annual growth rate of 2.9%, which gives approximately 18 million rooms by the end of 2004. Worldwide supply of rooms is not evenly distributed, however, as shown by Table 17.1.

As shown in Table 17.1, over two thirds of total capacity is to be found in Europe and the Americas. The Middle East is the region with the fastest rate of expansion. The growth rate in China has slowed substantially, compared to preceding decades' growth, in the USA capacity has slowed to around 2.5% from above 4% until 2000, but growth in Latin America, especially Brazil, has been faster (Mintel, 2005).

The majority of hotel rooms are still within Europe; however, the rate of increase has been much lower in Europe than in the other two major regions of hotel supply, the

Americas – principally North America – and Asia. Although the latter remains the dominant destination worldwide, over the next 20 years it is in Asia, (and mainly South-east Asia) that most tourist growth will occur.

Industry structure

The world's hotel stock still consists mainly of unaffiliated owner-managed properties. An interesting trend is the closing gap as chain hotel capacity is expanding at a faster rate, through both conversions of existing properties and new-builds. Still, even in the USA, where roughly two-thirds of hotel capacity is branded by an integrated chain, the majority of hotels are owner-managed with a franchise. Chains have many natural advantages over independent operators. Although many independent hotel owners believed a few years ago that the internet would allow them to compete more successfully against the chains, the evidence does not support this trend occurring on a global scale. Chain expansion has continued unabated. Please see Appendix 1 for a summary of the top ten chains' income, assets and employee numbers.

Increasing consolidation and concentration

Hotel chains are growing larger, and becoming 'mega chains' (consolidation), which also affects

Table 17.1. Estimated number of rooms in hotels and similar establishments worldwide, 1999–2004.

Region	1999 ¹	2000	2001	2002	2003	2004	CARG ² % 1999– 2004	Percentage of 2004 total
Americas	5450	5750	6010	6161	6300	6500	3.6	35.4
Asia/ Pacific	3680	3865	4004	4124	4300	4460	4	24.3
Europe	6050	6150	6240	6300	6400	6550	1.6	35.7
Middle East	236	262	285	305	325	355	8.5	1.9
Africa	435	445	455	465	475	485	2.2	2.6
Total	15851	16272	16894	17355	17800	18350	3	100

¹All numbers of rooms are estimates; ²CARG, aggregate change 1994–2004.

Source: Mintel, 2005.

the total number of rooms under their control (concentration). Merger and acquisition activity is very prevalent in the international hotel industry. Concentration in the industry can be measured by the share of the world market controlled by the major chains. Table 17.2 shows changes from the 1990s in the share of the world's 200 largest chains.

Despite the 50% increase in the number of rooms worldwide, the largest companies' share of the industry has risen throughout the period. Today, the largest companies own over one-third of the overall total number of bedrooms. The top 12 companies control 75% of the total number of bedrooms of the leading 50 chains, and have grown by 40% over the period 1995–2001 (TTI, 2001, p. 91). Despite being in the minority, the hotel chains still set the pace and standards for the industry, as the vast majority of SMEs struggle to maintain profitability, or indeed survive. One major reason behind the growth has been the chain's supply of consistent, standardized services and facilities that have been replicated throughout the world (including developing countries) through standardized operating manuals and procedures. This ambiguity avoidance, or need for predictability, in such an experiential activity as staying in a hotel room, often in a foreign country, requires the development of a brand name, which promises consistent delivery. In contrast to other industries, there is a willingness on the part of management contract and franchise companies to transfer their expertise and know-how to franchisees. A franchise may, in fact, be considered as much a marketing alliance as a form of transfer of corporate capability. The international hotel firm attempts to build up a global brand and reservation system, thereby satisfying final customers, and also appearing attractive to potential buyers in

a highly competitive franchise market. The power of a franchise brand is a function of the company's size and the ability of the franchizer to drive demand into the hotels. The rate of expansion is a critical element in determining the success of a franchise operation.

For the international operator, two critical factors must be considered when expanding internationally: (i) the franchizer's willingness and ability to supply the financial and human resources to the franchisees; and (ii) the availability and quality of suitable licensees, franchisees or partners in the target countries. Due to the industry's high fixed cost structure, attractive opportunities exist for marginal costing. For example, despite the high sunk costs of developing global reservations systems, the cost of adding one more franchisee to the system is very small and any additional signings immediately increase profitability.

Industry consolidation is evident from the growth in the size of companies occurring through merger and acquisition (M & A) activity. The international hotel sector is dominated by a relatively small number of companies. Only nine corporations have over 100,000 rooms; seven of the nine originate in the USA, which illustrates US dominance in the business. Table 17.3 compares the top ten hotel companies in 1975 with the top ten 30 years later.

The size difference of the top ten companies is apparent. The number one hotel chain in 1975 (Holiday Inn) would have been in 7th position in 2005. Similarly, the number two (Sheraton) and number three (Ramada) would have been in 10th and 11th places respectively in 2005. Overall there are 4.45 times more rooms operated by the leading ten companies in 2005 than there were in 1975.

Only three of these companies, Inter-Continental Hotel Group (UK), Accor (France)

Table 17.2. Percentage share of major hotel operators, 1990–2004.

	1990	1997	2004
Largest 200 hotel chains rooms (000)	n.a	4795	6270
Total number of rooms worldwide (000)	12223	14951	18350
% share, top 200	n.a.	27.3	34.2

Source: TTI, 2001, *Hotels July 2001, July 2006*, p. 83, own calculations.

Table 17.3. Comparison of top ten hotel companies, 1975–2005.

Rank	1975		2005	
	Company	Rooms	Company	Rooms
1.	Holiday Inn	274,969	InterContinental	537,533
2.	Sheraton	109,999	Wyndham	532,284
3.	Ramada Inns Inc.	94,621	Marriott	499,165
4.	Hilton Hotel Corp.	61,621	Hilton Hotel Corp.	485,356
5.	Trust House Forte	60,705	Choice Hotels	481,131
6.	Howard Johnson	59,800	Accor	475,433
7.	Balkantourist	51,800	Starwood	257,889
8.	Days Inn Inc.	37,983	Carlson Hospitality	147,129
9.	Quality Inns Int'l	32,954	Global Hyatt	134,296
10.	Travelodge Int'l	31,492	TUIAG/Tui Hotels & Resorts	82,455
	Total Rooms	815,944		3,632,671

Source: Service World, 1976, *Hotels 2006*.

and TUI (Germany), do not originate from North America. Significantly, even after some acquisition activity by Asian companies in the 1980s and early 1990s (e.g. Asian corporations' purchases of ITT Sheraton and Kempinski Hotels), Asian companies are not represented in the top ten, and only have representation in the top 20s and 30s.

Also, most hotel chains target major urban centres, concentrating on frequent business travellers. Notable exceptions include the Spanish chain Sol Meliá, and the immense German Operator group, TUI.

International expansion strategies

Hotel companies often display a preference for non-equity forms of market expansion. Historically, this preference mainly was due to trends in the USA in the late 1960s and 1970s. At that time, the value of real estate in the USA rose faster than the rate of inflation. Investors therefore sought to purchase real estate as a hedge against inflation. This activity increased the supply of money for real-estate ventures, including hotels. Lenders increasingly insisted that hotel developers engage international franchise agreements as a condition for obtaining finance.

Simultaneously, tourism began to gain recognition as an important economic factor in

developing countries. Host governments therefore offered incentives to international companies.

The growth in non-equity arrangements is due to a convergence of factors, including a risk minimizing strategy. Hotel operators pursuing international expansion may pursue both defensive and offensive strategies (i.e. avoiding losing home market share, and gaining significant new markets abroad). As competition in the home market increased, new external markets naturally beckoned. In the late 1970s and early 1980s, domestic markets were relatively small, and the hotel industry was characterized by a significantly high-risk structure. The risk derived from a dependence upon tourism factors, such as seasonality and economic conditions within tourism-generating countries, includes changes and fluctuations in disposable income and exchange rates. The capital-intensive nature of the industry also compounded the risk. Furthermore, international hotel chains were seen as possessing certain proprietary competitive advantages allowing them to increase market penetration (e.g. economies of scale, a more profound knowledge of international guest requirements, better-trained management and staff, better management and reservation systems and strong brand name).

From this codification of management and marketing practices, hotel corporations provide comprehensive data and information, especially

in relation to standard operating procedures (SOPs), global reservations systems and likely financial projections. The problems associated with the 'bounded rationality' of franchisees are reduced. The information also assists franchisees in their attempts to capitalize on the value of the brand name.

The franchizer continues to exert control over the franchisee, however, through the right to use the brand name and reservation systems. Franchizing hotel corporations are not afraid of creating competitors or of dissenting behaviour from contractees, as the threat of the loss of the system privileges is strong. Table 17.4 shows the major companies and international expansion.

Classification according to level of internationalization

A comprehensive picture must consider not only the number of countries in which an international company is represented, but also the number of rooms the company operates internationally, in relation to its overall number of rooms. To this end an internationalization matrix was created. This attempts to provide a realistic picture of internationalization and the hotel

companies included in the study. The results of the matrix are presented in Fig. 17.1.

In Fig. 17.1, the x-axis shows the overall size of the hotel company by number of rooms operated. The y-axis is classified in three levels of internationalization from bottom to top, from low-level to medium-level and high-level internationalization. The example shows six major clusters of hotel companies. Starting at the bottom left-hand corner there is a cluster of small hotel companies with a low level of internationalization. These companies are either Asian or North American companies. Moving up the y-axis, a cluster of similar-sized companies with more internationally operated rooms can be seen. This cluster represents the medium level of internationalization. Primarily these companies are of European origin, but some exceptions do exist (e.g. Fairmont, North America, and Shangri-La, Asia). The cluster at the top of the y-axis is highly international, but still relatively small, companies. These companies are from each region and include such famous names as Four Seasons, Raffles/Swissôtel and the Peninsula Group. Interestingly, Hilton International is some distance away from this grouping, as by number of rooms operated it borders the medium-to-large category.

In the middle of the chart is a cluster of medium-to-large companies having a medium level of internationalization. These companies range in size from Sol Amelia and Hyatt, with over 80,000 rooms, to Choice that has almost 350,000. With the exception of Sol Meliá (Spanish), these companies are North American firms. Looking towards the right-hand matrix of the chart, two clusters are visible at the top and bottom of the graph. Those companies in the bottom cluster (Hilton Hotels, Marriott and Cendant) are among the largest names in the hotel business, but they have low levels of internationalization due to their lack of international operating exposure. These companies are North American-based; Accor and Bass (rebranded as InterContinental), however, the two largest European chains, are both extremely large and international.

The international hotel industry is far from static. As previously noted, the industry has seen many changes, especially in relation to merger and acquisition activity. Of particular interest is that the major shifts have occurred in

Table 17.4. International chain penetration.

Hotel group	Number of countries present
InterContinental	100
Accor	90
Best Western	83
Starwood	83
Hilton Group, plc	77
Carlson	69
Marriott	68
Le Méridien	55
Choice	43
Club Méditerranée	40
Golden Tulip	40
Hyatt	38
Rezidor SAS	38
Four Seasons	29
Sol Melià	28

Source: Mintel, 2005.

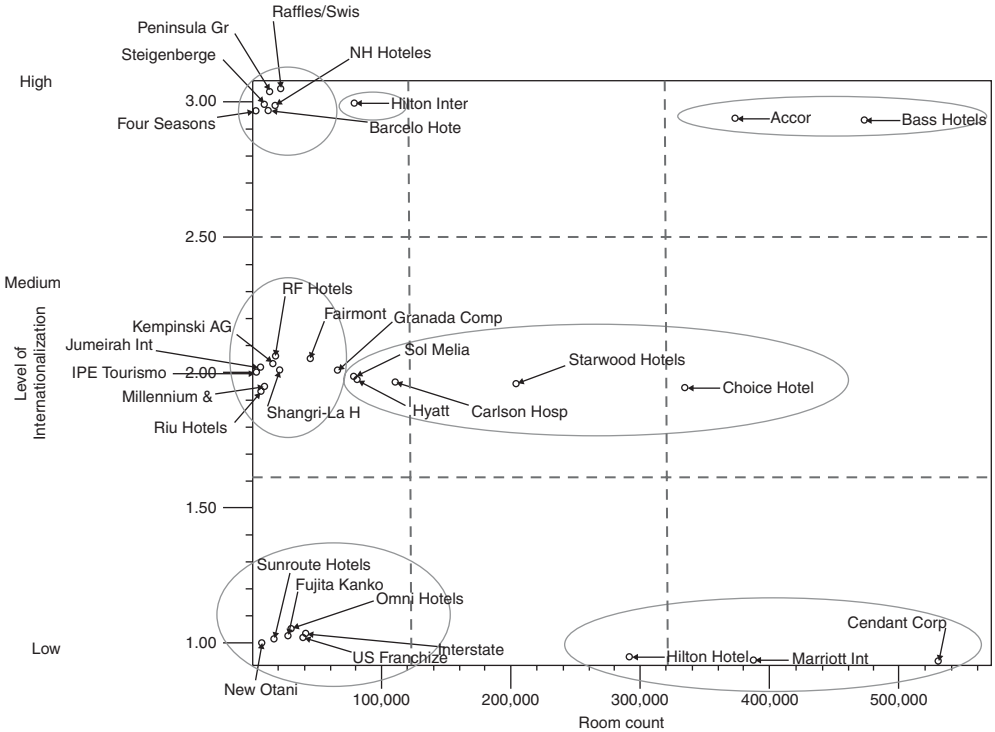


Fig. 17.1. Internationalization as shown by internationalization matrix. Size of company (number of rooms).

the direction of increasing the level of internationalization as well as the overall company size. Figure 17.2 plots changes in the size and internationalization level of the top ten companies, by number of rooms.

As seen in Fig. 17.2, several developments affect firm size and level of internationalization. The name of the company and the numbers '1' show its position in 1995, and then the company name and '2' show its position in 2001. Hilton, Marriott and Cendant have made significant increases in overall size. Other companies such as Bass, Accor and Starwood also have grown, but to a lesser extent. Some companies such as Hyatt and Sol Meliá remained fairly static in terms of numbers. Choice, whilst only growing slightly in terms of number of rooms, is the only company to change level of internationalization. The company moved from low-level to a medium level of internationalization during the period under review. Other factors, including trends in internationalization

and length of time to establish international operations, also were evaluated.

International beginnings

As may be seen in Fig. 17.3, just over one-third of the companies established their first foreign operation within a decade of their foundation. Almost one-half took between 10 and 29 years, with just over 20% taking 30–40+ years. A few examples of these so-called 'born global' companies were found in the study (e.g. Millennium and Copthorne). These companies immediately became international. This instant internationalization may be due to the ease of establishing management contracts and franchise agreements in many parts of the world.

The study also provides information on the average length of time to establish an overseas operation. Figure 17.4 shows the average time length to establish an overseas presence

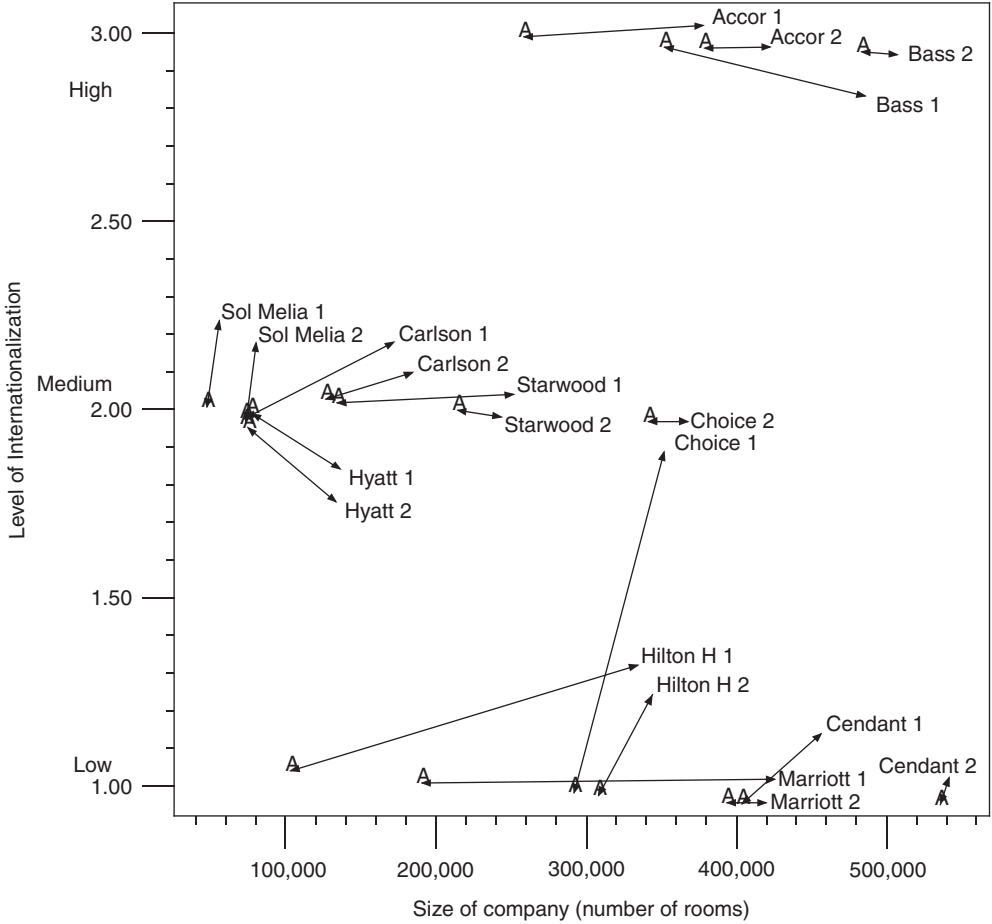


Fig. 17.2 Internationalization matrix showing dynamics of internationalization of the top ten hotel companies by size 1995–2001.

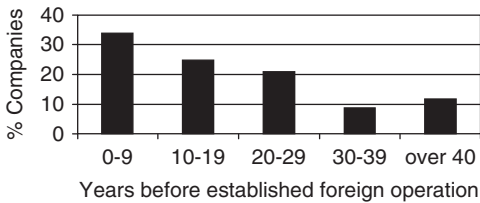


Fig. 17.3. Number of years to establish first international operation.

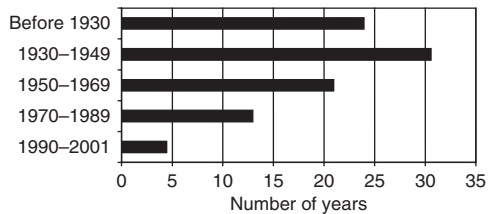


Fig. 17.4. Length of time to establish first foreign hotel (average number of years).

was 16.55 years; however, the trend in establishing foreign operations has reduced dramatically in recent decades. Companies started within the past 10 years are establishing a

foreign operation in almost one-fifth of the time taken before 1930. This trend has increased since the 1930s and 1940s due to the Second World War.

Perceptions of Ownership, Location and Internalization Advantages

This section presents the findings of the perceived ownership, location and internalization advantages from the sample's 41 major international hotel companies. The major variables relating to the three categories were drawn from the literature. Care was taken in attempting to identify the major contextual variables that had the greatest impact upon the data. These variables were found to be size of the company and regions of origin. Specific tests were conducted for level of internationalization; however, the differences by international level were significantly less marked.

Ownership advantages by company size

The first contextual variable is the size of the company (in terms of number of rooms operated) with perceived ownership advantages presented in relation to other international hotel operators.

The perceived ranking for each of the variables was averaged and the rankings shown in graphical form in the following figures. Rankings on the left-hand side of the axis represent a 'significant competitive disadvantage' to the company, while those companies in the chart's middle have a neutral position; a 'significant competitive advantage' to the company appears as one moves to the right-hand side (11.00). Based on room size, hotel companies were placed in four categories: small (400–4999), medium (5000–49,999), large (50,000–99,000) and very large companies (over 100,000).

Figure 17.5 shows international hotel company executives consider size to be a major factor. Considerable differences exist between the perceived strengths of the largest companies compared to the smallest (represented by the unfilled and filled circles on either side of the chart). Overall, the perceived key competitive strengths of international hotel chains are knowledge of guest needs, strategic planning and technological advancement. The largest companies perceive that they have a considerable advantage and consistently score their perceived strengths

higher. The very large companies' perceptions of their key advantages are reservations systems, human resources and brand/international experience. These factors are attributable to the distribution advantages. The competitive advantage is possible due to global reservations and computer reservations systems used by the largest companies. Also, human resources have long been considered a key attribute of international operators (Dunning and McQueen, 1982). This feature is stressed by all major players as well. International experience often (but not always) is related to firm size. For example, companies such as InterContinental and Accor are present in over 80 countries. The importance of the brand may also be considered fundamental, as the importance of brand equity has been a major issue in the industry in the past decade.

Large chains shadow the advantages of the very large chains quite closely in most of their attributes (especially regarding size, their network of strategic alliances and strategic planning), and even score higher in terms of technological advancement and long-term presence in the region. They score particularly low, however, in terms of international experience and knowledge of guest needs. These perceptions may be due to the fact that while many such companies are substantial, they are aware of the differences in scale between themselves and those of 'premier league' companies such as Cendant, InterContinental and Marriott, who have significant resources available for marketing research (to determine guest needs in the future), and for establishing new international operations. Also, the study results support shadowing of medium and small companies. Medium companies' key strengths are knowledge of guest needs, strategic planning and financial strength. The smallest companies perceive that they also are strong in understanding guests' needs, in strategic planning and in technological advancement. The medium and smallest companies are close in terms of international experience, human resource management, strategic planning and especially in joint economies of supply and scale. The smallest companies score particularly low on developing a long-term presence in the region, networking strategic alliances and managing their brand names.

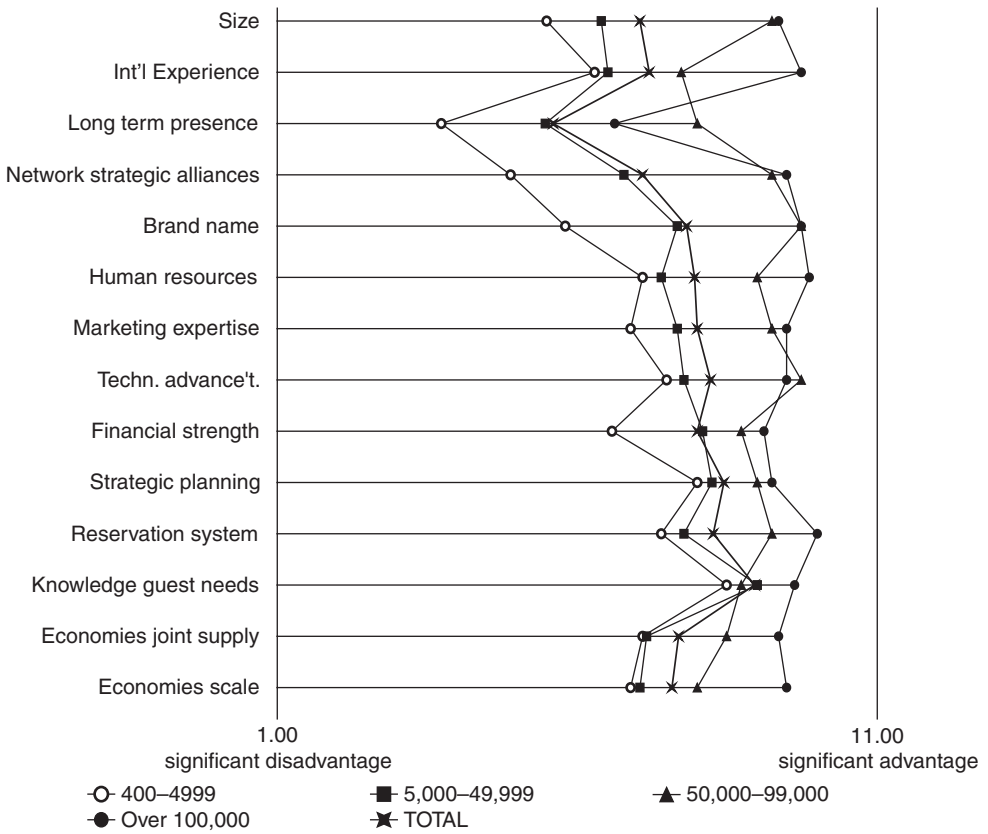


Fig. 17.5. Ownership advantages of international hotel companies by size of company.

Ownership advantages by region of origin

Previous studies on the hotel industry (Dunning and McQueen, 1982; Kundu, 1994; Gannon and Johnson, 1995) identify the region of origin as an important contextual variable in the determination of company policy. In this instance, the perceived advantages of chains from the three major hotel operating regions, North America, Europe and Asia are compared.

Figure 17.6 shows the overall averages of the variables, and the intra-regional differences. Although not quite so marked as the differences between the sizes of companies, distinct differences exist between companies emanating from North America, Europe and the Middle East, and Asia. Overall, the three most important attributes are knowledge of guest needs, strategic planning and reservations systems.

Also, the North American chains consistently rate their competitive strengths higher than the Europeans, and considerably higher than the Asian chains. The most important variables for the North American chains are knowledge of guest needs, reservation systems and strategic planning. Given the history of the North American chains (which are the oldest-established and have adopted a follow-the-customer internationalization mode), this finding is not surprising. North American companies consider their knowledge of guests' expectations (especially business guests) to be a competitive advantage. In addition, they enjoy the economies of scale in such areas as reservations systems that facilitate global distribution. The very high rating given to strategic planning (which is also seen to be important by European and Asian companies) may derive from the fact that many respondents were directors of development

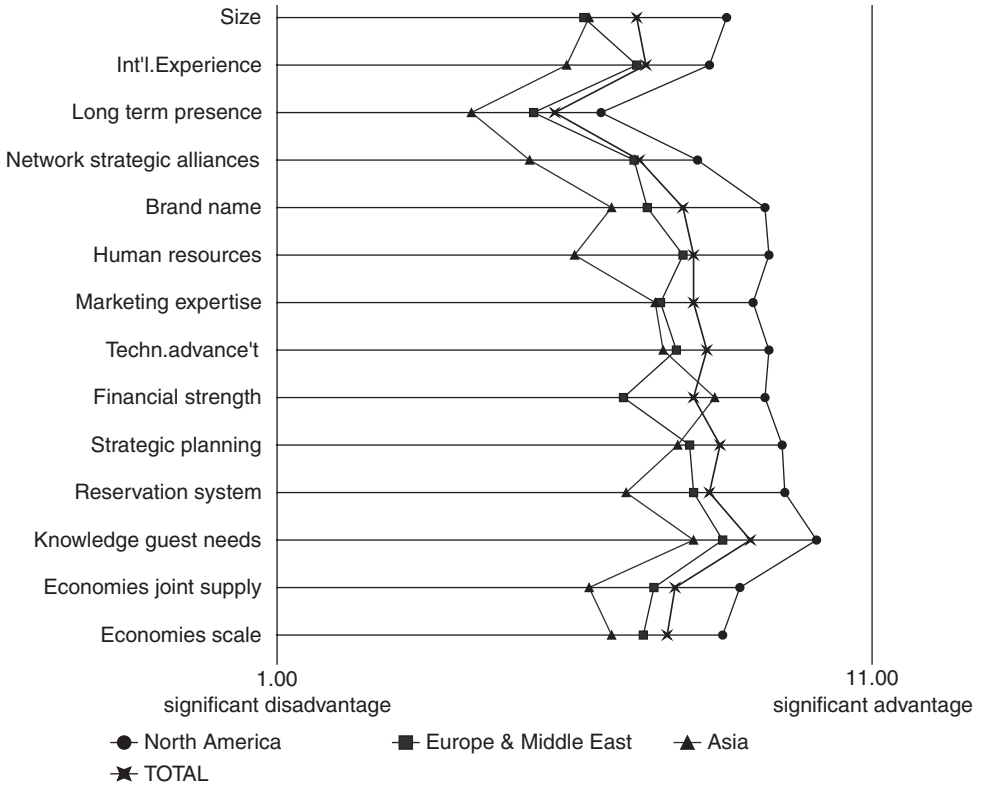


Fig. 17.6. Ownership advantages of international hotel companies by region of origin.

responsible for setting and meeting global targets in terms of establishing new properties. European chains achieve an average rating, and mirror the North American rankings, albeit consistently 1–2 points lower. Asian companies rank finance, knowledge of guest needs and strategic planning as their main strengths, and exceed the European rating with respect to financial strength of the company. This finding may be due to many Asian companies belonging to major groups (Shangri-La, Fujita Kanko and New Otani). This result also reflects an important cultural difference between Asian companies’ international expansion strategies and those of the US and European chains. Asian companies grow typically through equity, shunning the management contract and franchise modes that are the preferred methods of the other companies from the other regions. Again, all regions rank long-term presence in the region the lowest, and the Asian companies (due to their size and history) also give low ratings to

their ability to create a network of strategic alliances and international experience.

Location-specific advantages

Locational attributes and features fundamentally are important for developing the international hotel industry. Again, detailed analysis was undertaken of the perceived regional advantages. To ensure consistent analysis, the same contextual variables of size and origin were used in each case.

Location-specific advantages for Eastern Central Europe by company size

The perceptions of the study region were studied to see if they differed according to the size of the company. Figure 17.7 presents the profiles of the major attributes by size of company.

As may be seen in Fig. 17.7, some variables are considered most important by all

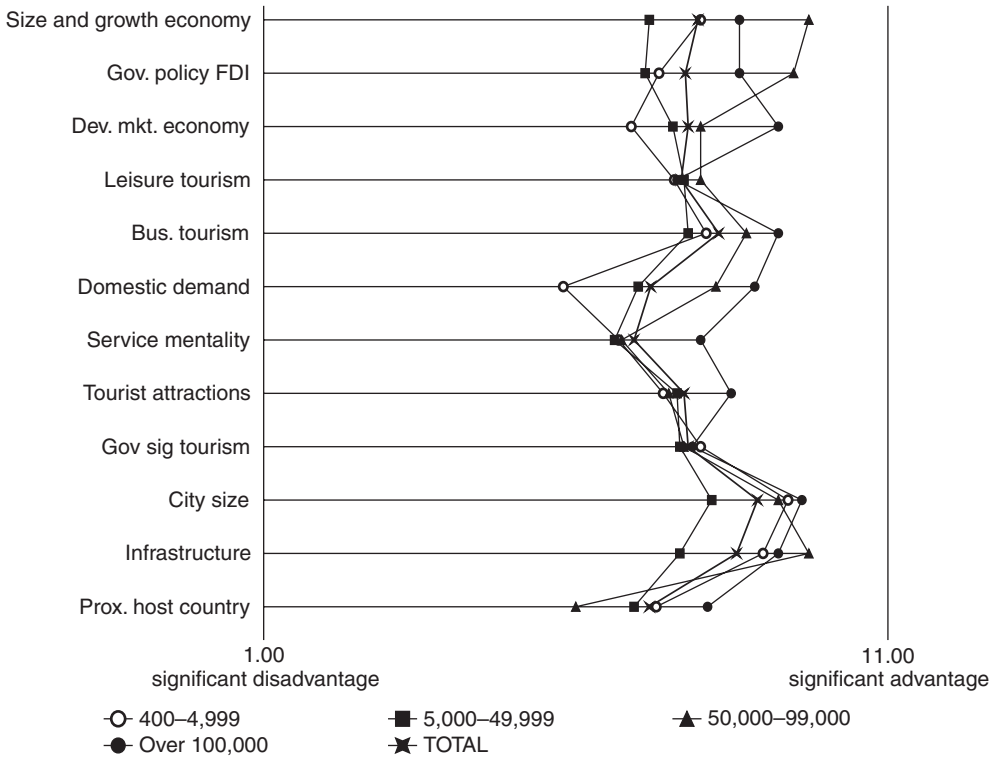


Fig. 17.7. Location-specific advantages of Eastern Central Europe by size of company.

categories of hotel chains; other variables are only important to specific categories. Overall, the three most important variables for the region are the size and nature of the city in which the hotel is located, the infrastructure within the region and the perception of the region as an attractive business location.

The city’s size and nature are considered important by all categories, appearing as the most important factor for both the medium and smallest hotel chains. The very large hotel chains see the opportunities for business tourism as the most important factor, and rank the degree of market economy development as the third most important perception. For the large chains, government policy towards foreign direct investment (FDI) is considered to be the most important locational variable, with the region infrastructure ranked second. For medium-sized chains, opportunities for both business and leisure tourism are second and third respectively. The smallest hotel chains also perceive the country infrastructure to be important, and

believe that there are strong possibilities for business tourism.

Location-specific advantages by origin of company headquarters

This section identifies similarities and differences of the perceived strengths by region. The highest rated sources of perceived advantage are the size and nature of the city in which the hotel is located. Also important is national infrastructure, and a perception of the region as an attractive business tourism destination.

The identification of the first factor could be due to the various primary locations, such as Prague and Budapest, which have been singled out as of great importance for the very large chains seeking to build a global network of properties. Second, a number of secondary and even tertiary locations exist that are under or unexploited (e.g. Poland could host at least 20 locations for mid-tier or budget brand hotels such as Ibis, Comfort Inn or Courtyard by Marriott).

Infrastructure's importance is more difficult to explain. Perhaps the funding for upgrades to major roads and rail links in the European Union could be the deciding factor. Also, the fact that Europe is considered an important business tourism destination (in preference to leisure tourism) may result from the increasing interest shown in the region by international businesses, with Poland especially receiving increasing FDI. Many hotels have been pursuing a follow-the-market strategy, with top rank hotels being constructed in gateway cities, mainly for an international business clientele. On the other hand, recent evidence suggests a switch by hotel chains to a more mid-market range of properties. Equally important are statistics that show increasing indigenization of hotel usage. For example, again in Poland, the number of tourists using hotels has been growing, especially due to the increases in the number of short domestic trips. The development of hotel facilities has been stimulated by favourable land ownership regulations, and preferential value-added tax rates on hotel services (7% for one-, two- and three-star hotels). In general, in Western Europe the ratio of domestic guests to foreign guests is 50:50, whereas in Poland it is 76:24, which illustrates strong potential for growth. The hotel sector is profitable in Poland, with a net profitability of 5.15% in 1997, and sector sales of US\$1.38 billion. Hotel services are concentrated around Warsaw, which has a 20% concentration of the total market for hotel services (CEEBC, 2001). Prices of hotel services are high, with most upper- and middle-class hotels too expensive for domestic guests. Apparently, the number of relatively inexpensive international standard two- and three-star hotels is still insufficient.

The size and nature of the city is considered to be the most important factor by all three regions. Infrastructure is seen to be the next most important factor by North American and Asian executives. Europeans, however, believed that the size of the economy was more important, with infrastructure considered third. The third most important factor for Asian companies is the presence of tourist attractions of international standard. Marked differences exist on which aspects are rated the lowest. The North Americans rate the perception of the region as an attractive leisure destination as the

weakest factor. The European chains evidently perceive that there are problems with the service orientation of the workforce; however, the Asian chains believe that the weakest factor is governmental policies towards FDI in terms of incentives and regulations.

Conclusions

The study provides insights into the evolution of the ownership, location and internalization advantages since the last major study of the industry conducted over a decade ago (Kundu, 1994). The results show some advantages, such as knowledge of guest requirements, and proprietary reservations systems have remained consistent from earlier studies, but strategic planning is growing in importance, particularly by North American chains. This finding needs to be interpreted with caution. If many companies perceive that they have a competitive advantage through their planning, the effectiveness of this competitive advantage will erode quickly. The comparative advantage will not be possible.

Some differences with Dunning and McQueen's (1982) and Kundu's (1994) studies may be attributed to both changes in perceptions as well as differences in the overall framing of the questions.

Also, the practical implications from the study are clear. First, the model shows that size and region of origin play a major role in the perceptions of the international hotel executives. The literature on internationalization emphasizes size as being a major determinate of internationalization. This finding was categorically backed up by the field research. The larger the company, the more confident the hotel executives were of their position. Conversely, the smaller chains perceived that factors such as ability to form a network of strategic alliances, physical size and brand name put them at a significant disadvantage compared to their larger competitors.

In terms of strategic planning and knowledge of guest needs, the perceived gap is narrower. This finding indicates smaller companies undertake strategic planning to almost the same level as the larger ones. Also, smaller companies are as able to analyse and provide for guest needs as the larger hotel corporations.

A final practical aspect elucidated by the study is the integration of market entry modes used by international hotel companies. The use of non-equity means of distribution is not surprising, but recent evidence suggests a quantum increase in the formation of external networks by companies of all sizes. The old question of 'Which form of involvement?' has been replaced with 'Which form of involvement in which market?' with companies such as Intercontinental, Accor and Marriott using several forms of market involvement in the same market. This strategic change is due to the fact that, in order to attain truly global distribution of brands and properties, non-equity methods through strategic alliances, franchizing and management contracts are the only means of reaching the required size for effective economies of scale and scope (Contractor and Kundu, 1998). In perceived 'risky' environments such as Eastern Central Europe, contractual arrangements are extremely attractive, as the high capital costs associated with hotel property development are thus borne by the real-estate companies, and not by the hotel companies themselves per se, although there may be a requirement for a minority equity stake so as to gain the contract in the first place. In contrast to other industries, non-equity development in the hotel industry does not equate to a loss of control due to the ease of codification of management competencies and systems, and the importance of the right to use the brand name and reservations systems – key attributes that could be withdrawn if franchisees and owners do not comply with minimum standards and procedures.

Although the paradigm could not provide all the answers, competitive advantage theory fulfils the function of being an 'intellectual coat hanger' (Cantwell and Narula, 2001) on which the major factors for the development of the international hotel industry in Eastern Central Europe could be placed so as to allow examination of the fabric of development. The findings

suggest several areas of study to complement the research undertaken in this study. For example, future studies could investigate the changing dynamics of the eclectic paradigm in relation to ownership and internalization advantages. This type of enquiry is especially pertinent in an industry sector such as the hotel business, where strategic alliances and non-equity forms of distribution are the norm. Another extension is to examine the importance of size as a competitive advantage. In a location-bound industry such as the hotel business, this question could be addressed from two perspectives. Either size is the main factor in order for companies to be able to compete effectively or else the attractiveness of the location is everything. While size has not been seen to be vital for internationalization, highly internationalized, smaller companies such as Four Seasons and Raffles competing successfully in the mainstream hotel business (excluding high value-added niche markets) require a minimum size of at least 100,000 rooms.

This study contributes to the understanding of the international expansion of an important industry sector in an increasingly significant tourist destination. The actual development of the industry enhances the employment possibilities and improves the services offered to both international and domestic markets, whilst at the same time exploiting market niches mentioned in the text, specifically by focusing on green, rural and spa tourism activities that are sustainable over the long term, thereby ensuring the attractiveness of the region for future generations.

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Appendix 1

Table 17.5. Details of major players.

Company	Revenues (US\$ millions)	Increased revenues (2004–2005) (%)	Net income (US\$ millions)	Income growth (2004–2005) (%)	Total assets (US\$ millions)	Employees	Employee growth (2004–2005) (%)
InterContinental (UK)	3286.7	–22.3	650.5	–0.7	6308.5	21986	–25.9
Wyndham Worldwide	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Marriott International (USA)	11550	14.4	669	12.2	8530	143000	7.5
Hilton Hotels (US)	4437	7	460	93.3	873	61000	12.9
Choice Hotels (US)	477.4	11.3	87.6	17.8	265.1	1728	1.8
Accor (FR)	9026.7	–7.7	394.4	21	15607	168623	0
Starwood Hotels and Resorts (US)	5977	11.3	422	6.8	12454	145000	20.8
Carlson Hospitality (US)	130*	12*	n.a.	n.a.	n.a.	750*	
Global Hyatt (US)	6438	10.8				88647	n.a.
TUI Hotels and Resorts (Germany)	10846.2	5.8	725.8**		2516**	63000	n.a.

* 2004 estimate; ** 2004 data.

Source: Hoovers/Proquest. Company web sites, November 2006.

18 Guests' Meetings and Hotel Group Room Reservations

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Synopsis

This chapter provides a comprehensive review of group room reservations at hotels (and on cruises) arranged by CMPs, AMPs and independents, based on seven articles that have been co-written by the author (Toh and DeKay, 2002; DeKay *et al.*, 2004; Toh *et al.* 2005 a, b, c, 2006, 2007). This chapter also builds from a literature review of five major databases (ABI-Inform, Business Management, Business Practices and Industry, Econ. Lit. and Lexis Nexis), and the archives of Convene, Meetingsnet and Conventions (all found on the internet). All of these yielded about 200 related articles and web postings.

Introduction

Why do people meet instead of talk one-on-one, teleconference or engage in video conferencing? During an interview, the president of one corporation stated that strategic meetings are meant to get participants out of town and away from the present to plan for the future, with sites rotated to generate freshness. Meetings also are held to exchange information and reward performances, to conclude deals or to sell in comfortable settings to engender personal relationships in face-to-face encounters, to educate attendees of associations and to engage in lobbying efforts.

In the USA, every year, about 85 million people attend about one million meetings and conventions generating US\$45 billion in spending, which is more than 40% of hotel revenues of about US\$110 billion a year (Bureau of Economic Analysis, 2003). Meetings at hotels are arranged by corporate meeting planners (CMPs, 34%), association meeting planners (AMPs, 27%), independent meeting planners (independents,

13%) and others (e.g. housing bureaux or travel agents) which account for the other 26% of meeting planners (Meetings and Conventions, 2004).

Over the last 5 years, 50 interviews were conducted with hotel room managers (20), cruise executives (six), independents (nine), one corporate president, one lawyer who deals with group sales agreements, nine CMPs and four AMPs. With few exceptions, these interviews were conducted face-to-face in corporate premises for approximately 75 min each for a total of about 150 person-hours, with telephone follow-ups when necessary.

This chapter outlines the differences in goals, constraints and strategies among CMPs, AMPs and independents in arranging for group meetings. This chapter also examines the incidence and problems associated with no-shows, late cancellations, early departures, stayovers and last-minute walk-ins. Additionally, hotel overbooking practices sometimes leading to over-sales and walks are addressed. Also, this chapter discusses the related non-performance

charges associated with no-shows (averaging 5%), late cancellations, early departures (averaging 5%) and walks (averaging 10 nights a year). But the main emphasis of this chapter is to examine *group* room reservations – how they are negotiated, how they are modified, what happens when room blocks are not met resulting in attrition charges and other non-performance fees and how and why each type of meeting planner approaches these issues differently. But before these issues can be addressed, a brief discussion about the three main types of meeting planners is needed.

Corporate Meeting Planners

After 11 September 2001 and the accompanying recession and the passage of the Sarbanes-Oxley Act of 2002, cost-conscious corporations have become sensitive about spending money on meetings. This change in philosophy is challenging for corporations like General Motors, where meetings are considered to be necessary costs which must be minimized. Business meetings emphasize the adequacy and cost of the meeting rooms at accessible locations. A cost-reduction strategy for corporations is to consolidate activities by setting up their own corporate travel departments, building their own convention centres, or holding meetings in cities where they have production or administrative facilities. Some corporations also have made it mandatory to include the procurement department in meeting planning (already a common practice in Europe) to get increased leverage with vendors through volume buying, competitive bidding and reverse auctions. Furthermore, CMPs for large corporations practise bundling, which involves negotiating for multiple events at the same property to get volume rates. Many of the CMPs are evaluated by their ability to keep expenses within the budgeted costs and by demonstrating cost savings through skilful negotiations, favourable contracts or centralized purchases.

CMPs often outsource their duties to independent meeting planners. Meeting planners can be compensated for site selection by the hotels through 10% commissions on room rates. The largest and smallest corporations are

more likely to employ independents than the medium-sized companies, because large corporations that are downsizing tend to outsource non-core activities while small corporations cannot afford to staff large-scale meeting planning departments. Generally, independents are used for bigger events that are more complex, or meetings that are scheduled on short notice. This strategy allows corporations to maintain a lean events-planning department and yet meet peak demands at peak meetings periods.

Many hotels and resorts occasionally offer Hot Dates on a limited number of rooms in the off-peak or shoulder season, which are often discounted by at least 20% off the original room rate. For corporations, the average lead time needed for planning is 6 months, and they have many pop-up meetings arranged at short notice. Thus, CMPs are often able to take advantage of Hot Dates.

Association Meeting Planners

Association meeting planners work for organizations such as the American Medical Association, which sometimes hold meetings to generate profits (through substantial conference fees and by charging paying sponsors) in order to fund administrative overheads and educational activities. Association meetings are more informal and family-inclusive. Often, these meetings are held in exotic locations and resorts, and increasingly even on cruises. AMPs are evaluated mainly on the basis of whether the conference met attendance targets, and they are also judged by whether participants had a good time.

Compared to CMPs, AMPs are less likely to outsource because they need to be hands-on and provide personalized services, like membership renewals and reduced conference fees. A recent study by the American Society of Association Executives (Pelletier, 2002) revealed that only 3% of its member organizations outsource their entire meeting and conventions, and only 32% outsource a portion of their events. Associations prefer not to hire agencies on an hourly basis; instead, they prefer that the agencies collect from the hotels (10% commission on room rates). These commissions are then

passed on to the conference delegates in the form of higher room rates, allowing for lower conference fees.

In further contrast, whereas CMPs want the typical 10% commission paid to site finders to be applied to reduce room rates and meeting costs, AMPs prefer complimentary rooms (typically one for every 40 rooms booked) to be used for association officers whose room costs would otherwise have been passed on to conventioners in the form of higher conference fees. Whereas CMPs are more interested in reducing the cost of meetings, associations are more interested in reducing the price of conference fees paid by their members.

With respect to Hot Dates, associations average 25 months in planning for meetings (more than four times longer than the average of 6 months for corporations), and they do not have many pop-up meetings. Therefore, they are seldom able to take advantage of Hot Dates.

Independents

As previously mentioned, CMPs and AMPs sometimes outsource their meeting planning duties to third-party independents who work for themselves. Independents prepare what is called a 'Request for Proposal' (RFP). RFPs are distributed to potential meeting sites for bids on room rates, conference facilities and other related activities. Independents make a site selection based on the bids. By playing a limited agency role, independents cannot give the impression that they have 'apparent authority' to sign on behalf of their clients. Under this doctrine, if an independent signs a Group Sales Agreement (GSA) with an hotel or resort and the event is cancelled or goes into attrition (unfilled room block), the hotel or resort can sue the independent for damages. As a prudent measure, these third-party meeting planners always ask their clients to sign the GSAs.

Independents are compensated for their site selection and meeting planning services in three ways. First, they can be compensated by a fixed fee (e.g. 20% of the budget for domestic meetings and 30% for international meetings). Second, they can also be paid by the hour (from \$75 to \$140 an hour), plus expenses.

Third, their compensation also may come from the hotels who usually give them a 10% commission on the room rates (5% if overseas). Although third-party independents are well compensated and are often involved with the logistics and planning of the meeting, they are not responsible for content. Thus, if the speakers selected by the CMP or AMP are poor and the meeting is unsuccessful, the courts have determined that independents are not responsible.

Since not all hotels give this 10% commission, 43% of independents admit that this decision affects their choice of the properties chosen for the meetings (*Meeting News*, 2003). Additionally, percentage commissions on rooms make it unattractive for independents to negotiate for lower room rates. Sometimes the commissions are secret. Twenty-eight percent of independents have admitted to accepting them without the knowledge of the meeting sponsors. If hotels do not pay commissions to meeting planners, some planners have been known to borrow travel agents' identification numbers because the latter receives the standard commission.

Some unscrupulous independents also blackmail hotels for secret commissions and perks by threatening to withhold present and future prospects. But these fly-by-night operators are unlikely to survive long because independents rely on the three Rs – reputations, referrals and relationships. Industry custom dictates that independents should be allowed to accept minor gifts such as food baskets and common courtesies such as airport pick-up, free food and drinks and free rooms during site selection and during the meeting. As a rule of thumb, if the freebies (such as free food) are consumed contemporaneously, they are probably okay, but if gratification is postponed (such as hotel points), they are probably not.

The hospitality industry is taking steps to prevent independents from self-dealing. Hilton's management prohibits doling out secret commissions. Also, Hilton insists that all group sales agreements contain a clause requiring commissionable entities to inform meeting sponsors and conference participants if the commissions have affected room rates. On the other side, Conferon, one of the USA's largest independent planning firms, pledges that employees will not accept hidden commissions. Actually, independents that do not disclose rebate agreements

may be in violation of most states' commercial bribery laws which prohibit companies from paying a fee to an agent without the knowledge of the client.

Hotel Room Inventory Management

An important aspect of the hotel business is that room inventories are highly perishable – if rooms are unoccupied, the potential revenues are lost forever. To counter the rampant problem of late cancellations and no-shows previously encountered by hotels (see Toh, 1985), they introduced the concept of guaranteed reservations. The room reservation is guaranteed beyond the standard 6.00 p.m. pick-up time if a credit card guarantees payment of the first night's room charges, plus applicable taxes, if there is a late cancellation or no-show (Toh, 1986). Now, hotels give out reservations only when guaranteed by credit cards, thus reducing the incidence of late cancellations and no-shows from a historical 10 to 15% to only about 5% today. To further protect their perishable inventories, hotels have started to impose early departure charges (about \$75) on people who depart early (about 5% of rooms booked), unless the unexpected departure is due to emergencies. Despite these recent changes, late cancellations, no-shows and early departure charges still cost the hotels money in the case of multiple-night reservations. To try to recover these costs, hotels must overbook. Overbooking sometimes leads to oversales, especially in cases of unexpected stayovers (people who do not vacate their rooms on the expected departure date). A result of overbooking is an increase in walks (sending the un-accommodated guest to a comparable hotel), despite the possibility of room upgrades.

Overbooking is compelling for the following additional reasons. First, Lambert *et al.* (1989) demonstrated that same-day reservations and late walk-ins (averaging about 7 rooms per day per hotel) cannot overcome the loss of reservations from late cancellations and no-shows. Second, even if group reservations are subject to attrition charges (Breiter *et al.*, 2004) for failure to pick up the full room block, the difficulty and odium of collecting these charges encourages

hotels to sell into the room block (overbook). Third, overbooking allows the hotels to double dip by collecting on late cancellations and no-shows, and then reselling the rooms. Fourth, ancillary hotel revenues (for example, restaurant and bar, concessionaires and parking) depend on the level of occupancy.

The mathematics of overbooking are complex and beyond the scope of this chapter. Those who would like a technical exposition of the procedure should see Toh and DeKay (2002). Suffice to note that Equation (18.1) must always hold:

unexpected stayovers – early departures + expected arrivals – no-shows + walk-ins – upgrades = rooms occupied + walks.

Or,

$$x_1 - x_2 + x_3 - x_4 + x_5 - x_6 = y_1 + y_2 \quad (18.1)$$

where x_1 = unexpected stayovers

x_2 = early departures

x_3 = expected arrivals

x_4 = no-shows

x_5 = walk-ins

x_6 = upgrades

y_1 = rooms occupied

y_2 = walks

Note that when overbooking leads to oversales, walk-ins are not accepted and upgrades may be made. Next, group reservations are discussed in terms of how they are made and how hotels handle them.

Hotel Group Reservations

Group reservations generally are considered to consist of ten or more rooms, and usually they are associated with conventions, business meetings, airline crews, tour groups and private functions such as weddings and reunions. But the MICE (meetings, incentives, conventions and exhibitions) market is the largest. Most large hotels devote about 40% to 60% of their room capacity to accommodate large groups. Usually, there are three main sources of convention-related bookings: indirect requests from the Convention Visitors Bureau, indirect requests from independents and direct requests from corporate, professional and academic groups.

Negotiations start with a Request for Proposal (RFP) sent out by the meeting planner. After determining that there are sufficient rooms available, the hotel's group sales department will respond with a formal offer of rooms and facilities available, with room rates, catering charges and other requested services in a competitive bid. If the hotel's proposal is accepted by the meeting planner, then both sides will sign a group sales agreement which serves as a binding contract. Usually, officers of the organization will get complimentary suites or upgrades so they can have small meetings in their rooms. The rest of the group typically receives standard rooms at group discount (up to 40% off the rack rate, but the average is about 20%), partly to discourage group members from booking around the room block.

In the cruise industry, group reservations consist of eight or more rooms. Conferences usually are held on 3-day to 4-day cruises; whole incentives (rewards for exceptional sales performance) typically are 7-day trips. Most RFPs are conveyed through travel agents dealing exclusively with cruises, usually about 18 months out, before the booking window opens for individuals. Group reservations are notoriously unreliable in the cruise industry, with an actualization rate of only about one-third. Because attrition clauses are rare, cruise lines aggressively sell into these cabin blocks and will insist on periodic assessments to withdraw at least 50% of unsold seats, especially if individual sales are brisk.

Occasionally, a large corporation such as State Farm charters a whole ship as an incentive event. Hotels do not like to sell all their rooms to groups, because they do not want to disappoint their regular individual guests. But unlike hotels, cruise lines will sell *all* their cabins to one party. The deal must be negotiated at least 18 months in advance and finalized before the 1-year window for individual reservations opens. Also, a flat fee for the charter must be guaranteed by a letter of credit. Actually, this process is like an attrition clause, except that all cabin nights are guaranteed up front in the case of a charter. Unlike hotels, cruise lines offering charters do not have to worry about late cancellations, no-shows or early departures because *all* cabin nights are

prepaid. The nature of cruise ship transportation eliminates issues stemming from stayovers or last-minute walk-ins. Also, because passengers cannot be 'walked' to another cruise, overbooking is not aggressively practised.

Attrition Clauses

Group sales agreements (GSAs) usually contain attrition clauses, which became popular in the 1990s (Cassedy, 1998). Attrition clauses spell out charges for unfilled room blocks due to demand falling short of expectations, or due to late cancellations, no-shows and early departures. Note that attrition clauses are not used in all cases. Some government agencies are prohibited from agreeing to attrition clauses. Also, meeting planners often refuse to accept attrition clauses imposed by overflow hotels (smaller hotels that accept reservations that large convention hotels cannot accommodate) because delegates are known to trickle back to the main conference hotels when rooms become available. GSAs, which can be signed several years out, normally allow for charge-free percentage reductions (called slippage) in the number of booked rooms over time, for example, 6 months out, 3 months out, and then 30 days before the arrival date. After that, the group is responsible for shortcomings in the room block (less a percentage allowance), by way of agreed upon liquidated damages.

Attrition charges represent liquidated damages or 'walk away' amounts. This amount is set in advance because of the difficulty of calculating the true amount of damages due to empty rooms that could have otherwise have been sold to others. Thus parties agree to what is fair beforehand by way of attrition clauses within the framework of a GSA. But a general principle of contract law is that liquidated damages must not be punitive in nature. Thus, hotels are not permitted to use the term attrition 'penalty', otherwise the courts will not enforce the contract. Therefore, the term attrition 'charges' is commonplace.

Normally, the liquidated damages are for 70% to 90% of the lost room revenues, plus applicable taxes. Sometimes they are on a sliding scale, based on show-up performance.

One such contract specified that if the group picked up 90% to less than 100% of the room block, the charge will be 50% of the room rate, 80% to less than 90% would lead to a charge of 65% of the room rate, and any pickup below 80% would be assessed at 70%.

In the case of food, group discounts for catered events may be withdrawn if a certain percentage of conventioners do not show up. Sometimes the group is responsible for shortcomings in the minimum agreed catered food and beverage revenue. Stiff cancellation fees on a time-related sliding scale are imposed if the entire event is cancelled – with higher charges closer to the event date (Howe, 2000). There are the usual exceptions for force majeure, such as acts of God, war, riots or strikes. Note that the force majeure exception to liability can only be used under compelling conditions like September 11.

Attrition clauses are necessary because, whenever a group sales contract is signed, the hotel relies on the anticipated revenue to cover set-up costs, facility improvements and sales commissions (for example to the convention bureau). But most importantly, hotels also must protect themselves against blocking rooms that are subsequently unfilled, depriving them of potential room revenue. Upon signing the GSA, a non-refundable deposit (sometimes equal to one night's room and tax based on the peak night's anticipated occupancy or 20% to 50% of the total room nights blocked depending on the season) is usually paid and credited toward the group's Master Account. The deposit is forfeited as liquidated damages in the case of event cancellation.

When signing the GSA, both parties agree on a cut-off date, after which the hotel can sell into the room block to ensure full occupancy. Convention delegates making reservations after the cut-off date may not be entitled to the group discount rate. Late reservations will be accommodated only on a space available basis, but these people will be counted as pick-ups toward the room block. Many hotels will charge the agreed-upon discounted room rate plus taxes on the shortfall, but others will charge only the profits lost, say 75% of the room rate, assuming out-of-pocket costs are 25% of the room rate. Note that based on financial reports, average profit margins are

70% to 80% for rooms, 30% to 40% for food and 80% to 85% for cocktail functions (Edelstein and Benini, 2001). Our own surveys show that liquidated damages are between 70% and 90% of lost room revenues.

Under general contract law, hotels legally are obligated to mitigate the damages from attrition by reselling the empty rooms. Attrition clauses, which call for liquidated damages, release hotels from this obligation to mitigate. Thus hotels can profit by reselling the unoccupied room (a practice called double dipping). Savvy meeting planners insist that rooms not picked up but resold should be credited back toward the room block by insisting on a 'no double dipping' or resale clause (Howe, 2001). The hotels usually counter by insisting on the 'last sale rule'. To illustrate, if the hotel has a capacity of 4000 room nights during the convention and a group commits to a block of 2000 room nights and only 1800 materialize, then the group is responsible for 200 room nights. The hotel's other empty rooms are first sold. The group only is credited if fewer than 200 room nights are left empty. Hotel managers claim that this practice is fair because the unfilled portion of the block is the responsibility of the convention planners, because they prevented the hotel from selling the unfilled rooms for an expanded period of time.

These 'pick up or pay' clauses have been described as the most contentious issue in the hotel industry (Shure, 1997). Attrition clauses are sometimes enforced when these are violated (Ghitelman, 1998), but attrition clauses seldom kick in, because savvy hotels exchange historical profiles of past conventions and use the information to estimate how much they should sell into group bookings to avoid having unsold rooms. For example, suppose Palmer House in Chicago is housing the annual conference of the American Marketing Association (AMA) next year. Palmer House will ask the AMA for its past conference profile and contact the hotels that hosted the event the last 2 years (Hilton and Marriott). Based on historical percentages of the room block actually picked up, the room block will be adjusted accordingly.

Hotels also encourage meeting planners to inform them of anticipated shortcomings so they can sell into the group blocks to reduce

the attrition charges; for example, a cruise line cooperated with a travel agency to manage a group reservation. A local affiliate of a national charitable organization approached a cruise-only travel agency to book 350 cabins for a 4-night cruise 18 months before the scheduled departure in May 2000. Nine months later, the cruise line called the travel agency and found out that only 100 cabins had been sold. The cruise line retrieved 150 cabins, leaving 200 in the block. Six months before departure, the group sold another 50 for a total of 150. Three months out, the group sold another 20 cabins leaving 30 unsold. The cruise line then asked for and got a commitment by the group to guarantee the sale of another 15 cabins. Two months out, the group sold 20 more cabins and returned 10 because full payment was required at that point. Working with an experienced travel agency, the actualization rate was 54%, more than the average of one-third for the cruise industry.

When attrition occurs, attrition charges are seldom paid in full or enforced because of the cost of litigation and the ill will generated. Also, hotels may accept only a portion of the agreed upon liquidated damages. In fact, more than two-thirds of meeting planners managed to negotiate them down by 33% (Chapman, 2003). Also, hotels may waive the attrition charges in return for future conventions to be held during off-peak periods. Occasionally, the hotel might agree to treat the attrition charges collected as a credit against future bookings within a certain period of time (e.g. 6 months). One hotel insists that both parties must attempt to resolve the issues for a minimum of 31 days before resorting to arbitration or litigation. If the room shortfall is minimal, everything may be forgiven to preserve goodwill and ensure future business, especially with repeat customers such as airlines and tour agencies. Professional meeting planners repeatedly steer their business to those hotels that have served them well in the past and have been accommodating.

Note that AMPs are afraid of attrition charges. Unlike CMPs, AMPs cannot tell their delegates to 'be there' and to stay at a particular property for a designated period. Associations also have less flexibility than corporations in rescheduling meetings at hotels where attrition has taken place, because of the long lead times in planning

meetings, and are less able to take advantage of Hot Dates. To protect themselves, AMPs usually underbook, and then compensate by arranging for spillover hotels which do not have attrition clauses. This behaviour is primarily because associations are not in a position to ante up cancellation or attrition charges, unlike corporations.

An Attrition Example

Perhaps the best way to illustrate how attrition clauses are invoked is to present a simple numerical example. Suppose a large association has booked a 3-day conference at a mega Las Vegas hotel with a capacity of 2000 rooms. Note that in Las Vegas, attrition charges are levied at all the major convention hotels without exception. The initial room block is for 1000 rooms on each of the 3 nights. Thirty days before the event, the meeting planner was allowed to reduce the room block by 10%, to 900 rooms on each night. The group will be assessed attrition charges if less than 85% of the final adjusted room block, night by night, is picked up. Charges will be assessed at 75% of the discount rate of \$200 per room, because out-of-pocket costs are estimated at 25% of the room rate. Assume also that the resale or 'no double dipping' clause applies, as well as the last sale rule. The computation of the attrition charges is shown in Table 18.1.

Additionally, if a convention does not deliver the anticipated number of delegates, banquet revenues may be affected. Therefore, attrition charges can apply to shortfalls in food and beverage sales, plus taxes and gratuities (usually with a small allowance of, say, 5% of the guaranteed amount), since entire rooms have been blocked off for the banquets. Shortfalls in room pickups also reduce the number of complimentary rooms and upgrades provided for the conference.

Attrition Issues

After the previous discussion of computing attrition charges, a number of issues pertaining

Table 18.1. Computation of attrition charge.

Variable	Night 1	Night 2	Night 3
A. Total hotel rooms	2000	2000	2000
B. Room block at the 30-day cut-off point	900	900	900
C. Room block less the 15% attrition allowed	765	765	765
D. Actual rooms picked up by the group	800	700	600
E. Group shortfall	0	65	165
F. Actual rooms occupied at the hotel	1970	1950	1930
G. Unsold rooms in the hotel	30	50	70
H. Rooms resold under the resale clause	0	15	95
I. Attrition room liability (E or G, whichever is less)	0	50	70
Attrition charge = $(\$200 \times 0.75) \times \Sigma (I) = \$200 (0.75) (120) = \$18,000$.			

to attrition clauses need to be addressed. First, examining the hypothetical example above shows attrition charges computed solely on the basis of room profits, not revenues. This calculation correctly reflects the opportunity cost of a shortfall in the room block. Indeed, hotels should be compensated for lost profit, not lost revenues. But often, hotels assess attrition charges based on the agreed-upon room rates.

Second, attrition charges were computed on a night-by-night basis. Experienced meeting planners often insist that attrition charges be based on cumulative room nights. In this case, a multiple-day event suggests a different set of revenue expectations. Note that in the example above, on the first night the group occupied 35 more rooms (800–765) than contracted for. This amount rightfully should be credited toward the shortfall on the second and third nights, especially if the first night was not a sellout. If attrition had been based on cumulative pickup, the total attrition charges are reduced to $\$200 \times (0.75) \times (85) = \$12,750$ instead of \$18,000. But Howe (2002) claims that most attrition clauses are structured on a night-by-night basis.

Third, note that in the previous example, 200 conference attendees left early (assuming single occupancy), a common occurrence. Many hotels are charging as much as \$75 for early departures. Early departure charges collected should be credited toward attrition charges; otherwise the hotel is double dipping, once for the early departure and once more for the unfilled room. Many meeting planners now

insist that all no-show and early departure charges be credited toward the Master Account, since they reduce the lost income to the hotels.

Fourth, hotels have been complaining of the 'no double dipping' or resale rule which obligates them to credit resold rooms to the group's partially unfilled block. The problem lies in the fact that hotels often have to resell these unfilled rooms at last-minute distressed internet rates. Hotels want these resold rooms to be credited at the prevailing resale rate, but only up to the agreed upon group rate.

Fifth, there is the problem of the verification of attendees. Hotels have the upper hand, because they have the master list of hotel guests, including those who identified themselves as conference delegates, which the hotel uses to compute the room block shortfall. Meeting planners naturally are concerned that some of their delegates may have been left out because they did not identify themselves as conference attendees. Alternatively, a delegate could register outside a conference block and get a lower room rate. Whereas meeting planners want to see the guest list, hotels are reluctant to turn them over because of privacy concerns. Many hotels attempt to solve this conundrum by asking meeting planners to submit a list of all attendees to identify those who have not been credited toward the room block.

Sixth, attrition clauses often specify that if a room block is not fully picked up, there will be charges on the meeting rooms that were to be provided free, based on the reasoning that if slippage occurs, in-house revenues for other

services (e.g. food, beverages and parking) suffer. From the meeting planner's viewpoint, attrition charges already compensate the hotel for the empty rooms.

Seventh, should unused complimentary rooms be credited toward the room block? Some meeting planners insist on the crediting, but many hotels are reluctant to embrace this action. The hotels probably are right on this point. When given a discount in the form of a free room, a resale should not be an option to the recipient.

Eighth, one unresolved issue pertains to the fair distribution of resold rooms when two or more conventions attrite. If the 'no double dipping' and 'last sale rule' both apply, which group gets credit for the resold rooms? For example, assume that Convention A booked 3000 room nights but fell short by 300 room nights (10% slippage) while Convention B blocked 2000 room nights but fell short by 400 (20%). Over the same period, total attrition was 700 room nights short because of slippage by the two conventions, but the hotel managed to resell 200, leaving 500 room nights unoccupied. Which group gets credit for the 200 resold rooms and how does one divide the 500 empty room nights between the two groups?

Arguably, each conference should be equally billed for 250 room nights as a matter of fairness. A compelling argument is that Convention A had a better show-up performance (90%) versus Convention B (80%), and the former should get credit for all 200 resold rooms. Another option is a distribution based on percentage pickup. Because Convention A had a 90% pickup rate and Convention B had an 80% pickup rate, A should get $(90/170) \times 200 = 106$ of the resold rooms and B should get only 94. Alternatively, each group could be credited according to the percentage of room nights blocked by both conventions for the entire duration of the meeting. Convention A would get 120 resold rooms and Convention B would get 80 resold rooms to reflect the 3000/2000 ratio of room nights blocked. Another option is to credit the conference with resold rooms according to the room pickup. Since Convention A had $2700/4300 = 63\%$ of the combined rooms sold, A is entitled to 63% of the resold rooms. Or the distribution of resold rooms could be by the percentage of

rooms blocked by each convention relative to the total hotel capacity. If a group had blocked off 30% of the available rooms, they are entitled to 30% of the resold rooms, subject of course to the last sale rule.

Recommendations

Attrition is costly and time consuming to resolve, and generates ill will all round. Several recommendations are advanced to mitigate the problems associated with attrition. First, hotels and meeting planners should be in constant contact with one another to monitor the room pickup rates. If they are slow by historical standards, the hotel should advise the meeting planner to urge potential attendees to register at the conference hotel. If meeting planners sense that there will be fewer attendees than expected, they should inform the hotels to sell into the room block. Alternatively, associations can arrange for a side meeting of association officers to pick up the slack, or even arrange for additional banquets to boost spending to meet minimum food and beverage guarantees, to avoid, or at least mitigate, attrition charges. If attrition charges are levied, meeting planners should not automatically agree to pay taxes on attrition charges, because in many states taxes on liquidated damages are not collectable.

Second, meeting planners should do their best to get their delegates to register within the room block. One problem that aggravates the situation is that more people are going to the internet to get last-minute rock-bottom room rates. One solution is to ensure that the group rate significantly beats the internet rates. This tactic is crucial to AMPs, who, unlike CMPs, cannot force their delegates to stay at a particular hotel. AMPs should insist that room rates should not be below their group discount rate during the meeting period. Perhaps exceptions can be limited to sales no earlier than 1 week before the start of the event when the hotel must sell distress inventory. Another tactic is for associations to charge higher conference registration fees for those who do not book through their designated conference hotel.

Third, CMPs have devised several tactics to encourage their delegates to stay at the

designated hotel or resort. For example, transportation is provided from the airport only to the designated hotel. Also, employees are not reimbursed for expenses if they stay at other hotels. In cases where the corporate employee does not show up, the no-show and attrition charges can be debited against the employee's department or unit. Since hotel pickup reports could be on the low side because conference delegates book outside the block on the internet, associations are beginning to insist that the computed block pickup be based on the conference registration number, less the number of local attendees, divided by the room occupancy rate (single or double, based on the meeting's history). Mathematical formulas can be used to determine the approximate number of conventioners (see Toh *et al.*, 2005a). Where booking outside the block is expected to be a serious problem (especially with Board of Directors' meetings), meeting planners can book at remote resorts where alternative accommodations are limited.

Fourth, while hotels regularly look at previous meeting profiles of the group to estimate the number of rooms to be picked up, meeting planners should in turn research their room pickups at the conference hotels and the respective numbers registered at their meetings to compute the ratios. For instance, assuming a 70% ratio is calculated, then the ratio can be used to estimate the appropriate room block at the next association meeting.

Fifth, meeting planners sometimes experience conference delegates leaving early, usually on the second-to-last day, triggering attrition charges for both rooms as well as banquet events. Meeting planners can encourage hotels to assess stiff early departure fees to offset room attrition charges.

Sixth, where groups have to guarantee a minimum turnout at banquets and receptions to get free room facilities, a guaranteed minimum *expenditure* is recommended. In the event group turnout is less than expected, the hotel can serve more expensive food to meet the revenue minimum. Meeting planners should insist that the minimum expenditure guarantee be calculated over the entire conference so that expenditures at individual events can be mutually compensating. Finally, meeting planners should also insist that attrition charges for

food and beverages be computed on lost profits, not revenues. The industry average profit margin is 30% to 35% (Hillard, 2003).

Seventh, non-performance charges should work both ways. A shortfall in room pickup leads to attrition charges. What if an hotel walks conference delegates? The compensation of a free room at a comparable hotel works to a delegate's advantage but the conference itself suffers because its delegates are now dispersed. Groups should be compensated for walks because all rooms are guaranteed after the usual 30-day cut-off date. But note that resale clauses create a disincentive for hotels to overbook, because the hotel has a comfortable cushion of prepaid rooms, thus increasing the probability of attrition. Requesting compensation for walks aggravates the situation. In practice, knowing that a group meeting requires proximity, hotels walk non-conference guests before conference delegates. If the latter is walked, the hotel lists the displaced delegate's name with the switchboard so that phone calls can be redirected to the alternate property. In all instances, walks should count toward the cumulative room block.

Eighth, when independents' clients are expected to go into attrition because of slow pickups, they often arrange to place their other clients in the underutilized hotel. Independents can accomplish this task because they have a wide network of clients. One caution – this mutually compensating arrangement should not be at the expense of their other clients. But independents who book a lot of meetings at the same hotel also have a great deal of leverage in getting their defaulting clients' attrition damages reduced.

Ninth, what if attrition charges are levied and collected by the hotel? Many independents insist that they receive a standard 10% commission, even on the empty rooms. The independents rationalize this argument by blaming the meeting content for the poor attendance. If the hotels refuse to give these third-party meeting planners commission on the attrition charges collected, the latter should insist that the 10% commission be reverted back to their clients. Attrition charges are meant to make hotels whole for their losses, not to earn them extra profits. This rationale also should apply to 10% commissions on no-show and early departure charges.

Conclusion

The effects of 11 September 2001, and the resulting recession ended the seller's market in many locations (Las Vegas is a notable exception). While most hotels still insist on attrition clauses, meeting planners should insist that attrition contracts, largely drafted by hotels, be modified to be more equitable. Consider the following scenario. An hotel assesses the first night's room rate plus taxes for a convention-er's no-show, collects liquidated damages by way of attrition charges, and then resells the empty room. This action amounts to triple dipping and is as egregious as can be. Meeting planners must be vigilant.

Whereas hotels are entitled to protect their perishable assets, corporations and associations should be paying attrition fees based only on lost profits, not lost revenues, and taxes which are not remitted to the state should not be collected. Also, attrition should be computed on cumulative room nights, not on a night-by-night basis. Finally, all empty rooms resold (subject to the last sale rule) and fees collected from individuals (such as no-show and departure charges) should be credited toward the room block. After all, hotels should be compensated for lost profits, not lost occupancies.

Training Exercise 1: Implementing Hotel Non-performance Charges

Both Minnie DeCosta, Corporate Meeting Planner for New Horizon Corporation, and Max Filmore, Room Manager for Norwest Hotel, sat in their respective offices reviewing data on the recently concluded meeting the company had held at the hotel. The records show evidence of some no-shows and early departures. Also, some attendees were walked on the first night of the meeting. Both managers pondered how to compute the related non-performance charges that might be levied and what the total bill ought to be. Max wanted to maximize room revenue for the hotel while Minnie wanted to minimize the costs to the company. As an independent observer, what do you think is the

fairest amount to maintain goodwill between both parties?

Minnie booked 560, 590, 585 and 550 rooms on each of 4 nights at a discounted room rate of \$120 per night at the 1000-room Norwest Hotel in Chicago for a strategic planning meeting of key employees of New Horizon, a large media company. A group sales agreement with attrition clauses was not signed so no room block existed. Due to travel difficulties or sudden changes in plans for some attendees, 25 late cancellations and no-shows occurred on the first night and five on the second night of the meeting. In addition, there were five early departures on the third night and an additional ten on the fourth night. Three of the early departure cases were due to family emergencies.

The Norwest Hotel has a well-publicized policy of requiring payment of the first night's room rate (including taxes) for any reservation not cancelled by at least 24 h before 6:00 p.m. on the day of arrival. Norwest also informed guests at check-in that it would assess a charge of \$75 for early departures before the expected departure date. Because the hotel normally expects a no-show rate of 5% or more, Norwest accepts more reservations than it has rooms. In this case, Norwest overbooked by 40 rooms for each of the four nights during New Horizon's meeting. Because there were only 25 no-shows on the first night of the meeting, 15 guests with reservations were walked (denied accommodation and sent to other hotels), including ten attendees of the New Horizon meeting. All of those walked guests received free rooms at nearby hotels with free cab rides and breakfasts included. New Horizon's ten walked guests all returned to the Norwest Hotel on the second night, and were given courtesy room upgrades. On the second, third and fourth nights, the hotel filled 990, 990 and 995 rooms, respectively.

Issues

1. Assuming the role of Max Filmore, how would you maximize the non-performance charges and accommodation costs to be paid by New Horizon to Norwest Hotel, and how would you justify your case?

2. Assuming the role of Minnie DeCosta, how would you minimize the non-performance charges and overall accommodation costs to be paid by New Horizon to Norwest Hotel, and how would you justify your case?
3. As an impartial observer, what solution would you recommend as the fairest to both the company and the hotel to maintain goodwill all around?

Training Exercise 2: Attrition Clause Conundrum: Apportioning between Two Defaulting Groups

Justin Solomon, Group Sales Manager for the 800-room Plaza Continental Hotel, is scowling at the numbers on his screen. The Binary Computing Corporation (BCC) meeting of top officers had been scheduled for two nights. Thirty days out, the attrition clause in the Group Sales Agreement called for a final room block of 100 rooms for each of the 2 nights, resulting in a total guaranteed block of 200 room nights. All 100 officers of the company arrived as scheduled, but 20 of the attendees left 1 day early when news broke that the top officers were under investigation for back-dating stock options. This resulted in an attrition of 20 room nights on the second day.

The American Marketing Association (AMA) also held its regional conference on the same 2 days. Thirty days out, the AMA was responsible for 300 rooms for each of the two nights, resulting in a guaranteed room block of 600 room nights. Only 225 conference attendees showed up for the conference with no early departures, so the total attrition was $75 \times 2 = 150$ room nights over the 2 days.

On the second night, the hotel was not booked fully for that evening. At the 11:00 a.m. checkout time, the hotel still had 20 unreserved rooms for that night, plus the 95 unfilled rooms from the two meetings. Fortunately, 30 days out, Justin realized that, based on the AMA's historical profile of past conferences, the room pickup rate was behind schedule. Fearing attrition, he started to sell into the room block. Also, on the second day of the conference, the hotel experienced an unusually large number of walk-ins that evening, so he was

able to fill 60 of the 115 empty rooms. Justin had been savvy enough to make sure he had attrition clauses in his contracts for both meetings, but neither meeting planner had insisted that their organization get first credit for resold rooms. However, both contracts did specify that there would be no double dipping, but the last sale rule applied. The conundrum for Justin is how to justly apportion the attrition between the two groups on the second day when attrition occurred for *both* groups (20 room nights for BCC and 75 room nights for the AMA). Alternatively, based on the last sale rule, of the 60 resold rooms, only 40 can be credited toward the combined attrition of 95 rooms. Thus, 55 rooms have to be apportioned between BCC and the AMA.

Dilemma

How should Justin apportion the attrition on the second night between BCC and the AMA? Should Justin try to allocate the 40 resold rooms between the two groups, or should he try to allocate the 55 net room nights that went into attrition between them? If so, what method of allocation should he use?

Training Exercise 1: Notes

Question 1: Speaking as Max Filmore, Room Manager for Norwest Hotel:

From the perspective of the hotel, the total room bill including non-performance charges for New Horizon Corporation for all 4 nights should be \$261,525, plus taxes. Table 18.2 illustrates the calculations.

Note that:

On night 1, the bill should be $(525 + 25) \times \$120 = \$66,000$.

On night 2, the bill should be $(560 + 5) \times \$120 = \$67,800$.

On night 3, the bill should be $(550) \times \$120 + 5 \times \$75 = \$66,375$.

On night 4, the bill should be $(505) \times \$120 + 10 \times \$75 = \$61,350$.

The total bill for all 4 nights including non-performance penalties is therefore calculated at \$261,525, plus taxes.

Table 18.2. New Horizon room bill calculations.

	Night 1	Night 2	Night 3	Night 4	Total bill
Norwest Hotel					
Available rooms	1000	1000	1000	1000	
Rooms occupied	1000	990	990	995	
New Horizon Corp					
Reservations	560	590	585	550	
No-shows	25	5	0	0	
Early departures	0	0	5	10	
Walks	10	0	0	0	
Rooms occupied*	525	560	550	505	
Bill**	\$66,000	\$67,800	\$66,375	\$61,350	\$261,525

*(reservations – cumulative no-shows – cumulative early departures – walks)

** $(\text{rooms occupied} + \text{no-shows on night}) \times \$120 + (\text{early departures on day}) \times \75

The 25 no-shows on the first night are charged at the first night's room rate plus taxes, in spite of the ten walks, because walks are not charged. The policy of charging for late cancellations and no-shows is well publicized and is customary in the hospitality industry, thus charging for the first night is reasonable and expected. Instructors also should note that losses are not easy to make up for subsequent nights as well. Often, last-minute available rooms must be sold at a discount. The 25 no-shows from the first night are not to be charged on the second night. Also, early departures often cost the hotel money because they must be offset by last-minute walk-ins, which may not always materialize. This problem is common for business hotels (versus drive-by motels, which receive a lot of walk-ins), thus resulting in empty rooms on the third and fourth nights. A final point is that the policy on early departures was made known to all hotel guests upon check in.

Question 2: Speaking as Minnie DeCosta, Corporate Meeting Planner for the New Horizon Corporation:

While late cancellation and no-show policies are customary and well known, policies on early departure are not universal. Perhaps the hotel might be more accommodating under the circumstances. On the first night there were 25 no-shows. The hotel was full because of overbooking and because it attracted last-minute

walk-ins. Thus there was not any loss of room revenue, or food and beverage revenues either. In fact, charging the company for 25 no-shows on the first night and then collecting from the room occupants amounts to double dipping on the part of the hotel. Also, note that state laws do not allow for the collection of taxes on services not rendered.

On the first night, ten meeting attendees were walked in spite of long-standing reservations. While they were treated well, not being able to stay at the hotel where the meeting was held was an inconvenience for them as well as for the New Horizon Company (thanks by the way for re-directing corporate messages meant for the ten displaced guests who were walked to other hotels).

With respect to the early departures, three were in response to family emergencies. Hotels commonly drop the early departure charges in such cases. Also, since the hotel ended up with only five empty rooms on the fourth night of our meeting, justifying the early departure charges for all ten rooms is difficult.

Question 3: Speaking as an impartial observer arbitrating a fair solution:

Given the perishable nature of hotel capacity, rooms not occupied because of late cancellations, no-shows or early departures usually cause a loss in revenue that cannot be recovered later. Thus, imposing charges to cover potential losses is reasonable. Nevertheless, the hotel

should encourage repeat business from clients, especially those such as New Horizon which holds frequent meetings throughout the year.

From the long-term perspective, Norwest Hotel should avoid any appearance of double dipping, especially when some of the meeting attendees were walked on the first night. On the other hand, the no double dipping rule applies only when there is a group sales agreement with attrition clauses. As a compromise, the no-show charges could be halved for the first night when some of New Horizon's employees were walked, and be applied fully on the second night when none were walked. Also, taxes should not be assessed on no-shows as per state law. Another suggestion is to forgive early departure charges for the three family emergencies, as is the custom. Both the hotel and the company should recognize the value of being reasonable and maintaining good relations for the sake of future bookings.

Additional training note

One possible pedagogical technique is to allow individuals or groups to play the roles of Minnie DeCosta and Max Filmore. The rest of the class can then help to determine the ultimate fair solution.

Training Exercise 2: Notes

First, outline the criteria for a fair and productive allocation. Second, based on these criteria, a workable approach should be selected – allocate the resold rooms or allocate the empty rooms. Third, the various methods for allocation and how each alternative meets the stated criteria are discussed. Finally, a recommendation of the fairest and most productive allocation method is made.

Criteria

The chosen allocation method should have several desirable results. First, the allocation method should provide incentives for both groups to try to fill their room blocks and to

avoid attrition. Attrition is troublesome for the hotel to collect, as well as expensive for the defaulting groups. Second, groups with a higher number of rooms unfilled should pay a higher attrition fee. Third, the allocation method should not result in an allocation of resold rooms greater than the actual amount of rooms attrited by the group. Fourth, the allocation method should honour the no double dipping clause. All resold rooms should be distributed, subject of course to the last sale rule. Fifth, the method should be easy to explain to the competing clients, and should be pleasing.

Preferred approach

An approach that allocates resold rooms rather than empty rooms is recommended. This alternative allows managers to start from the full amount of the liquidated damages arising from the empty rooms, which then appears to be mitigated by distributing the resold rooms in compliance with the no double dipping clause. Using sensitivity analysis, one can show that allocating empty rooms may result in assigning more unsold rooms to a group than the actual number of rooms that they did not fill, which is obviously ludicrous.

Allocation methods

There are six allocation methods for the resold rooms:

1. Distribute all resold rooms equally between the two groups.
2. Give *all* the resold rooms to the group with the better show-up performance.
3. Distribute the resold rooms in proportion to the pickup percentage during the day in question.
4. Credit each group in proportion to the number of room nights blocked throughout the meeting.
5. Distribute the resold rooms according to the percentage blocked by each group relative to the hotel capacity.
6. Credit each group in proportion to the number of rooms occupied during the entire meeting period.

Allocation by methods

Recall that the hotel has a capacity of 800 rooms. BCC booked 100 rooms on each night for a total of 200 room nights over the 2-day meeting period. The 20 unfilled rooms on the second night represent an $80/100 = 80\%$ pickup rate. The AMA booked 300 rooms on each night for a total of 600 room nights over the 2-day meeting period. The 75 unfilled rooms on the second night represent a $225/300 = 75\%$ pickup rate. The hotel resold 40 of the empty rooms according to the last sale rule. Which of the six methods of allocating the 40 resold rooms between BCC and the AMA best satisfies the five decision criteria?

Method 1: Credit BCC and the AMA equally, thus each group will get 20 resold rooms. This method credits the resold rooms equally to each group. While this alternative is easy to explain, method 1 is not fair. Bigger groups should get more resold rooms because they occupied more of the hotel. Besides, this method does not provide the groups with incentives to fill up their blocks. Also, equal allocation may lead to the ludicrous result of crediting more resold rooms to a small group than originally attrited.

Method 2: Since BCC had a better pickup performance on the second night than the AMA (pickup of 80% versus 75%), BCC receives all 40 resold rooms. This method gives all the resold rooms to the group with the better show-up record. While it may sound fair, is easy to explain and provides incentives for groups to pick up their room blocks, this alternative may credit more unsold rooms to a small group than its number of empty rooms due to attrition. Note that crediting BCC with all 40 resold rooms more than wipes out its 20 empty rooms.

Method 3: BCC had a pickup of 80% on the second night while the AMA had 75%, so BCC should get $(80/155) \times 40 = 21$ of the resold rooms and the AMA should get the other 19. This method distributes the resold rooms in proportion to the pickup percentage. This alternative seems fair and provides an incentive for groups to fill up their blocks. Also, the group charged with more unfilled rooms will pay a higher attrition fee. All resold rooms are distributed

after the last sale rule applies. Method 3 abides by the no double dipping clause; however, small groups may end up with a disproportionate number of resold rooms. Also, resold room numbers allocated to groups may exceed the number of empty rooms each one is responsible for. In this case, BCC ends up with 21 of the unsold rooms, more than the 20 it is responsible for.

Method 4: BCC and the AMA blocked 200 and 600 room nights, respectively. Thus BCC should get $(200/800) \times 40 = 10$ of the resold rooms and the AMA should get the other 30, according to their respective percentage of rooms booked. This method distributes the resold rooms proportionately to the hotel's total capacity blocked during the meeting. This alternative seems fair because the bigger group bought up more of the hotel's room capacity with guaranteed payment. Also, a small group cannot get more resold rooms than attrited. Unfortunately, this method does not directly reward pickup performance.

Method 5: BCC had blocked $100/800 = 12.5\%$ of the hotel capacity on the second night, so this organization is entitled to $0.125 \times 40 = 5$ of the resold rooms. The AMA blocked $300/800 = 37.5\%$ of the hotel capacity on the second night, so this organization is entitled to $0.375 \times 40 = 15$ of the resold rooms. Method 5 distributes the resold rooms according to the proportion of the total hotel capacity booked. This alternative may not fully allocate the resold rooms and may lead to violating the no double dipping clause, which is unacceptable.

Method 6: BCC picked up 180 rooms in total while the AMA picked up 450. Thus BCC receives $(180/630) \times 40 = 11$ of the unsold rooms and the AMA gets the other 29 in proportion to the number of rooms occupied throughout the meeting period. Resold rooms are distributed according to the number of rooms picked up by each group during the entire meeting period. This method rewards the groups according to performance (minimizing attrition) as well as the volume of business generated. Groups with more empty rooms are penalized. Furthermore, this alternative will not result in double dipping, since all resold rooms are fully allocated. Although not easy to compute or explain to the defaulting clients, method 6 is fair and the best alternative.

Groups are encouraged to fill up their room blocks, and the hotel's best customers are rewarded. For the second night, BCC should pay liquidated damages associated with $20 - 11 = 9$ empty rooms, while the AMA should be charged for $75 - 29 = 46$ empty rooms. Note that the recommended method also ensures that all 55 net attrited rooms on the second night have been allocated. However, one must be cautioned that whenever resold rooms are allocated, it may lead to more resold rooms being allocated than the number of attrited rooms, especially when the attrition rate is

very low. Whenever this occurs, one must observe the rule that the number of resold rooms allocated to any group must not exceed the number of rooms attrited. The excess must then be credited toward the other group.

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19 Sport Events and Strategic Leveraging: Pushing Towards the Triple Bottom Line

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Synopsis

Sport events are capable of generating considerable short-term, visitation-related benefits for host communities; and a great deal of research explores the economic impacts of sport events. However, this chapter recognizes that a paradigm shift is underway in parts of the international events community. While short-term economic gains remain important, some event stakeholders now look beyond 'impact' to focus on achieving more long-term, sustainable outcomes. This move away from an ex post, outcomes orientation towards an ex ante, strategic approach to event benefits refers to the phenomenon of event leveraging. The authors argue that if sport events are to be sustainable, and are to retain the public and private support upon which they rely, then promised benefits must be cultivated through strategic leverage. This chapter provides an introduction to the literature on event leveraging and also proposes new directions that aim at meeting the triple bottom line of economic, social and environmental benefits for the host communities of sport events. The chapter first reviews the literature on economic leverage. The chapter then addresses how the liminality commonly produced at sport events can be treated as a leveraging resource to create opportunities for social change in host communities. This area is new territory in the events literature and a model for social leverage is proposed. Following this, reflections on how sport events might also be leveraged for environment benefits are made. The authors note the synergies among economic, social and environmental leverage, and conclude with both challenges and notes of caution for the international events community regarding the issue of event leverage.

Introduction

In most of the world's major cities and regions, sport events and the tourism they generate make up a core component of the destination marketing mix. And appropriately, researchers concentrate much energy on explicating the economic impacts that sport events can have on their host communities (cf. Crompton, 1995; Mules and Faulkner, 1996; Dwyer *et al.*, 2000). More recently, while questions emerge over reconciliation between

the forecast and actual impacts of events, the issue of sustainability also is rising in prominence. Although definitions remain somewhat fuzzy, the concept of sustainable development is about more than economic benefits, but also refers to social and environmental outcomes, and considers the durability of these outcomes in the time period beyond the actual event. Green (2001) suggests that sport events are no longer merely about providing good sport, but are valuable catalysts for economic development.

The argument this chapter proposes is that, through appropriate leveraging, sport events can stimulate not only economic development, but also can be used to stimulate change in regional social and environmental agendas.

Whatever the unit of analysis, be it economic, social or environmental, what is common in much of the research on events is an overriding outcomes orientation. Chalip (2004, 2006) argues for the need to shift this *ex post* focus to an *ex ante* focus – to change the current preoccupation with looking back at event outcomes, to a more strategic approach that looks forward to planning how host communities can derive sustainable benefits from sport events.

Chalip's challenge to the events research community is in response to a subtle, yet profound shift in the event practitioner community. Many major sport event stakeholders are now approaching their events more strategically, looking beyond immediate visitation-related impacts to plan for longer-term outcomes such as encouraging repeat visitation, re-imaging host communities in key markets, fostering business relationships and encouraging inward trade, investment and employment. This phenomenon refers to the strategic leveraging of events to maximize their benefits for host communities. Indeed, it is now common for mega events to be accompanied by strategic leveraging programmes. For example, at the 2002, 2006 and 2010 Commonwealth Games in Manchester, Melbourne and New Delhi respectively, the 2003 Brisbane Rugby World Cup and every Olympic Games since Sydney 2000, leveraging programmes to enhance the host destination brand, and to foster tourism and business development, have accompanied, or are planned for, each event.

A growing body of literature explores sport event leveraging (Green and Chalip, 1998; Chalip, 2000, 2001, 2004, 2005, 2006; Green, 2001; Chalip and Leyns, 2002; Gibson *et al.*, 2003; Chalip and Costa, 2005; O'Brien, 2006, 2007; O'Brien and Gardiner, 2006). However, the overwhelming majority of this work focuses on leveraging for economic development, particularly through tourism and destination branding. What remains less understood is how sport events also might be leveraged for the development of social and environmental

benefits for their host communities. There are emerging literatures on the social impacts of sport events (e.g. Fredline and Faulkner, 2001; Kim and Uysal, 2003; Waite, 2003), and on the environmental impacts of sport events (e.g. May, 1995; Kariel and Kariel, 1988; Collins *et al.*, 2007). Although economic impact remains the dominant focus of researchers and policy makers, the environmental effects and potentials of sport events have recently obtained significant policy saliency (Schmidt, 2006), and researchers note that residents of host destinations sometimes rate event social impacts as more important than economic impacts, even if the impacts are seen to be positive and significant (Andersson *et al.*, 2004). Nevertheless, as with the economic effects of events, the focus on social and environmental impacts of events remains *ex post* rather than *ex ante*. Although some authors call for strategic planning for event legacies (e.g. Bramwell, 1997; Ritchie, 2000), the primary focus on both social and environmental event outcomes is still on impact assessment rather than on the strategies through which outcomes are obtained or enhanced.

The potential for economic (Chalip, 2004; O'Brien, 2006) and social (Chalip, 2006) leverage of sport events has been well articulated, and the need for a more strategic approach to the environmental effects of sport events also has been argued (Schmidt, 2006). These calls are consistent with calls for triple bottom line strategic planning and evaluation by business (e.g. Clarke, 2001; Molnar and Mulvihill, 2003), including events (Hede *et al.*, 2003). This chapter addresses this call by outlining a triple bottom line approach to strategic leverage of sport events.

The first part of this chapter presents a synopsis of the current state of play regarding leveraging sport events for economic outcomes. The subsequent section builds on recent work on social leverage by considering the ways that sport events could render ongoing social benefits. Finally, the question of how to leverage sport events for environmental outcomes is addressed. The chapter argues that the triple bottom line is useful beyond event evaluation and can be applied strategically to event planning and implementation.

Leveraging Sport Events for Economic Benefits

The design and implementation of strategies for economic leverage of sport events has been spotty. In some instances, leverage is missing altogether (Costa and Chalip, 2005), or is haphazard and inconsistent (Chalip and Leyns, 2002). In other instances, leveraging is planned, but expectations exceed outcomes (O'Brien, 2006) or opportunities are missed altogether (O'Brien and Gardiner, 2006) as tactics have been designed through guesswork rather than a systematic strategic framework.

One reason for event leverage's spotty use is this strategy represents a fundamental paradigm shift. An event leveraging perspective represents a shift from the traditional impact-driven, outcomes orientation, to a more strategic and analytic focus. Event leveraging has an inherent learning aspect, where impact is pertinent primarily as a tool for evaluating leveraging strategies, rather than as an event evaluation tool per se. The event is evaluated by capacity to enable leverage and by quality and outcomes of applied leveraging. Thus, rather than the traditional 'build it and they [benefits] will come' approach to sport events, the purpose of event leveraging is to be proactive in planning for the creation of specific event benefits for the host community, and taking strategic measures to make those events sustainable.

In terms of economic leverage, Chalip (2004) proposes a model that envisages a region's

portfolio of events as a leveraging resource. This resource presents opportunities for the host community to realize both immediate and longer-term benefits. For immediate leverage, event organizers aim to maximize total trade and revenue from an event (Chalip, 2004). Referring to Fig. 19.1, Chalip identifies four means by which intermediate leverage can be achieved: (A) entice visitor spending; (B) lengthen visitor stays; (C) retain event expenditures; and (D) use the event to enhance regional business relationships. Meanwhile, longer-term leverage is achievable by using event media to enhance a host community's image. This strategy makes sense for two reasons. First, sport events and their potential for raw human emotion and drama can make attractive grist for news media and sponsors. Second, event and destination marketers have a shared stake in aligning their respective marketing messages to appeal to the associations that attendees make between the event and host region (Jago *et al.*, 2003; Chalip and McGuirty, 2004). As Fig. 19.1 portrays, managing event media to showcase an event and its host region breaks down into two complementary tactics: (E) showcasing the region through event advertising and reporting; and (F) using the event in regional advertising and promotions.

In the only empirical application of Chalip's model to date, O'Brien (2007) reports sport subculture to be a recurring theme in his analysis of economic leverage at the 2004 Noosa Festival of Surfing in regional Queensland,

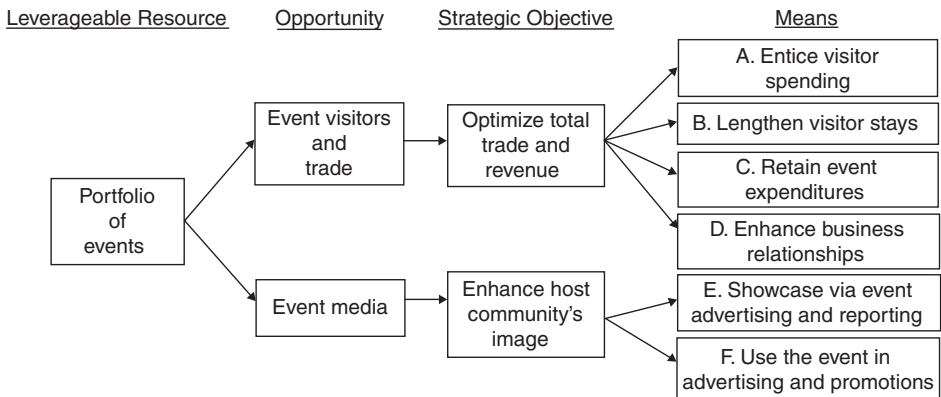


Fig. 19.1. Chalip's (2004) model for host community event leverage.

Australia. The Noosa Festival is an annual 5-day longboard surfing festival with multiple divisions for both professionals and amateurs, male and female, with age divisions from under-14s through to over-55s. Festival organizers integrate aspects of the longboard surfing subculture into the Festival programme, particularly event augmentations, which expedited both immediate and longer-term leverage. In terms of immediate leverage, event augmentations based on the sport's history, art and sense of inclusivity fit neatly into the socio-cultural fabric of the Noosa community, which enhanced the enthusiasm of participants and local merchants for the Festival.

One such augmentation, an opening ceremony, begins at sunset on the day before competition commences. As depicted in Fig. 19.2, the opening festivities are not a 'grand' opening ceremony in the mega event mould. Rather, the event is culturally appropriate to the event, and features a Hawaiian tradition called the 'mixing of the waters'. To bless the competition with favourable surf, the contingent of international and interstate competitors is encouraged to bring seawater from their home beaches to be ceremonially mixed with local seawater. The ceremony involves the Festival's oldest and youngest, male and female, and visiting and local competitors. Also, the ceremony features hand-carved antique surfing artefacts, and music and dancing by competitors from indigenous cultures in Australia, Hawaii, New Zealand and Tahiti. Incorporating the artistic and cultural elements of sport into sport events

in this way enhances their celebratory aspects (Garcia, 2001; Chalip, 2006). This augmentation combines the history, art and inclusivity of longboard surfing, and gives participants a compelling reason to get to Noosa early; for some, days before they actually start competing. One visiting Californian participant commented that the ceremony is 'truly unique in the modern surfing era. For once, the emphasis isn't on brand names and being cool. It's truly about this special place, the people who've gathered here, and the aloha spirit'.

Augmentations such as opening and closing ceremonies, screenings of 'classic' surf movies, surf stomps (surf-themed dances), live music, specialist divisions and surf memorabilia auctions (see Fig. 19.3) add to the celebratory aspects of the festival. In terms of economic leverage, these augmentations keep participants anchored in Noosa Heads and spending more money than they might otherwise have done. Meanwhile, collaboration on marketing tactics among event organizers, sponsors, media actors and the local tourism agency result in initiatives that utilize imagery from these augmentations, and highlights Noosa Heads' natural beauty and seminal place in the historical development of the sport. With the backdrop of Noosa's natural and built assets, these augmentations and the media attention they garnered enhances Noosa's extant surf culture and surf town image and provides compelling reasons for media and sponsors to highlight both the event and the destination.

Olkkonen (2001) demonstrates that sport events represent a complex network of



Fig. 19.2. Opening ceremony for the 2004 Noosa festival of surfing.



Fig. 19.3. Surfing memorabilia auction at the 2004 Noosa festival of surfing.

relationships. Not surprisingly, as critical as event organizers' recognition of sport sub-cultures are for leveraging a focal event, to *facilitate* leveraging, the effective management of relationships among event stakeholders is equally important. For example, positive relationships among event organizers, sponsors, media actors and public sector agencies responsible for tourism and economic development are important antecedents for longer-term economic leveraging outcomes (Chalip, 2000; Chalip and Leyns, 2002; Chalip and McGuirty, 2004; O'Brien and Gardiner, 2006; O'Brien, 2007). While economic development is the overriding goal for some leveraging programmes, these programmes also generate positive social benefits for host communities. This finding is significant considering that some sport events historically have *negative* impacts on host communities' social environments (Kim and Uysal, 2003; Waitt, 2003). The next section, therefore, addresses the strategic need to leverage social benefits from sport events.

Creating the Antecedents for Social Benefits

Properly leveraged, sport events can render lasting economic benefits for host regions. However, despite the recent emergence of formalized leveraging programmes, political expediency and expectations of economic *impact* have driven

the worldwide growth in the number of sport events (Crompton, 1995; Mules and Faulkner, 1996). Perhaps in reaction to this economic focus, some researchers argue that greater attention be paid to the *social* benefits that events can generate (e.g. Roche, 2000; Burbank *et al.*, 2001; Fredline and Faulkner, 2001; Waitt, 2003). However, the extant research on the social benefits from sport events reflects the same short-term, impact-oriented view evident in the economic benefits of events' literature. Although this post hoc information undoubtedly is useful, the data explain little about why or how particular impacts occur or are absent. Alternatively, leveraging requires a more strategic, learning-centred approach. Impacts must be evaluated with reference to the strategies that were and were not implemented. The objective needs to be beyond outcome evaluations. In addition, event organizers must learn from the experience in order to improve future attempts to leverage.

While empirical research on economic leverage is scant, work on the social leverage of sport events is even less common. To address this literature gap, Chalip (2006) draws on event-based work by anthropologists. In particular, the celebratory nature of some events is shown to create liminoid experiences for participants – experiences during which normal social boundaries are spanned and alternative social constructions are explored. The result is an emergent sense *communitas*, which is a sense of community and shared

communal purpose among event participants (MacAloon, 1982; Handelman, 1990; Green and Chalip, 1998; Kemp, 1999). Chalip (2006) argues that liminality and *communitas* are the raw material for social leverage. Drawing on the anthropological literature, he proposes that there are two key elements for creating liminality and *communitas* at sport events; the first is a sense of celebration, and the second is social camaraderie. As Fig. 19.4 represents, Chalip (2006) notes five strategies can be used to cultivate celebration and camaraderie: enabling sociability, creating event-related social events, facilitating informal social opportunities, producing ancillary events and theming.

Liminality and leverage are not the same concept. Therefore, Fig. 19.4 is not a model for social leverage but, rather, refers to creating the preconditions for social leverage: liminality and *communitas*. The key is to *leverage* liminality and the associated *communitas* for lasting social value to a host community. For example, in his study of the social impacts of the Sydney 2000 Olympic Games, Waitt (2003) argues that the Games prompted a sense of community and patriotism among Australians. In essence, this conclusion suggests that the Games created a leverageable social condition. As Waitt (2003, p. 212) describes the condition:

For Sydney, the possibilities presented by these outcomes are particularly relevant in an era marred by increasing levels of youth suicide, homelessness, and drug addiction, as well as accusations of racism against those not conforming to an Anglo-Celtic Australian national identity . . . However, a hallmark event's relevance in addressing any of these social issues diminishes if such benefits are not sustained after the "circus" has left town.

Thus, while the liminality of the Sydney Olympics generated an unprecedented sense of community among Australians, without a strategic approach to social leverage, opportunities to build social capital or alleviate social problems were squandered. Waitt's study also reveals that event-generated liminality and *communitas* were present as much as 2 years before the Games commenced. This finding is good news for strategic planners as the time-frame provides an indication of the temporal potentials for social leverage. At least at the mega-event level, the antecedents for social leverage can be present in the host community long before the event takes place. However, the essential leveraging challenge remains: how can real and sustainable social benefits be achieved, particularly in the period *after* the event?

Capitalizing on Liminality: Social Leverage

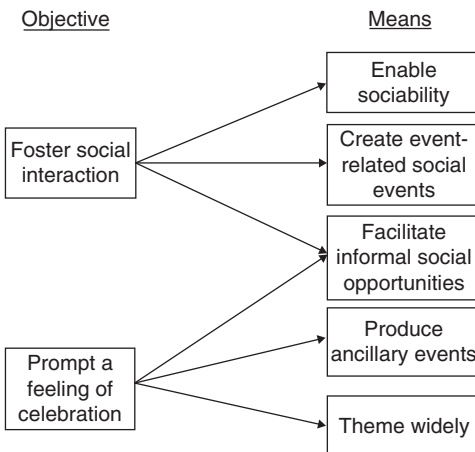


Fig. 19.4. Objectives and means for generating and cultivating liminality (Chalip, 2007).

This chapter proposes a framework for the social leverage of an event. Figure 19.5 summarizes the framework. The framework presupposes the presence of event-driven liminality in the host community, which is represented as the fundamental resource to be leveraged. One assumption is that the focal event's celebratory aspects create a liminal space in the host community and, in turn, this liminality generates two opportunities for social leverage. The first opportunity is the *communitas* engendered by the event. The second opportunity finds common cause with the framework for economic leverage, and refers to the fact that sport events typically attract the attention of media and sponsors. Interestingly, O'Brien (2007) demonstrates that the liminal spaces produced by a focal



Fig. 19.5. Proposed model for social event leverage.

sport event can be equally, if not more, attractive to media than the event's competitive aspects. In fact, in regional and international print media reporting on the focal event, 58 photographic images appeared in 17 articles and a total of 38 (65.5%) of the images focused on the event's celebratory aspects and local attractions, rather than competitive aspects. The articles' written content reflects a similar leaning towards the festival's augmentations and visitation.

The leveraging opportunities event communitas and media present require event stakeholders to specify strategic objectives relating to the type and number of social issues that could most effectively be addressed via the event. The opportunities for leveraging liminality present two key strategic objectives. The first objective, bringing the targeted social issues to public attention, can be achieved through four central tactics: aligning the event with targeted social issues; aligning values between targeted social issues and the focal sport subcultures; lengthening visitor stays; and enticing visitor and community engagement with the targeted issues. Meanwhile, the second objective is to use event media to stimulate change in the community's agenda regarding specific social issues. There are two key means for achieving this objective: showcasing the issue(s) via event advertising and reporting; and using the event in issue-related publicity. The strategic objectives of social leverage and explanations

of each respective means for achieving these objectives are described below.

The strategic objectives of social leverage

An event's potential for social leverage may be influenced by host community perceptions of the event's economic impacts; that is, whether the commonly perceived economic benefits from the event outweigh its costs (Waitt, 2003). Nevertheless, the social benefits of an event are often viewed by host community residents as pivotal sources of the event's true value (Fredline and Faulkner, 2001; Andersson *et al.*, 2004). A basic application of social exchange theory suggests that hosts who are receptive to a sport event are predisposed to behave in a manner that enriches visitors' experiences and positively contributes to the event's and destination's appeal (Madrigal, 1995). O'Brien (2007) argues that fitting an event into a host community's socio-cultural fabric can engender local enthusiasm and receptivity. While each factor contributes to liminality and communitas, strategic application recognizes that liminality provides a comparatively safe and congenial social condition for attention to be paid to social issues. This insight is at the core of much of the anthropological work describing

the social value of events (e.g. Manning, 1981; Errington, 1990; Goldstein, 1997; Hughes, 1999; Azara and Crouch, 2006).

**Strategic objective 1:
focus event stakeholders'
attention on targeted social issues**

This section explores four means by which the *communitas* associated with a sport event can focus event stakeholders' attention on a targeted social issue or carefully selected suite of issues.

Align sport event with targeted social issues

The idea of aligning sport events with particular social causes or issues is increasingly common. Filo *et al.* (2008) explore how the alignment of sport events with charitable causes influenced participants' attachment to the focal events. They conclude that the charitable component of suitably aligned sport events increases an individual's attachment to an event. Filo *et al.* (2008) recommend that organizers of charitably aligned sport events should work to leverage the social and physical aspects of their events to enhance event meaning and importance to participants. To extend this argument, the human and organizational relationships engendered by this alignment also can be leveraged to contribute to lasting social change in the host community. Fundamentally, this argument recognizes that benefits from cause-related marketing, widely advocated as a means to enhance event and sponsor equity (Lachowetz and Gladden, 2003; Roy and Graeff, 2003), also can accrue to the host community (cf. Daw, 2006). However, the question remains, to whom does the responsibility for initiating and coordinating social leverage fall?

As Olkkonen (2001) demonstrates, a typical sport event network contains a diverse array of stakeholders ranging from event owners and managers to sport organizations, government agencies, media actors and sponsors. Following this logic, the bigger the event, the larger and more diverse the event network. O'Brien (2006) and O'Brien and Gardiner (2006) explore how business, sport and diplomatic relationships in the Sydney Olympic Games' network

generated and leveraged trade and tourism development. The economic leveraging strategies implemented for the Sydney Olympics were designed to help Australian business-people use the global Olympic spotlight to create relationships with visiting business leaders from around the world. These strategies were crafted in 1994, a full 6 years before the Games, when a cross-institutional taskforce was convened by the Australian Trade Commission, an agency of the Australian Federal Government. The taskforce, called the Olympic Business Roundtable, had representation from across the Australian economy's public and private sectors. The programme developed by the taskforce was called Business Club Australia. This taskforce has provided the basis for subsequent leveraging programmes at every Olympic and Commonwealth Games since. Chalip (2006) observes that tactics like these also have social relevance because the social networks that are built also can enhance social capital. He goes on to suggest that a number of apparent synergies occur between economic and social leverages.

Building on that insight, the necessary first step for social leverage, as with economic leverage, is to identify those event and community stakeholders who have the most to gain from social leverage. Obviously, the stakeholders will vary depending upon the type and scale of the event, and the socio-political environment of the host community. In the Sydney 2000 case, the profile and network access of participants in the Olympic Business Roundtable increased the chances that the leveraging strategies developed actually were achievable. In the same vein, any taskforce-based approach to social leverage requires participation by individuals and organizations with sufficient profile and legitimacy to garner support and resources from the event organization, government, businesses and non-profits in the host community.

This legitimacy issue heightens for social leverage because the outcomes may not be as politically expedient as economic leverage. Also, efforts to develop social leverage may highlight social infrastructure deficiencies that are unpalatable to government agencies. Similarly, the chief beneficiaries of social leverage likely are a community's minorities and otherwise disenfranchised groups, rather than high

profile business leaders. Return on investment from economic leverage can be readily expressed in dollars; however, the returns from social leverage typically are less tangible and, consequently, far less politically expedient.

Decisions regarding which social issues could be addressed most effectively involve examining the focal sport event's profile. This activity needs to be done early in the planning process. Obviously, social action agendas and the urgency of particular issues wax and wane in communities, but some issues remain pressing concerns everywhere. Social issues such as equity, public health, cultural awareness, crime, the environment and race relations typically rate high in most of the world's major cities; representatives from relevant community groups would need to be convened.

Since there are as many different types of sport events as possible hosts, the list of potential social issues to be addressed through leveraging activity is extensive. In addition to the big city issues noted above, events in smaller, more regional communities can be leveraged to address equally prescient social issues. For example, the Ashbourne Royal Shrovetide Football game in England is played annually with the express purpose of reinforcing local community identity. The game is not modern football (soccer), but traditional football, meaning that one game can last as long as 2 days. Also, the field dimensions can be measured in miles, and the game has no written rules. The event invites mass participation and the game has been played in Ashbourne annually on Shrove Tuesday and Ash Wednesday for centuries. McCabe (2006) reports that mounting pressures for social change from the community's

increasing dependence on tourism has resulted in the game taking on profound meaning and purpose for Ashbourne townfolk. In Chalip's (2006) terms, the *communitas* engendered by the tradition and camaraderie of the annual game reinforces residents' sense of place, community identity and tradition. Thus, alignment of the event with an important regional social issue in this case is both emergent and pragmatic.

Some questions to help event stakeholders begin the process of building tactics for aligning a sport event with a targeted social issue or suite of issues are presented in Table 19.1. Researchers such as Chalip (2001) and Weed (2003) argue the need for stakeholders in events, sport and tourism to become more proactive in institutionalizing the linkages among sport, tourism and economic development. Today, sport events are well entrenched as global phenomena; meanwhile, corporate social responsibility and triple bottom line approaches to business reporting are increasingly advocated. With this in mind, the time has come for the sport events sector to add social action agendas to the triad of sport, tourism and economics. The sports sector needs to institutionalize the presence of socially representative stakeholders into sport event networks in order to enhance the social effectiveness and consequent social value of events.

Seek alignment of values between targeted social issues and focal sport subcultures

As with most sporting activity, social issues and regional social action agendas are inherently value-laden. For example, Australian people recognize the importance of reconciliation

Table 19.1. Questions to build tactics for aligning sport events with targeted social issues.

1. Are there especially prescient social issues in the host community that can be positively influenced through the sport event?
2. Of the issues identified in Question 1, what is the nature of public representation of these issues? Are there organized lobby groups, community groups, councils that represent public opinion and action on these issues?
3. How many social issues can realistically be addressed through the event?
4. How do the issues rank in terms of priority?
5. Who should initiate the social leveraging effort?
6. How should social leverage be formulated, coordinated and implemented?

between Aboriginal and white Australians. This issue is an important national social issue, and is underscored by manifold layers of values such as diversity, egalitarianism and social justice. One does not need to look far to find these or closely related values in sporting subcultures. In a social action sense, the contestation of such values characterizes the nature of related community agendas for social change. Chalip (2006) notes that the organizers of the 2000 Sydney Olympics utilized the profile of Gold medal winning Aboriginal athlete Cathy Freeman to initiate national discourse about the reconciliation issue in Australia, but they failed to adequately leverage the liminal space thus created. Chalip argues that discourse about Cathy Freeman was ongoing; however, she never became a strategic tool to cultivate national reconciliation and, as a result, the effects were incidental rather than leveraged. Thus, achieving social leverage requires that stakeholders become more aware and skilled in using the metaphors, meanings and symbols that are such an inherent part of sport events (Chalip, 2006).

To illustrate this last point, consider the Sydney 2000 Olympic Games. Waitt (2003) observes that the feelings of patriotism and community generated by the Sydney Olympics were pronounced among Australia's young and, interestingly, the country's ethnic minorities. This observation is significant because Sydney is Australia's largest and most ethnically diverse city. Demographically, Australia's southern and western suburbs are dominated by residents from Middle-Eastern, Muslim backgrounds. Indeed, the main Olympic Stadium at Homebush is in the heart of Sydney's western suburbs. In this multicultural setting, and in the spotlight of the sporting and cultural Olympic activities, organizers logically could target cultural awareness as a social issue with which to align the Sydney Games. Had the organizers followed this strategy, the symbolism of such an alignment could have had very real and lasting ramifications. Four years after the Sydney Olympics, the southern and western suburbs of Sydney erupted in a storm of race riots between young Anglo-Celtic and Middle-Eastern Australians.

Would the ethnic tensions have been lowered sufficiently to prevent violence if the 2000 Sydney Games had incorporated a programme of social leverage with cultural awareness as a

targeted issue? Certainly, the South Africans' effectively used the 'One Team, One Nation' strategy during the 1995 Rugby World Cup, including Nelson Mandela's strategic appearance at the event wearing the jersey of the (white) South African team captain. This example stands in stark contrast to the lack of social leverage for comparable purpose by Australians during their Olympic Games and their subsequent hosting of the 2003 Rugby World Cup and 2006 Commonwealth Games (cf. Steenveld and Strelitz, 1998).

Today, researchers are exploring the relationship between sport subcultures and event and destination marketing (Green and Chalip, 1998; Green, 2001; Chalip and McGuirry, 2004; O'Brien, 2007). Put simply, a sport's subculture is represented by a unique set of core values and norms that is shared by participants in the sport (Donnelly, 1993; Green, 2001). Weed and Bull (2004, p. 59) note that the focal sport's subculture is constructed by the members of that subculture, 'interpersonal motivators are important, and the interaction of not only the activity and the place, but also the people is important'. Green and Chalip's (1998) analysis of sport tourism as a celebration of subculture at a women's flag football tournament posits that 'a pivotal motivation for these women's choice of travel and destination is the opportunity to come together to share revelry in the instantiation of their identity' (p. 286). Clearly, a sport's subculture is a fundamental event attraction, particularly for those who identify with the subculture.

Green (2001) demonstrates that incorporating elements of sport subculture into event design and promotion can enhance the event's marketing. She suggests that event organizers can obtain demonstrable marketing benefits by using the values and identities of the sport subculture in event design and associated marketing communications (Green, 2001). Building on Green's work, O'Brien (2007) demonstrates how event augmentations designed around a focal sport subculture added to the celebratory aspects of an event, and provided opportunities for economic leverage. Although Green's (2001) suggestions were made in the context of event marketing, and O'Brien's (2007) work examined economic leverage, both studies have implications for social leverage. Sport subcultures

provide useful bases for marketing and economic leverage because the values and identities associated with a subculture provide avenues through which to communicate and to involve event participants and spectators. The trick to leveraging subculture is to create event-related messages and event augmentations that tie the target social issues to the values and identities represented by the sport subculture. Leveraging a subculture must be done in a manner appealing to those who share a commitment to the subculture (cf. Pitts *et al.*, 1985; Warde, 1994; Holland and Gentry, 1999; Raval, 2004). In practice, event augmentations are rarely the product of a careful audit of the values inherent to a particular sport subculture. Often, event augmentations are chosen because they are standard, readily implemented or appealing to organizers and/or sponsors. Achieving social leverage requires a more strategic approach.

As Table 19.2 indicates, there are four key questions event stakeholders can ask to identify points of articulation between values underpinning targeted change regarding a social issue and values of the focal sport and event subcultures. Those responsible for implementing leverage then need to implement augmentations and communications that capitalize on those points of articulation. The good news is that augmentations also can build event markets (Chalip and McGuirty, 2004); the better news is that subculturally grounded augmentations also can incorporate important social messages. Of course, this news is not new to event advertisers and sponsors who recognize the potentials for building product demand (Schmitt, 2003; Amis and Cornwell, 2005); augmentations are extensions of the same principle into social marketing. Indeed, incorporation of subculturally appropriate humanitarian

social messages into event communications and augmentations is consistent with enhancing a sense of community among participants, and could therefore complement the event's liminality. The added social justice component has the potential to transform 'non-ordinary' event experiences (Graburn, 1989) into extraordinary ones.

Lengthen visitor stays

The longer event visitors stay at a host destination, the more money they are likely to spend in the region. This proposition explains this tactic's centrality to achieving economic leverage. However, the longer an event visitor's stay, the more their potential exposure to messages regarding targeted social issues. In this sense, encouraging long stays finds common cause with Chalip's (2004) model for economic leverage.

As Table 19.3 presents, Chalip (2004) suggests four tactics by which to lengthen visitor stays at events. The first tactic refers simply to lengthening the duration of the event, which serves to increase the amount of time an individual might remain at the event destination. O'Brien (2007) demonstrates how organizers of a sport event in regional Australia took a festival approach to programming the event's competitive and social aspects. The aggregate effect lengthened the event into a 5-day festival, and the event augmentations gave visitors additional reasons to remain at the destination, even after they had been eliminated from competition. Organizers of the FIFA World Cup in Germany used a similar tactic by programming activities, particularly arts events, that would entice visitors to remain in Germany even after their team had been eliminated.

Table 19.2. Questions to build tactics for aligning values between targeted social issues and focal sport subcultures.

1. What values underpin the need for change with respect to the targeted social issues?
2. What values are manifest in the subcultures of this event and the sports that constitute it?
3. What commonalities or points of articulation can be identified between the answers to Questions 1 and 2?
4. What event augmentations and communications could project and reinforce the commonalities or points of articulation identified in Question 3?

Table 19.3. Questions to build tactics for lengthening visitor stays.

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1. What new event components can we add to increase the number of days over which the event takes place?
 2. What entertainments might be added in the lead-up to the event in order to create a lengthened festival atmosphere around the event? How will the market respond to those entertainments?
 3. What post-event social spaces and activities can we create through which event visitors can revel in their shared subcultural identities? What is required to make those spaces and activities particularly appealing to event visitors?
 4. What activities or tours can we offer as part of event package bundles? Which activities and tours will be particularly attractive to the event's market segments?
-

Chalip's second and third tactics for lengthening visitor stays refer to creating pre- and post-event opportunities for event visitors to socialize and interact. For example, the 2007 Gold Coast Marathon featured a 'carbo loading party', a trade show and motivational seminars by leading international athletes on the day before the event, and an awards presentation and post-event party following the event.

The fourth tactic is to bundle opportunities for pre- and post-event activities and tours into the event offering. Bull and Weed (1999) report that visitors at two mass participation sport events in Malta – the Malta Marathon and the Masters Open Swimming Meets – commonly combined their trips to the event with family holidays. Even though event tourists sought to combine the event with holiday activities, event marketers and tourism agencies did not make use of this fact. The reservations occurred only when event visitors made an extra effort to book holiday activities. This omission is surprising because previous evidence suggests that bundling tours and activities with an event entices longer stays (Chalip and McGuirty, 2004). What makes the tactic of bundling tours and activities with event visits particularly attractive to local stakeholders is that it can increase the aggregate economic impact of the event. From a social leveraging standpoint this tactic also extends the opportunity to embed messages related to indigenous or multicultural issues, particularly if bundled tours and activities include a cultural component. In fact, tours and activities of that kind have been shown to be particularly attractive to some visitors (Kim and Chalip, 2004).

The tactics in this section focus on highlighting particular social issues – bringing them

to public attention through a focal sport event. The next section addresses tactics to entice individuals' engagement with social issues.

Entice engagement with social issues

In January 2007, the Australian Professional Rodeo Association's national finals rodeo was held on Queensland's Gold Coast. As Australia's biggest ever national rodeo finals, the event attracted in excess of 30,000 visitors to the Gold Coast (MacKenzie, 2007). However, the sport of rodeo is commonly subject to charges of animal cruelty. By failing to be proactive in addressing these charges, the Gold Coast event became the target of a public awareness campaign organized by animal rights activists, which predictably received considerable (and unwelcome by organizers) press attention. More importantly, a high-profile opportunity to set a benchmark for the humane treatment of animals in the sport of rodeo was missed. This stands in stark contrast to the ways that the Sydney Organizing Committee for the Olympic Games created the 'Green Games' initiative to blunt environmental criticism (Kearins and Pavlovich, 2002). As these examples illustrate, it is incumbent upon event stakeholders to become aware of (potentially) relevant issues germane to their sport, event and/or host community, and then to mount initiatives designed to address those issues, including putting together the social and media networks necessary to draw attention to those initiatives. The methods and tactics are well understood by practitioners of issues management (Renfro, 1993).

At the individual level, enticing engagement is aimed at prompting cognitive and behavioural responses to a social issue targeted by event

Table 19.4. Questions to build tactics for enticing community and visitor engagement with targeted social issues.

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1. How can event augmentations and communications incorporate values common to the targeted issues and the focal sport subcultures?
 2. What metaphors and symbols will direct event stakeholders' attention to the targeted social issues?
 3. Do event organizers, athletes, teams or any event sponsors have existing alliances with particular social issues or charitable causes? Alternatively, can new alliances be built with organizers, athletes, teams and/or sponsors?
 4. How can issue-relevant messages or imagery be incorporated into event theming?
-

organizers. The obvious aim is that the aggregate of these individual responses will collectively shift a social action agenda in a desired direction. Where event organizers are not strategic in proactively addressing relevant social issues, or ignore or downplay particular issues, the net impact can be negative for stakeholders, including sport organizations, the host destination, athletes and sponsors. Table 19.4 presents a number of questions designed to assist event organizers' efforts to entice positive stakeholder engagement with targeted social issues.

The questions Table 19.4 poses include asking how values, augmentations, symbolism, alliances and theming present at sport events can add to social leverage. As an exemplar of creatively addressing these challenges, the organizers of the 2006 Roxy Women's World Longboard Surfing Championships in Biarritz, France, provided a useful illustration. Organizers ran the event as a festival, with mega-sized outdoor television screens, live music and, to encapsulate the cultural heritage of this Côte des Basques region of France, a purpose built art gallery and restaurant. The art gallery featured an exhibition of paintings and sculptures from renowned artists, each giving their own interpretation of women's surfing via paintings, mosaic surfboards and sculptures. The exhibit is consistent with Garcia's (2001) argument that event augmentations that celebrate the artistic and cultural elements of sport in this way can enhance an event's festive atmosphere, an important antecedent to liminality. In order to enhance the social leverage that was obtained during this surfing event, there was a cause-related tie-in to support the event's targeted issue of breast cancer. The sport's leading women professionals agreed prior to the event to have plaster casts made of their busts. The busts

were then decorated by renowned artists from around the world and auctioned at a gala function during the event. The sale proceeds went directly to the 'Keep-A-Breast Foundation' that supports breast cancer awareness, research and prevention among young people. Augmentations like this that successfully and creatively identify with a sport subculture are particularly attractive to journalists reporting on an event (O'Brien, 2007). In this case, the auction did more than merely raise a substantial amount of money for breast cancer research and prevention (Armstrong, 2006); it also focused widespread media attention on the issue.

**Strategic objective 2:
set or change community agenda
for targeted social issues**

Sport events have the capacity to produce liminoid spaces for stakeholders that can stimulate a sense of community and good will, which anthropologists call 'communitas'. In the preceding section, we argued that this communitas is a useful opportunity to foster change in a community's social agenda. In this section, we again address the social leverage of event-driven liminality but, instead, explore the opportunities derived from the media associated with sport events. And, given the media's reach beyond the actual attendees at an event, this section addresses social leverage for wider community social consciousness and change.

*Showcase social issues via
event advertising and reporting*

Chalip (2004) points out that one of the primary opportunities for longer-term economic

gain from sport events derives from how event media project the image of a host destination into domestic and international markets. The argument is that when a positive destination image is projected, longer-term economic gains can accrue from the tourism, business and investment that are attracted to the host community in the period beyond the event. As Chalip (2000) explores in the context of the Sydney 2000 Olympics, shrewd media management strategies can optimize the image of a host destination by regulating the quality and content of stories and images that emerge.

The ensuing section shows that this knowledge gleaned from the Sydney 2000 economic leveraging experience has relevance for developing strategies for social leverage from sport events. Just as a host destination can be linked closely to the advertising and reporting of a sport event, so too can (aspects of) a host community's social agenda.

Sport events typically generate three types of media: event organizers' advertising aimed at building consumer interest, journalists' reports on events and sponsors' use of events in their marketing and promotions (Chalip, 2004). Questions assisting strategists to take advantage of these media for social leverage are presented in Table 19.5. Even a cursory glance reveals synergies with Chalip's model for economic leverage (see Fig. 19.1). And, just as Chalip (2004) advocates the use of standard public relations techniques for economic leverage, the same methods are employable for social leverage. For example, the Australian Tourism Commission (ATC) capitalized on the global interest in Australia from hosting the 2000

Sydney Olympics by providing broadcasters and reporters with interesting news stories, anecdotes and impressive visuals that were used to provide additional colour and human interest, and to generally fill otherwise dead air time and column space. The result was, of course, increased tourism, business and investment in Australia in the period beyond the Sydney Olympics (Chalip, 2000). With continued advances in broadcast technologies since Sydney 2000, particularly in terms of digital and wireless telecommunications, the opportunities for employing such strategies have increased markedly (cf. Thomas, 2005). As the events sector follows the general business sector's trajectory towards social as well as economic accountability and responsibility, these same tactics could be readily adapted to facilitate social change opportunities for host communities.

Professional surfing illustrates the potential. The pinnacle for professional surfers is the Fosters World Championship Tour (WCT), which is run by the sport's world governing body, the Association of Surfing Professionals (ASP). The WCT consists of a 12-event programme of annual events in Australia, Tahiti, Fiji, South Africa, France, Spain, Brazil, California and Hawaii. Each individual event is packaged for delayed television broadcast, as well as daily highlight packages for news media. However, the ASP's primary global broadcast platform for the WCT is its live online webcasts of each event.

In 2005, the ASP announced that the WCT's fifth event would consist of a 'floating licence' – meaning that the successful licensee could stage the event anywhere in the world.

Table 19.5. Questions to build tactics for showcasing social issues via event advertising and reporting.

1. How can metaphors, meanings and symbols that direct event stakeholders' attention to the targeted social issues be incorporated into event advertising?
2. How can journalists be assisted to locate and research background stories that highlight the link between the event, its athletes and the targeted social issues? How can the importance of the issue then be conveyed without appearing to overwhelm the sport aspects of the event?
3. How can issue-related information and imagery be constructed and positioned to be identifiable in the backdrop of broadcasts and photographs?
4. Who are the sponsors? Do they support any particular social change agendas that find common cause with the event? Can any social change agendas supported by the event be incorporated into sponsors' advertising?

Since its inception in 2005, this floating licence has been held by surfwear multinational Rip Curl, which uses the event as a vehicle for its ongoing 'Search' marketing campaign. After running the inaugural Search WCT event at St Leu in Reunion Island in 2005, the 2006 event was held at an 'undisclosed' location that was 'somewhere in Mexico' (Rip Curl, 2006). This guarding of the event's site is consistent with an unwritten rule in the surfing subculture of not divulging the location of so-called 'secret spots', else risking their exposure and subsequent overcrowding. Thus, while organizers, competitors and a handful of select journalists were told the location, the rest of the world was only given a fictitious name of a mystery point-break in Mexico: 'La Jolla'. Other reports referred to it as 'The Spot'. The event was run in flawless 6–8 foot waves, and appeared in media coverage as every surfer's dream.

The event organizers' adherence to the surfers' lore of not divulging secret spots raised a number of interesting issues. For example, it was argued earlier that one of the primary benefits from staging large sport events accrues from media exposure and the subsequent business and tourism thus generated. However, when the location is kept secret, how can the event benefit the host community? In this case, the host community was a small, extremely remote pueblo that relies heavily on subsistence agriculture and fishing. Interestingly, Taylor (2006) reports that the host community supported keeping the location secret, to prevent attracting hordes of travelling surfers and risking despoiling the natural environment and way of life. None the less, the mayor of the host community requested that Rip Curl help them address inequities in local medical care. As Taylor points out:

They wanted US\$30,000 to build a medical center. If the town could come up with the funds to build the center, the federal government would send a physician. The pomp and circumstance would leave town, and The Spot would have something other than surfers to show for it

(Taylor, 2006, p. 115).

Taylor (2006) notes that, ultimately, Rip Curl paid only US\$5000 to the pueblo, which compares poorly with what licensees of other WCT events commonly pay to host municipalities.

Boost Mobile, for example, sponsors of the 2006 WCT event in Trestles, California, paid the host county US\$70,000, plus a US\$25,000 security deposit (Taylor, 2006). When asked why Rip Curl did not pay the money requested, at least on a goodwill basis, Taylor (2006, p. 115) reports that the company's global marketing director responded 'Because we didn't have to. We had another relationship with the village.' Taylor's observations are prescient in terms of our discussion of the intersection between sport events, media and social leverage.

The preceding case helps disentangle motives for economic and tourism leveraging from those related to social leverage. In fact, far from seeking economic and tourism exposure from hosting the event, the host community actively tried to avoid these in favour of securing ongoing social benefit. Taylor's (2006) work suggests that an opportunity to facilitate lasting and positive social benefits for a host community were squandered. Travel and adventure to such socially isolated regions has always been a core aspect of the surfing subculture. In this case, had hosting the event led to the health centre being built, opportunities to develop human interest stories around improvements to the local community's health and wellbeing would have been possible. Appropriately executed, these might have been of some benefit to the local community, and they could also have benefited Rip Curl and the ASP. Neatly encapsulating this sentiment, with respect to the 2006 Search WCT event, Hulet (2006, p. 128) asks:

Can a rural co-op negotiate with a multi-national corporation and a professional sporting agency? . . . We first-world surfers are selfish beasts. We're comparatively wealthy, generally spoiled, and white bread right down to our socks. When we elephant tromp through the global surfcape, sometimes life springs from our footprints, but more often, we just leave a filthy divot.

This example is instructive because it demonstrates that event media can showcase social issues – in this case, issues of equity and social justice. Indeed, this example demonstrates that even when an issue is apparently ignored by event stakeholders; the issue may none the less find its way into event media. This is why issues management tactics are so relevant to event organizing and marketing.

Had the issue been managed differently, the tone of the coverage might have been more favourable (to the event and its sponsor). Further, had the issue been managed in a proactive manner, such proactivity could enable associated advertising mentions for the event, the ASP and Rip Curl. Such mentions would have been good for them, and would have furthered awareness of the issue.

Use the event in issue-related publicity

Just as issues may become part of the story about an event, an event can add colour or legitimacy to publicity about an issue. Some events lend themselves to that end because they are designed with that aim in mind. For example, the Race for the Cure, a running event in over 100 US cities annually, is specifically intended to add saliency to breast cancer as an issue, as well as to raise money for breast cancer research and treatment. Similarly, Sport against Racism Ireland (SARI) has for over a decade organized a 2-day international football (soccer) tournament designed to symbolize the anti-racist ethic it claims should be intrinsic to sport. Events like these often feature in stories about their associated issue because the event provides a concrete and relatively uncontentious illustration of the issue's importance and constituency.

However, tying an event explicitly to an issue is unnecessary for the issue to become prominent. As Table 19.6 shows, the key is to find and use appropriate linkages. For example, Lance Armstrong's wins in the Tour de France give saliency to his foundation's anti-cancer mission. Armstrong survived cancer and went on to become a cycling champion. His wins in the Tour de France often feature in

stories about the fight against cancer, as well as stories about the Lance Armstrong Foundation and its mission. Similarly, Cathy Freeman's victories in international running events, including the World Championships, the Commonwealth Games and the Olympic Games, are common reference points in Australian discourse about reconciliation between Aboriginal and white Australians. The symbolic power of Freeman running victory laps on Australian television carrying both the national and the Aboriginal flag resonated in countless conversations about the status of race relations in the country. It has been common to see references to Freeman's victories in media about reconciliation in Australia.

The Armstrong and Freeman examples illustrate some of the ways that a sport event provides the context for salient but seemingly innocuous demonstrations of an issue's relevance and the potentials for change. These need not be mere happenstance; nor do they need to result solely from the imaginative application of journalists. Issue advocates can use events as a source for symbols, metaphors and stories that highlight an issue and that signal its importance.

Leveraging Sport Events for Environmental Benefits

Much of the discussion so far about social leverage is extendable directly into environmental leverage. Pressure is increasing on event organizers to be environmentally aware and friendly. This pressure comes primarily from governments and sport organizations (Schmidt, 2006). As a result, a number of sports now provide

Table 19.6. Questions to build tactics for using the event in issue-related publicity.

1. How aware are the event's participants and spectators of the focal social issues? Is there any publicly recognized linkage between the event and focal issues?
2. Do any high-profile sport personalities or teams in the event have an existing affiliation to any particular target issues? Would they allow themselves to be publicly associated with the focal issues?
3. What elements from the event do we want to use to strengthen or change public opinion on a targeted social issue?
4. How can we build event visuals or mentions into advertising or promotions for the issues in order to emphasize the associations that will best strengthen or change the agenda for the targeted issues?

environmental management guidelines to event organizers, and some also require environmental management plans in bids to host events.

Nevertheless, environmental management is not environmental leverage. Simply minimizing the environmental harm done by an event does not necessarily render a long-term benefit to the environment. That would require a change in knowledge, attitudes and/or behaviours beyond the event itself. So, the leveraging challenge is to determine how the event could foster such changes.

Essentially, this positions the environment as a further social issue to be addressed by those seeking to leverage the event. The strategies and tactics described for social leverage can be applied to environmental leverage in much the same manner as they can be applied to other social issues. Environmental leverage is thus an extension of social leverage. The media tactics are identical, while the event's own environmental management complements any other environmentally oriented augmentations.

There is a particularly symbiotic relationship between environmental management and environmental leverage. Those things that the event organization does to make itself environmentally friendly are themselves demonstrations and lessons. The event's use of environmentally friendly policies and procedures can exhibit environmental stewardship. For example, utilizing environmentally friendly materials or policies to control greenhouse gas emissions are opportunities to showcase those methods and their value. Similarly, simple environmental prompts, such as recycling bins for event attendees to use or facilitation of travel to the event via public transportation can add saliency to appeals for environmentally friendly behaviour. The emergent challenge for environmental leverage is to exploit synergies between the event's environmental policies and the messages (including the lessons) that the event delivers, whether on site or through advertising and reporting.

The Challenge Ahead: Meeting the Triple Bottom Line

The apparent similarity among tactics for economic, social and environmental leverage

is intriguing. Clearly opportunities exist for cross-leverage of economic, social and environmental objectives. Such opportunities are encouraging because they suggest that the three can be complementary, at least to a degree. Triple bottom line leveraging is not merely an ethical proposition; such leveraging is a practical outcome.

One consequence of the potential for cross-leverage is creating additional opportunities for leveraging. For example, a substantial volume of work demonstrates the capacity of events to mobilize urban and regional development (e.g. Burbank *et al.*, 2001; Essex and Chalkley, 2004; Horne, 2004). This leveraging often has been a consequence of the need for event infrastructure or the effective mobilization of development agendas linked to events by political elites. The uses of events to enable regional development represent a blending of economic, social and environmental objectives. Although some analysts justly criticize the exploitation of events to further the agendas of political elites (e.g. Sack and Johnson, 1996; Boyle, 1997), leveraging has sometimes been beneficial (Valera and Guàrdia, 2002). The strategy highlights the potential for additional forms of leverage to emerge when economic, social and environmental objectives are blended. Further work should explore the potentials of cross-leverage to enhance the value that events can provide.

Unintended consequences of leverage are likely to occur. Some of these consequences might be negative (Sieber, 1981; Deepak, 1998). Others could be positive. For example, the coordination of stakeholders that is required for any form of leverage, the creation of liminoid spaces required for social leverage and the networking of business people required for economic leverage could each enhance the range and depth of social networks, thereby enhancing social capital (Meisener and Mason, 2006). Evaluation of leveraging should seek to identify unintended consequences, and should explore means to minimize negative consequences while capitalizing on positive ones.

The challenge for any form of leveraging is that most forms require more intense strategic planning and more extensive inter-organization alliances than have heretofore been common among events (cf. Bramwell, 1997; Chalip and Leyns, 2002; O'Brien and Gardiner, 2006).

Thus, leveraging strategies may seem daunting, and the effort required is probably why events are so rarely leveraged. Yet a very practical reason supports leveraging – such strategies are the best way to retain and build the kinds of public support on which most events rely. Some researchers criticize the proliferation of events as tools for economic and social development precisely because the many promised benefits of events are inadequately obtained (Whitson and Macintosh, 1996; Boyle, 1997; Tranter and Keefe, 2004) or inequitably distributed (Putsis, 1998). Clearly, hosting an event does not necessarily render desired benefits; the ways the event is leveraged cultivates desired benefits. If events are going to retain public support – whether through direct subsidy, use of public facilities, deployment of public services or any combination of the three – then promised benefits must be cultivated through strategic leverage.

Many of the tactics for leverage draw on the techniques of modern marketing, including public relations and issues management. These techniques are useful for pretending leverage is present when, in fact, little or none really exists. Lenskyj (1998), for example, contends that much of the environmentalism claimed for contemporary sport event management is bluff and bluster. Rhetoric and media management, she says, substitute for genuine engagement. This substitution highlights a subtle but significant danger. Applying the techniques could legitimize events that are, in fact, of little value; such techniques could even protect events that do economic, social or environmental harm. No simple defence exists against this risk, as so much of modern marketing communications is designed to build a bulwark of image – one that need not bear close resemblance to the facts. Traditionally, the public relies on investigative journalism and government oversight to assure that no gap between image and reality causes harm to the public interest. The best incentive for leverage comes from curious and investigative media as well as a knowledgeable and demanding electorate.

Training Exercise Questions

1. How does the notion of event impact differ from event leverage?

2. Why is it important to maximize the benefits from sport events for host communities?

Advanced training exercise

3. Identify a sport event with which you are familiar. Analyse the event to identify whether or not it was leveraged. Where leverage was apparent, explain what strategic objectives you think were being pursued, and identify the tactics that were employed to achieve these goals. Indicate whether or not you think these strategic objectives were realized, and the reasons for your answer. Finally, offer suggestions as to how leveraging might have been improved at this event.

Answers to advanced training exercise questions

1. The notion of event impact entails looking back at event outcomes. By comparison, event leverage entails looking forward; that is, strategically planning how a host community can maximize its short-term gains, as well as derive sustainable benefits from enhanced tourism, business, social aspects or other types of targeted outcomes.

2. In many parts of the world, large-scale events place huge demands on the public purse – both for subsidies and for the provision of public services and infrastructure. Meanwhile, private sector funding is, of course, also critical. This heavy dependence on public and private support to bid for and stage events makes it incumbent upon event owners/organizers to seek every means available to maximize hosts' return on investment through economic, social or environmental benefits, or, preferably, all three. A leveraging approach creates the opportunity to make events more viable by enhancing the sustainability of their benefits, thus better justifying organizers' claims for support.

3. Obviously, how students address this final exercise will vary according to the particular sport event they choose to analyse. Whatever the event, however, identifying whether or not the event was leveraged should be possible. The strategic objectives to look for should coincide roughly with those identified for

economic and/or social leverage. Similarly, to identify and describe how the tactics germane to each of those strategic objectives became manifest with respect to their chosen event, students should refer to the respective models for economic and/or social leverage. Discerning all of these tactics is unlikely, but where leveraging is apparent, at least some of them should be discernable. From this analysis, and

perhaps using secondary sources from media reports on the event, students should then deduce whether or not they believe event leveraging was successful. Where students make suggestions for the improvement of leveraging, sport subculture, augmentations and the management of relationships among event, tourism, corporate and social stakeholders should figure prominently in their answers.

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20 Deconstructing Destination Perceptions, Experiences, Stories and Internet Search: Text Analysis in Tourism Research

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Synopsis

This chapter provides an overview of developments which have resulted in an increased availability of text data, thereby creating greater interest in analysing text in the context of tourism. The first section of the chapter discusses different approaches to text analysis. Specifically, the chapter compares and contrasts qualitative and quantitative text analysis. Next, the chapter describes computer-assisted approaches and presents various representational techniques. The second section introduces four case studies to illustrate the depth and breadth of applications of text analysis in tourism research. The first case study employs a causal mapping technique to assess the changing market structure as perceived by managers in incentive travel. The second case study uses a hermeneutic approach to interpret consumers' perceptions of memorable experiences at a Midwest destination in the USA. The third case study applies quantitative analytical techniques to compare the language people use to describe their dining experiences at different types of restaurants. The fourth and final case study uses search keywords to identify the nature of competition between European cities. The chapter concludes with a discussion on the growing significance of text analysis in tourism as well as several important research challenges yet to overcome.

Introduction

Dann (1997) describes tourism as having a unique discourse that includes acts of promotion as well as accounts of industry professionals and travellers. This discourse spans a variety of media and emerges in the pre-trip, during the trip as well as the post-trip context. Tourism discourse is immensely complex, involving a myriad of topics situated in different cultures and reflecting real as well as imagined phenomena and power relationships

among the system players. This dialogue can be strictly functional as well as highly emotional and intimate, directed to an audience or engaged in for the sake of creating personal memories as in the case of travel journals. The stories told to tourists and by tourists form the basis of interpreting tourist experiences and constructing meaning (Dann, 1997; Gretzel, Fesenmaier and O'Leary, 2006; Woodside *et al.*, 2007). Thus, stories are of critical importance and need interpreting and understanding in order to inform the design, management

and/or promotion of tourism establishments, experiences and encounters.

Although visuals play a fundamental role in the language of tourism, spoken or written text is abundant (Dann, 1997; Ryan, 2000). Increasingly, internet-based technology (now referred to as Web 2.0) supports the recording of tourism related texts. The result is an exponential growth in text data created in the context of tourism. Also, technology has made text data more accessible and easier to manipulate. This evolution constitutes an enormous opportunity but also presents a significant challenge for research efforts in tourism that largely have focused on developing methodologies to handle numeric data. An ever greater recognition occurs in the tourism research community as well as in industry regarding the richness and therefore increased value of textual data that is sometimes missing from perceptions or experiences expressed in the form of numbers. A growing interest exists among researchers in finding methods that permit the manipulation of independent variables and formal hypothesis testing based on text data. This growing interest is a driving force in the development of text analysis methods as is the broader acceptance of qualitative research in tourism (Ryan, 2000).

Text analysis is possible in a number of tourism research contexts. Such analyses include content analyses of tourism promotional materials, interpretations of professional travel writings and traveller accounts, categorizations of open-ended questions in surveys dealing with a variety of topics, extracting themes from focus group or personal interview data and analyses of text created in digital form on tourism related web sites. Whereas other research methodologies have been discussed widely in the context of tourism, text analysis has not been extensively and systematically treated in the tourism literature (Ryan, 2000). This chapter provides a brief overview of the variety of methods and representational techniques that have been developed in the general area of text analysis. Next, the chapter presents four case studies to illustrate a variety of ways in which text analysis can be applied to research questions that are of central concern to tourism professionals. Last, the chapter summarizes the progress made and offers insights into the future uses of text analysis in tourism.

Text Analysis Methods

Krippendorff (2004) describes text analysis as an empirically grounded method which is exploratory in process and inferential in intent. The overarching goal of text analysis is to establish meaning by imposing structure on to unstructured text data (Popping, 2000). The structure can be derived either from manifest content or latent meaning. Although some researchers argue that all text analysis involves some qualitative elements because it requires the reading of qualitative data (Krippendorff, 2004), text analysis methods often are classified as either quantitative or qualitative. The following provides a brief introduction to the various approaches used in text analysis.

Qualitative text analysis largely is inductive, non-statistical and often exploratory in nature (Popping, 2000; Ryan, 2000). Qualitative text analysis methods dispense with quantification, meaning that the significance of individual themes or categories is never operationalized based on frequency of codings (Titscher *et al.*, 2000). Qualitative methods can involve categorization and coding. In contrast to quantitative methods, ethnographic methods and Grounded Theory are the basis for reading and interpreting textual data (Titscher *et al.*, 2000). Krippendorff (2004) characterizes qualitative text analysis approaches as:

- Requiring a close reading of relatively small amounts of text
- Involving rearticulation (interpretation) of given texts into new narratives
- Entailing working in hermeneutic circles in which the analyst's own socially and culturally conditioned understandings constitutively participate.

Titscher *et al.* (2000) describe a variety of qualitative text analysis approaches. One of the most prominent is Grounded Theory. Grounded Theory proceeds on the basis of general and abstract research questions which increasingly become detailed and concrete based on the material investigated. Another qualitative approach of text analysis is discourse analysis, which can be used to assess the nature and meaning of experiences through storytelling (Schank and Abelson, 1995). Stories are

especially abundant and significant in shaping, remembering, extending and sharing experiences in the context of travel (Gretzel, 2006). Through internet technology such as blogs, storytelling has become even more formalized and publicly available. Text analysis can be used to uncover common themes, hidden power relationships and the meanings from stories created by travellers, employees and marketers.

Quantitative text analysis, often referred to as content analysis, is 'a research method that uses a set of procedures to make valid inferences from text' (Weber, 1990, p. 9). Similarly, Krippendorff (2004, p. 18) describes text analysis as a 'research technique for making replicable and valid inferences from texts to the contexts of their use', thus stressing the desired reliability of the methods employed and the fact that texts have meanings relative to a particular context. Quantitative methods of text analysis follow deductive reasoning, use inferential statistics and are confirmatory in nature (Popping, 2000). Objectivity means that the values and beliefs of the investigator cannot bias the analysis and requires for every stage in the research process to explicitly formulate rules and procedures (Popping, 2000). Also, quantitative analysis is systematic, (e.g. text data is coded and categorized according to consistently applied rules). Since a codes and categories system forms the core of content analysis, particular attention is devoted to the trustworthiness (inter-coder and intra-coder reliability) of the coding. Last, in contrast to ethnographic and Grounded Theory based approaches, quantitative content analysis requires a system for establishing categories *prior* to the actual coding process (Titscher *et al.*, 2000; Neuendorf, 2002).

Computer-assisted text analysis

The large volume of text and the repetitive nature of the coding process make the computer a natural fit for text analysis endeavours, thus leading to computer use early on in the development and application of text analysis. Krippendorff (2004) reports that simple information retrieval routines were first used for text analysis purposes in 1958. The GENERAL INQUIRER, a dictionary-based program, was developed in

the early 1960s (Stone *et al.*, 1966). The use of a thesaurus instead of a dictionary was proposed in the 1980s and led to the development of WordNet, an online lexical database (Miller, 1990). Text ambiguity (e.g. words having more than one meaning) creates an enormous challenge for computer-assisted text analysis approaches. Although various computer programs can help with the disambiguation before dictionary classifications are made (Kelly and Stone, 1975), simple dictionary software applications are limited in their ability to understand text structures and meanings. Consequently, recent developments focus on systems that can better understand relations among concepts.

Computer software for text analysis can be classified based on the analysis type. Popping (2000) distinguishes three types of text analysis programs; software that supports: (i) thematic analysis; (ii) semantic analysis; and (iii) network analysis (see Table 20.1). Thematic analysis focuses on frequencies of words and concept mapping based on occurrence. Popular thematic analysis programs are WORDSTAT and CATPAC. Semantic analysis, on the other hand, encodes the relations among concepts using a semantic grammar. Semantic grammar is a template to classify words, typically into subject, action, valence and object words. KEDS (Kansas Events Data System) is a program that recognizes patterns of subject-verb-object triplets (Popping, 2000). Finally, network analysis focuses on constructing networks or cognitive maps based on relations between concepts. Thus, network analysis allows for concept characterization based on network position. CETA (Computer-guided Evaluative Text Analysis) is a program that generates data on interconnections among meaning objects with the goal of

Table 20.1. Classifications of text analysis software based on analysis approach.

Popping (2000)	Krippendorff (2004)
<ul style="list-style-type: none"> ● Thematic ● Semantic ● Network 	<ul style="list-style-type: none"> ● Accounts of character strings ● Text searches ● Computational content analyses ● Interactive-hermeneutic

comparing networks to reveal differences in the underlying structure of various texts (Popping, 2000).

More recently, Krippendorff (2004) distinguishes computer aids based on four types of analyses: (i) accounts of character strings; (ii) text searches; (iii) computational content analyses; and (iv) interactive-hermeneutic approaches. Programs that provide accounts of character strings (number 1 from above) list, sort, count and/or cross-tabulate textual units. These programs often allow filtering irrelevant words and stemming (removal of grammatical endings). The second program type supports text searches based on queries that lead to frequency tabulation of relevant textual attributes in scanned text, references to the textual units that contain the search term, abstracts in which the textual attributes occur and downloadable texts for analysis by other means. Software that supports statistical association approaches processes text based upon a priori defined theories of meaning. These software types provide inferences based on dictionaries/taxonomies, neural networks, semantics or memetic approaches. Last, software supporting interactive-hermeneutic approaches allows analysts to develop coding schemes while engaging with the text.

The computer programs identified above provide many benefits for research in text analysis. The speed and consistency with which large amounts of text data can be coded offer clear advantages over purely manual coding. These programs provide not only greater efficiency but also greater inter-subjectivity because all rules are made explicit and the possibility exists of replicating the results or easily applying established coding/analysis schemes to other texts (Heinrich, 1996). Also, text analysis computer applications are largely deterministic and therefore perfectly reliable (Krippendorff, 2004). In addition, the computer systems allow for easy manipulation as well as representation of text that can reveal symbol usage not otherwise apparent (Weber, 1990).

Also, the benefits of computer-assisted text analysis increasingly are recognized for qualitative text analysis. The development of qualitative analyses applications was made possible by systems with increasing flexibility and linguistic sophistication, thus providing computer support for context-sensitive text analysis and

text analysis that aims at theory building (Evans, 2002). NUDIST, NVIVO and ATLAS.TI are the prominent programs used for qualitative text analysis and can support interactive-hermeneutic approaches (Krippendorff, 2004). Computer-assisted text analysis provides interactive guidance to help human coders choose coding options and organize large text data for interpretation. These programs also support the formulation and representation of conceptual schemes through a network of nodes and links and can thus be classified as software programs assisting in network analysis (Popping, 2000). Axial coding, which refers to the process of relating codes to each other, is central to Grounded Theory based approaches (Fielding and Lee, 1998). NUDIST and NVIVO, for example, allow for hierarchical categorization into categories and subcategories, whereas ATLAS.TI supports the representation of non-hierarchical network relations among codes.

Although development and use of text analysis software started years ago, limited progress was made until recently. Current developments in text analysis software are fuelled by the unprecedented volumes of text available in digital form (Krippendorff, 2004). With the growing number of web-based applications and the increasing sophistication of search engines, web-tracking software and web crawlers that automate the extraction of content, digital text data are more accessible. Growing interest in the analysis of web-based content and electronic databases creates demand for more advanced but also more user-friendly software that can support the various computational techniques used for text analysis purposes. Progress in the areas of semantics, network analysis, artificial intelligence and natural language processing promises an exciting future for computer-assisted text analysis. Also, as web content becomes increasingly available in the form of images, videos and audio files, future programs will enable computer-supported content analysis beyond just text.

Analytical and representational techniques

An abundance of analytical and representational techniques are available for use in text analysis.

These techniques can create and process data as well as apply analytical constructs that preserve/assess the meanings of the data, leading to inference (Krippendorff, 2004). However, these techniques must be selected carefully to serve the goal and fit the research design. The following provides a brief description of commonly used analytical and representational techniques.

Coding

Coding is the process whereby raw data are systematically transformed and aggregated into units which permit precise description of relevant content characteristics (Holsti, 1969; Popping, 2000). A unit or a code represents a single string of words considered as complete in itself and is used as the basis for text analysis. Coding is fundamentally different between qualitative and quantitative text analysis. In quantitative text analysis, coding emphasizes and requires applying observer-independent rules (Krippendorff, 2004). Thus, codes are used for making statistical inferences such as co-occurrence and correlation based upon frequencies. In qualitative text analysis, codes are often used as 'pointers' which enable the researcher to refer back to the contexts in which the recording units appear and infer contextual meanings (Kelle, 1995).

Basically, two approaches are used for text coding: instrumental and representational (Popping, 2000) where the distinction between these two approaches lies in whether researchers choose to apply their own theories or to refer theory to the text under analysis. An instrumental approach interprets text according to the researcher's theory. Using the instrumental approach, the researcher might ignore the meanings that the author of the text may have intended. When the representational approach is applied, text is a vehicle to understand the author's meaning.

Nowadays, even with the assistance of computer software, coding is a judgmental process guided by the goal(s) of the study and where a series of decisions must be made in order to set up the rules for generating codes. Carley (1993) suggests that research must address the following questions before embarking on the coding process:

- What level of analysis (e.g. a word, a phrase or a sentence)?

- How should researchers deal with irrelevant information (e.g. should it be deleted, ignored or used to dynamically reassess and alter the coding scheme)?
- Which approach should be used (e.g. instrumental or representational)?
- What level of generalization should be used and what translation rules should be used to guide the generalization?
- Should the manifest or the latent meaning be coded?
- How many concepts should be used in the analysis?

Measuring statistical association

The goal of measuring statistical association is to identify patterns and to infer certain relationships from the text. This analytical process is underpinned by theories in communication and linguistics. For example, communication theory assumes that relative frequency signifies the importance of the word the speaker or author intends to communicate to the audience, and the meaning of a specific word is a function of the proximity to other words (Carley, 1993; Doerfel, 1998; Monge and Contractor, 2003). These assumptions lead to different measures of association in text analysis. Computational techniques supported by computer software have been developed to meet the processing requirements in this approach. Increasingly, 'mining' has been used as a metaphor to denote the objective to 'extract' or 'discover' concepts or meanings from voluminous textual data (Krippendorff, 2004).

Measuring statistical association can be categorized into three approaches: thematic, semantic and network (Roberts, 1997; Popping, 2000). Thematic association measures the frequency or occurrences of certain themes in text blocks. Often a comparison between specific groups can be made to test certain hypotheses based upon the frequencies identified. Different indices can be employed to indicate thematic associations. For example, several commonly used indexes in social science research include: (i) the presence or absence of a concept indicating one's awareness or knowledge of the object referred to or conceptualized; (ii) a concept's frequency of occurrence in the text indicating the importance of

that concept; (iii) the number of favourable and unfavourable characteristics attributed to a concept indicating the attitudes held by the author; (iv) the kinds of specifications (usually represented as adjectives) used in statements indicating the intensity, strength or uncertainty associated with the beliefs, convictions and motivations that the concept signifies; and (v) the frequency of co-occurrence of two concepts indicating the strength of association between them in the text (Krippendorff, 2004).

In the semantic approach, not only are the concepts counted, but also the relationships among these concepts are identified. These relationships can have different indices such as directionality, strength, sign and meaning (Carley, 1997). For example, a commonly used index for relationships is valence, which indicates whether what is described in the clause exists or does not exist, or whether the relationship is positive or negative. Semantic association can be established by applying two types of grammatical rules to the text (Popping, 2000): Syntactical rules (e.g. subject–action–object) capture the surface structure of text into grammatical categories, while semantic rules map the deep structure of a text into a finite set of functionally defined categories.

Network association originated with the observation that a series of encoded statements can be combined into a network (Roberts, 2000). Once texts are rendered as networks of interrelated themes, variables can be generated to measure the network's structure (e.g. 'positions' of concepts and inter-concept relations within the networks) (Carley, 1997). A network is called semantic when its nodes represent concepts that are linked to each other by more than one kind of binary relation (Krippendorff, 2004). Terminology such as network analysis and semantic network analysis are used loosely and oftentimes interchangeably and can refer to a number of results including maps, networks of centring words, semantic nets and networks of concepts, etc. (Diesner and Carley, 2005). Also, semantic network analysis covers the analytical spectrum of classical content analysis by supporting the analysis of the existence, frequencies and covariance of words and themes.

Through establishing semantic association and network association, semantic network

analysis is both a research method and a theoretical framework (Doerfel, 1998). The theoretical meaning underlying this approach is that node meanings are a function of how nodes are connected to each other. Thus, the aim of the semantic network approach is to find answers to questions that are not literally contained in a body of text, but are implied by it. Semantic network analysis has a theoretical foundation based on human cognition which assumes that words (semantics) are hierarchically associated in memory. For example, Carley and Palmquist (1992) suggest that mental models, as internal representations of reality, can be represented as networks of concepts and the meaning of a single concept is embedded in its relations to other concepts in the individual's mental models. From a communication perspective, semantic network analysis focuses on the structure of a system based on shared meaning rather than on links among individual communication partners (Monge and Contractor, 2003).

In a semantic network, the association between different concepts establishes both the content and the structure of the network. Quotes from the original text inform the content, signified by the connection between concepts, while the structure reflects the organization of the concepts in the network. Usually, the analysis of content lacks a quantitative mechanism and the researcher often has to refer back to the original text (Armstrong, 2005). Measures such as density, comprehensiveness, centrality, existence or non-existence of concepts and strengths of identical relationships can be derived to measure the structure of a semantic network and compare the differences between two semantic networks (Langfield-Smith and Wirth, 1992; Carley, 1997).

Representation techniques

After establishing certain associations among the concepts and relationships identified from the text data, researchers need to communicate the results and, thus, representation techniques are used to achieve this goal. Yet, according to Krippendorff (2004), representation is not necessarily a distinct step apart from analysis. Many representational techniques are an essential, and sometimes indispensable, part from which inferences can be drawn.

Tabulation refers to a collection of the same or similar concepts (categories) and presents counts of how many instances are found in each. In thematic analysis, tabulation is by far the most commonly used technique to render the text data comprehensible. Cross-tabulation can be used to examine the frequencies of co-occurrences of instances under multiple categories. Inferences can thus be made about the observed/expected frequencies of co-occurrences using certain statistics (e.g. chi-square). Representational techniques in multivariate analysis such as an icicle in clustering analysis and a coordination map in multidimensional scaling can also be used to represent structural properties of the text data. With the growing interest in semantic network analysis, graphical representation techniques are frequently used to delineate both the content and structure of the associations between concepts. For example, cognitive maps are used as a picture or visual aid to represent the researcher's understanding of the text. Once texts are encoded into concepts and relationships, the resultant coded data are then displayed in the form of interrelated semantic networks with concepts displayed as 'nodes' and relationships as 'edges' to link the 'nodes' together, leading to further interpretation and analysis. In its basic form, a cognitive map provides a frame of reference for what is known and believed and, by doing so, implies the selection of relevant information, while excluding less relevant facts or concepts.

Cognitive mapping has a wide range of applications in marketing and management research. Cognitive mapping is particularly useful when causal relationships are identified from the data and represented as a link between one 'node' (the cause) and another (the effect), resulting in a causal map. For example, causal relationships between concepts can be established and represented in order to infer the reasoning in managers' decision-making processes (Axelrod, 1976; Eden and Ackerman, 1992). In consumer research, similar techniques (e.g. the laddering approach) can be used to map consumers' perception of a specific product, service or brand through explicating the implied relationships between the perceived aspects (Christensen and Olson, 2002).

Applications in Tourism Research

This section introduces four case studies to illustrate the depth and breadth of applications of text analysis in tourism research. The first case study employs a causal mapping technique to assess the changing market structure as perceived by managers in incentive travel. The second case study uses a hermeneutic approach to interpret consumers' perceptions of memorable experiences at a Midwest destination in the USA. The third case study, on the other hand, applies quantitative analytical techniques to compare the language people use to describe their dining experiences at different types of restaurants. The fourth and final case study seeks to identify the nature of competition between European cities based upon the information demanded by the users of a European web portal (visiteuropeancities.info).

Case study 1: assessing market structure

Times of change require an understanding of how decision makers in the travel industry perceive environmental change. Incentive travel programmes are a useful vehicle to stimulate and motivate people to improve business performance. Because incentive travel usually involves long haul domestic and international trips, this form of travel is considered highly vulnerable to environmental change. This study examined how managers in the incentive travel industry perceive environmental changes that are likely to affect their businesses in the near future. Based upon language data collected through a focus group study, qualitative text analysis was performed to construct a causal map to represent the managers' perceptions of these environmental forces in relation to their businesses. The results clearly describe the challenges posed by the current fast-changing environment.

Method

The management literature suggests that the key to understanding how managers perceive their business reality is to elicit and represent managers' cognitive maps (Weick and Bougon,

1986; Eden, 1992; Fiol and Huff, 1992). Participants were corporate executives of incentive travel businesses. A focus group study was conducted to collect the language data describing managers' opinions about a number of issues relating to environmental changes affecting the incentive travel industry. In particular, the focus group moderator asked the following question: 'What do you think are the most important environmental changes that are currently affecting your business?' The conversations were tape-recorded and later transcribed. Coding was accomplished by using ATLAS.TI, a hermeneutic analysis software program developed based upon the Grounded Theory techniques of Strauss and Corbin (1990).

Coding and constructing the cognitive map involved three steps. The first step was to identify and categorize the concepts. Specifically, concepts (categories) were drawn with the focus on making implicit perceptions and beliefs explicit. All the concepts mentioned in the transcript of the relevant discussions were interpreted and explained based on the context in which the concepts were discussed. As recurring concepts began to emerge, codes were created to represent specific categories of meaning, along with the context (quotes) and the coders' comments. The second step involved identifying the semantic relationships between concepts by examining the cause and effect phrases and the linkage between them. Two types of statements were included in the coding: explicit causal statements such as 'if-then', 'because' and 'so', and implicit causal statements which do not contain these keywords but causality emerges from the context. Last, the causal map was automatically generated by ATLAS.TI, displaying the concepts (nodes) and the relationships (edges) that link them. However, the software-generated map was not easy to read because some of the edges overlapped. Therefore, the nodes in the maps were slightly repositioned without changing the semantic implications of the software-generated map.

Results

The causal map has several structural properties (see Fig. 20.1). First, the map shows the centrality of certain concepts such as *incentive travel businesses*, *managerial changes*,

decision making, *corporate spending* and *new customers*. Second, the cognitive map can be roughly partitioned into two 'layers': the lighter outer layer shows the forces in incentive travel business environments, while the darker core layer consists of the direct impacts of these forces. The forces appear to trickle down as consequences and impacts to the operational environment. Third, the environmental forces can be categorized into four major themes, namely *economic/political*, *socio-cultural*, *technological* and *new management*.

The map indicates that several environmental forces were perceived by incentive travel managers as problems and issues, instead of opportunities. In addition to the interpretation based on the structure, the concepts identified were related back to the original contexts in order to reveal rich meanings. For example, the following comments made by a participant who has to make decisions without having sufficient information revealed the participant's frustration with the business situation:

. . . Speed! We have to deliver – with no information. Who is the client? How many people? What date? We are not sure. We need the information; we need it by tomorrow morning . . .

Discussion

Cognitive maps generated in a controlled setting are useful as references for strategy development (Huff and Jenkins, 2002). In particular, once environmental uncertainties are identified and understood, future business scenarios can be generated to guide strategy formulation by combining them with organizational parameters and conditions such as business processes and operations (Wack, 1985). Through explicating and articulating managers' understanding of a competitive business environment, previously held assumptions are challenged and future oriented strategies can emerge.

Case study 2: memorable tourism experiences

Tourists do not visit a destination simply to consume tourism products or services, but

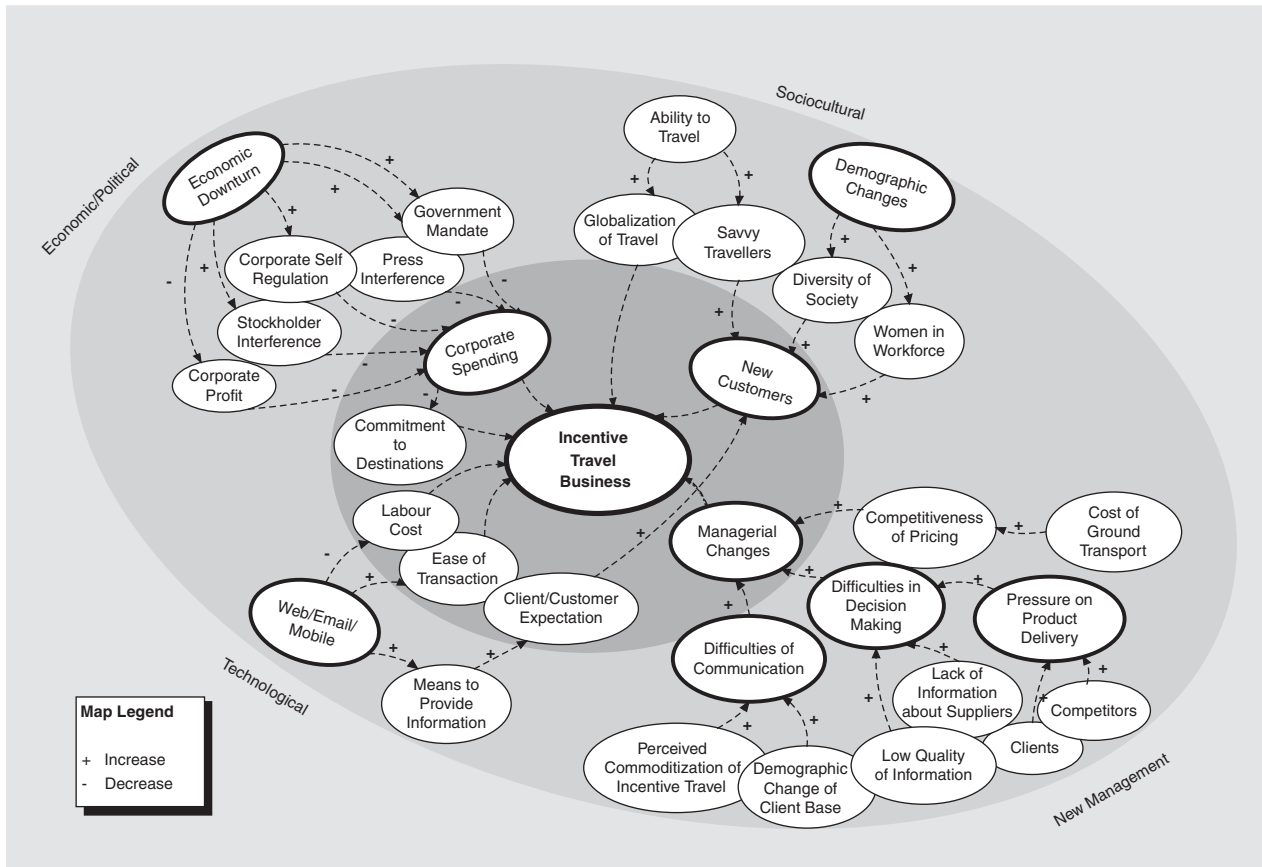


Fig. 20.1. Forces that impact incentive travel businesses.

rather travel to have unique and memorable experiences whose recollection can be enjoyed and shared with others long after a specific trip (Jakle, 1985; Gretzel *et al.*, 2006; Woodside *et al.*, 2007). Destinations have to carefully stage such experiences to create the added value sought by visitors and to distinguish themselves from other places (Pine and Gilmore, 1999). This staging begins with the promotion and communication of experiences to tourists before a trip. In contrast to traditional marketing, which assumes consumers to be feature- and benefit-driven, experiential marketing requires that the consumer of tourism products is seen as a human being with experiential needs who wants to be stimulated, entertained, educated and challenged (Schmitt, 1999). One difficulty for destination marketing organizations lies in identifying the types of experiences that should be promoted to potential visitors in order to strengthen and enhance the destination brand. Consumer stories can provide important insights regarding special experiences at the destination and can, thus, greatly inform strategic marketing decisions (Rosa *et al.*, 2004). The goal of this study was to elicit and analyse consumer stories which relate to Woodfield, Illinois (an urban destination in the Greater Chicago area), to inform the marketing strategy of the local convention and tourism bureau.

Method

The sample consisted of 1035 persons requesting travel information from the Greater Woodfield Convention and Visitors Bureau during summer and autumn 2001. Data collection was conducted during a 3-month period (31 October 2001–25 January 2002) following a four-step mail survey process. This effort resulted in 534 completed responses (an additional 47 were returned with bad addresses and/or insufficient response) for a 54% response rate. The survey asked the study participants who had actually travelled to the area to describe up to two special moments, events or experiences that made their most recent trip to Woodfield, Illinois, memorable. The 87 survey participants (16.3% of all respondents) who completed this question about their experiences at the destination described a total of 136 special moments. These descriptions ranged

from very short two-word sentences ('Great shopping!') to short personal accounts describing various experiences.

The text data analysis involved reading and sorting the visitor accounts based on the theme underlying the experience. Following a hermeneutic approach, the stories were read and re-read and underlying themes were constructed from the data analysis. The goal was to identify the range of memorable experiences that visitors have at this destination and to obtain a deep understanding of what makes these experiences special.

Results

The accounts provided by visitors to Woodfield, Illinois, largely centre on shopping and entertainment, which is no surprise given the large shopping mall and variety of dining establishments at the destination. A closer look at the underlying themes revealed a much broader spectrum of experiences that make visits to this destination special. Seven different experience categories were identified based on the rich and often very emotional descriptions provided by the tourists. In particular, the special moments related to: (i) shopping; (ii) culinary experiences; (iii) relaxation; (iv) family bonding; (v) gambling; (vi) hospitality; and (vii) holiday season experiences.

Shopping stories stressed the enormous variety of shops and products offered and the convenience of getting there and finding everything needed, and so much more. Visitors made comments about 'eyes popping out' and 'being in awe' because of the sheer size of the shopping mall. IKEA stood out as a store that especially impressed Woodfield visitors and was described by one person as 'an adventure in itself'. Specialty stores and successful bargain hunts were also mentioned as factors that made the trip memorable. Culinary experiences were described as special and surprising and constituted a way either to top off a shopping day or to celebrate a special occasion. Medieval Times and Rainforest Café appeared frequently in the stories. One parent wrote:

Our family spent Saturday shopping at Woodfield. We were tired and hungry so we went to the Rainforest Café. Never heard of it.

My 8 year old almost jumped out of her chair listening to the charge of the elephants.

Despite the hustle and bustle of a big mall and the other entertainment-focused attractions, visitors also remembered especially relaxing moments of walking around, watching people and enjoying their company. 'Winding down' and 'peaceful, quiet time' were some of the concepts used to describe these experiences. In addition, family and friends bonding together during trips to Woodfield emerged as a major theme that seems to link visits to the area with many positive memories. Being able to 'eat together, play together, etc.' makes the destination especially appropriate for family outings. Stories included accounts of grandparents taking their grandchildren to the mall, mothers connecting with daughters while shopping, big family reunions at local hotels and many other bonding occasions. A visitor described her special connection with Woodfield, Illinois, as follows:

Our group of eight has been coming to Greater Woodfield for 14 years. It is a girls' weekend away. We have a great time shopping, dining and laughing. We will celebrate our 15th year in 2002.

Stories related to gambling, on the other hand, were filled with descriptions of the thrill of winning and the excitement that comes with it. According to the visitor accounts, the Arlington Race Track in the Woodfield area provides the perfect stage for gambling experiences by offering a venue that is appropriate for all ages. Also very emotional were those stories that provided accounts of how friendly and helpful people in Woodfield were. Special hospitality moments included, among others, a hotel providing an extra meeting room free of charge for a large wedding party, IKEA staff helping disabled shoppers and sales clerks directing customers to other stores because a specific product was not available. Somewhat prompted by the timing of the study, many stories also referred to the special atmosphere in Woodfield during the holiday season. People described the impressive decorations that made everything look festive and instilled a particular mood that many seem to remember as having made their trip an extraordinary experience:

You can imagine how busy Woodfield is for Christmas shopping! Not once did we encounter any sales people who rushed us or were abrupt. Our trip was pleasant and fun, even the sales people had the holiday spirit.

Discussion

The results provide a rich understanding of the types of experiences connected with the attractions and establishments at the destination. Rather than thinking in terms of shops, hotels and restaurants, the findings encouraged the convention and visitors bureau to theme packages based on the experiences identified (e.g. the shopping/girlfriends package) and to offer a graffiti wall on their web site to share visitor stories with others who would like to learn more about the destination (see http://www.chicagonorthwest.com/graffiti_wall/index.html). Thus, the case study illustrates that consumer stories are not only a valuable resource for gaining insights into a visitor market and its experiences at the destination but, at the same time, provide a vehicle to communicate experiences to other visitors (Woodside and Dubelaar, 2002).

Case study 3: perceptions of the dining experience

Understanding the dining experience can help restaurants improve service quality, create effective marketing strategies and identify innovative ways to conduct business (Lewis, 1981). The dining experience is complex in that it is context specific, involving a number of factors such as dining-out occasion and atmosphere of the restaurant (Kivela, 1999). The goal of this study is to infer consumers' perceptions of their dining-out experience through the language consumers use to describe the experience. Specifically, this study aims to answer two research questions: (i) what kinds of vocabularies do consumers use to describe experiences for different restaurants; and (ii) are the vocabularies different for different types of restaurants? Quantitative text analysis was employed to compare the descriptions of experiences at two types of restaurants: casual and fine dining.

Method

One hundred students from a public university located in a north-eastern metropolitan area in the USA were asked to describe their expected dining experiences at six restaurants in the downtown area. Among these six restaurants, three had been identified as 'casual' restaurants and the other three as 'fine dining' in a pilot study. Subjects were randomly assigned to the two types of restaurants, resulting in two groups with equal numbers of subjects, i.e. 50 for 'casual' and 50 'fine dining'. Each subject was asked to use up to five simple phrases to describe their dining experience at each of the three restaurants of the same type. Textual responses were merged together by restaurant type, resulting in two separate text files, each of which contains 150 (3 × 50) descriptions. Thus, each observation contained a phrase that the subjects used to describe their dining experience at a specific restaurant.

The text data were pre-processed before performing the analysis, including: (i) discounting 'stop' words such as 'a', 'an' and 'of', etc.; and (ii) identifying synonyms and replacing them with one single token (e.g. 'waiters', 'waitresses', 'waiter' and 'waitress' were substituted by 'waitstaff'). The analysis involved three steps. First, using CATPAC (Woelfel, 1998) the total number of unique words was counted along with the frequencies of the words for each text file to provide a comparative view of the vocabularies consumers used to describe two types of restaurants. Second, assuming the meaning of each word can only be interpreted in relation to other words, two semantic networks were constructed and presented side-by-side to provide a visualized comparative view of the differences between the languages used for different types of restaurants. Specifically, the association (proximity) matrices of the top 20 unique words were generated by CATPAC and imported into the NetDraw procedure incorporated into UCINET (Borgatti, Everett and Freeman, 1992) to generate the semantic maps. Because the observations were assumed to be independent of each other (i.e. the words were considered associated with each other within the same line in the text file), a delimiter '-1' was inserted at the beginning of each line so that when CATPAC processed the text, no

association would be established across two lines. Window sizes of 5, 6 and 7 words were used to produce consistent results. Third, the semantic structures of the top 20 unique words used in both text files were compared using QAP procedure (Krackhardt, 1987) to examine the contexts in which these words were used (i.e. whether the associations between these semantic structures were significant).

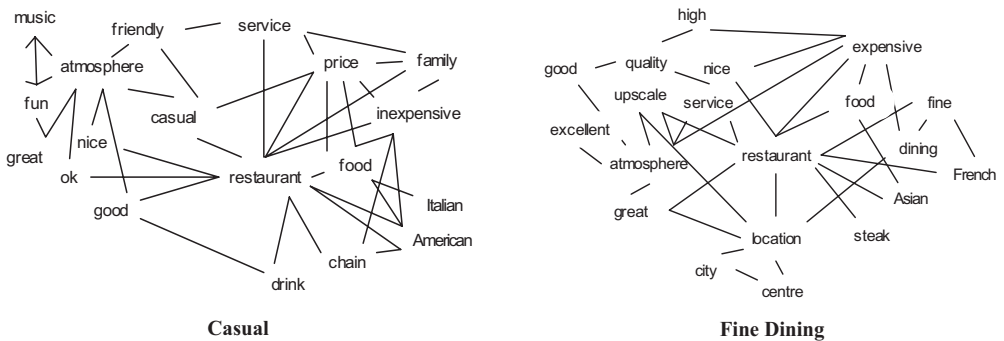
Results

The two text files contain about the same number of unique words (601 for casual and 589 for fine dining), resulting in the total frequencies of 2825 words for casual and 2518 for fine dining, respectively. Interestingly, a very small number of unique words comprises a large proportion of the text in both text files. For example, the top 20 words and top 50 words represent approximately 44% and 61% of the total frequencies, respectively, in both files. The listings of the top 20 unique words used for the two types of restaurants (see Table 20.2) reveal that, although commonalities in the descriptions exist (e.g. the co-occurrence of words like 'food', 'good', 'atmosphere' or 'great'), discrepancies occur with respect to the two types of restaurants. For example, words such as 'fun', 'casual', 'chain', 'inexpensive', 'American' and 'loud' occur with high frequencies for casual restaurants, while words such as 'expensive', 'French', 'upscale', 'location' and 'excellent' occur more often for fine-dining restaurants.

Two maps were created based upon the semantic networks generated by UCINET (shown in Fig. 20.2) to visualize the contexts in which vocabularies were used to describe the two types of restaurants. Both maps show patterns of centrality. For example, words such as 'restaurant' and 'atmosphere' are highly associated with other words, which seem to be 'clustered' around them. Although the two maps have words in common, the word contexts differ substantially. For instance, the word 'atmosphere' in the map for casual restaurants is closely associated with words such as 'music', 'fun', 'friendly', and 'casual', while it is linked with words such as 'upscale', 'expensive', and 'service' in the map for fine-dining restaurants. This indicates that consumers' mental images of the atmospheres at the two types of

Table 20.2. Top 20 unique words used to describe casual and fine-dining restaurants.

Casual	N	%	Fine dining	N	%
food	213	9.3	food	190	9.4
good	178	7.8	expensive	156	7.7
atmosphere	88	3.8	good	124	6.1
service	79	3.4	service	75	3.7
Italian	65	2.8	great	69	3.4
family	61	2.7	atmosphere	62	3.1
fun	57	2.5	French	46	2.3
casual	49	2.1	restaurant	46	2.3
great	46	2.0	nice	42	2.1
restaurant	45	2.0	dining	35	1.7
price	44	1.9	fine	34	1.7
friendly	42	1.8	high	29	1.4
music	41	1.8	steak	29	1.4
American	34	1.5	Asian	27	1.3
chain	34	1.5	location	27	1.3
inexpensive	33	1.4	city	26	1.3
loud	33	1.4	upscale	25	1.2
nice	32	1.4	quality	21	1.0
ok	32	1.4	excellent	20	1.0
drink	31	1.4	centre	19	0.9

**Fig. 20.2.** A comparative view of the semantic structures of the vocabularies used to describe the two types of restaurants.

restaurants are different. In the second map, the word 'upscale' is linked not only to 'atmosphere' but also to 'location', suggesting that the great locations of fine-dining restaurants contribute to their atmosphere.

To further test the level of association between the languages used for the two types of restaurants, QAP analysis was performed on

the two proximity matrices generated by CATPAC based upon the top 20 unique words co-occurring in both text files. As shown in Table 20.3, the results indicate that no significant relationship exists between the two matrices ($p = 0.154$). This implies that even though consumers use the same vocabularies to describe their dining experiences at two types of restaurants, the

Table 20.3. QAP analysis of the two matrices based upon the top 20 commonly used words.

	Value	Significance	Average	Standard deviation
Pearson correlation	0.105	0.154	0.003	0.067
Simple matching	0.584	0.154	0.534	0.043
Jaccard coefficient	0.140	0.154	0.104	0.027
Goodman-Kruskal gamma	56.000	0.154	62.356	5.312

Top 20 commonly used words: food; good; atmosphere; service; great; restaurant; drink; music; bar; nice; quality; excellent; cuisine; value; waitstaff; fun; party; menu; variety; environment.

contexts in which consumers use these words are different.

Discussion

The study revealed that consumers use substantially different ways to describe their dining experiences at different types of restaurants. Even if the same words are used, these words often appear in different contexts. The findings provide useful insights for restaurant owners and marketers. For example, marketers can customize their advertising messages by using customers' language in order to evoke resonance and to improve the effectiveness of their marketing efforts. Quantitative text analysis as illustrated in this study can be used to advance our understanding of consumer perceptions. Especially, the meanings of certain words must be inferred within the contexts of the speech, and text analysis can reveal the richness of meaning in the languages consumers use to describe experiences with hospitality and tourism products.

Case study 4: the information needs of visitors to a tourism web portal

The European Cities Tourism (ECT) web portal (www.visiteuropeancities.info) is a domain-specific search engine that not only helps tourists find their most preferred city break destination in Europe, but also helps tourism managers understand the information needs of potential visitors. The ECT web portal provides access to a database of relevant information, which is automatically updated by a web robot that regularly visits more than 200 official tourist office web sites (a full description of the system is

provided by Wöber, 2006). The appearance of the ECT web portal's homepage is very simple (see Fig. 20.3). The basic query feature requires the user either to enter a keyword (or phrase), or to select a city from a list, or both (left figure). Users can search documents using keywords together with appropriate Boolean operators thanks to a query processor, which generates a reasonable database query from the user input. If the keyword or phrase specified by the user is available on one of the cities' web sites, the system will retrieve and present all available web pages ranked by relevance. The scoring module is responsible for the ranking which processes each result before sending the result to the user interface for display. Each search result features a page link, the name of the city with which the page is associated, a rating that indicates the relative number of times the term was found on the page (compared to the number of other terms that appear on the page), as well as an abstract that describes the destination. Using the ECT web portal is similar to using any of the well-known global search engines (Google, MSN Search and Yahoo).

The portal monitors all user activities in a user log file including the text and/or city the user has selected or entered into the system. In case the user has specified a keyword which is unknown to the system, the word will also be stored in the user log file. Automated web site analysing tools can be used to obtain information about navigation, interactivity, layout and textual features (Scharl *et al.*, 2004). Analysis of the user log file helps to identify highly interesting indicators that support managers in understanding the information needs of their consumers, in evaluating their main competitors and in benchmarking the performance of

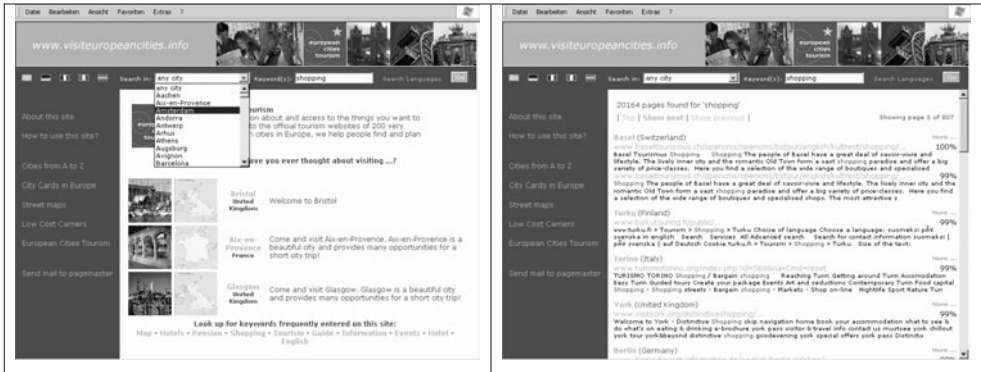


Fig. 20.3. The www.visiteuropeancities.info web portal.

their web site. The strengths of this computer-supported evaluation lie in the inclusion of unobtrusively observed measures, which reduces the biases that frequently result from the intrusion of the measurement instrument. The aim of this case study is to identify the nature of competition among the cities in regard to the information users request on the web portal.

Method

Keywords and phrases extracted from the user log file were used to assess the image of a particular city. Information which describes the users' interests was extracted from entries into the fields 'keyword' and 'city'. This information is comparable to the 'unaided' responses frequently collected in travel surveys where customers are asked about interesting/desirable locations and activities. Analysis of these 'city bundles' was conducted using multidimensional scaling (MDS). One of the advantages of the MDS procedure is its ability to extract and to visualize an inherent underlying competitive structure as cities with similar information requests will be configured close to each other and vice versa.

MDS uses proximities as input data. A proximity value indicates how similar or how dissimilar two objects are, or are perceived to be. The log file data (keywords entered by the ECT web portal visitors) were filtered by selecting all entries where the users had entered at least one English keyword or phrase in one particular city (i.e. search queries for all cities are

not the subject of this investigation). The data were further 'pre-processed' in order to remove double-entries and typos as well as to account for the problem of semantically similar but character-wise different words (e.g. 'hotels' and 'hotel'). The Levenshtein algorithm, a distance measure which gives the minimum number of operations (insertion, deletion or substitution of a single character) needed to transform one string into the other, was used to assess the difference between words (Levenshtein factor = [0,2]). For the detection of city-specific search words (e.g. Louvre-Paris, Prado-Madrid, etc.) standard deviations were calculated for all keywords, and keywords with extreme values were eliminated from the analysis.

Between July 2003 and May 2006, www.visiteuropeancities.info experienced 1.5 million log file entries, but only 42,000 city-keyword pairs (5550 unique keywords for 186 different cities entered by 24,400 different visitors) remained after the pre-processing steps described above. The dataset was further reduced in order to account for the sparseness of entries that occurs when these 42,000 observations are mapped on a matrix of all 5550 unique keywords and 186 cities. In addition, the top 100 keywords represent 75% of all search queries; of these, 20 keywords (28% of all words) were selected among the top entries for the analysis of the competitive structure: 'shopping', 'events', 'guided tours', 'attractions', 'opera', 'art', 'museum', 'camping', 'restaurants', 'youth hostels', 'gay', 'festival', 'monuments', 'church', 'exhibitions', 'culture', 'nightlife', 'golf', 'music' and 'theatre'. Cities with fewer than 300 entries

for any of these keywords were excluded from the analysis, which finally provided a list of 32 cities which were considered for the MDS study. The 'raw' data were then transformed into vectors of keyword percentages and arranged in tabular form where the rows of the table correspond to the cities, and the columns represent the shares of the 20 selected keywords. Each row stands for a city profile in terms of the ECT web portal users' information needs. A two-dimensional solution was obtained with a stress value of 0.12, and an R^2 value of 0.96.

Results

Visual inspection of the information space in Fig. 20.4 suggests a subdivision into one main group of competitors and three smaller groups of cities with very specific information requests by the www.visiteuropeancities.info users. The first group, located in the north-eastern hemisphere of the spatial configuration, consists of five

cities where users have specifically expressed information needs for 'guided tours', 'operas', 'museum' and 'art' (Madrid, Budapest, Prague, Nice and Rotterdam). A group of six European cities with substantial user interests in 'guided tours', 'attractions' and 'events' (Heidelberg, Lyons, Tallinn, Bergen, Copenhagen and Amsterdam) populate the western to north-western part of the information space. The third group, located in the southern hemisphere of the spatial configuration, consists of only three cities specifically connected with searches for 'shopping' (Paris, Nantes and Luxembourg). Finally, the largest subgroup with 18 competing European cities is located in the central sector of the space. For those cities, ECT web portal users are not particularly focused on any of the identified most discriminating keywords (Aachen, Barcelona, Berlin, Bern, Brussels, Dublin, Glasgow, Gothenburg, Helsinki, Lisbon, London, Liverpool, Maribor, Stockholm, Torino, Vienna, Zagreb and Zurich).

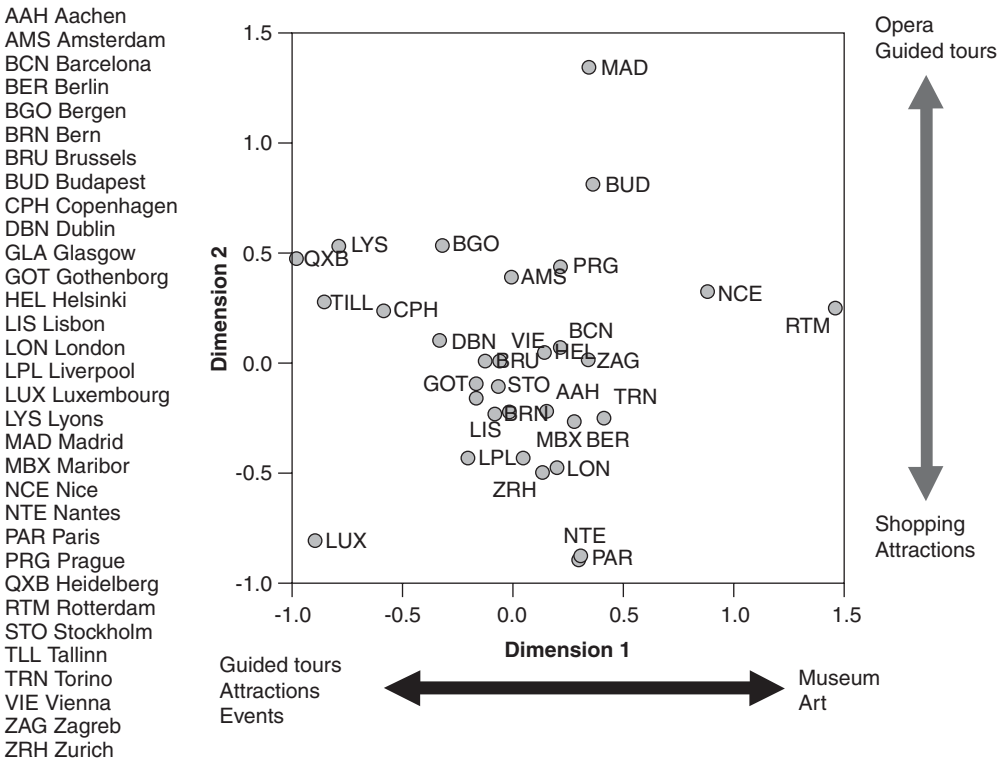


Fig. 20.4. Multi-dimensional scaling (MDS) based on similarities of information queries made for 32 European cities by internet users of www.visiteuropeancities.info

Discussion

Text analysis in conjunction with MDS can be used to identify a pattern of competition between the 32 European cities. Instead of physical characteristics commonly used in competitive studies of tourism destinations, this approach considers the perception of consumers and their information needs when planning a trip to a European city.

Summary

Markets are conversations and the methods and techniques that this chapter presents can greatly support the analysis of these market stories. Text emerges in the realm of tourism producers, intermediaries, marketers, consumers and regulatory environments and provides substantial insights into visitors' expectations, perceptions and experiences. Text is usually not only richer than numerical data and open to be analysed in various ways but typically more authentic. The case studies this chapter describes illustrate several text analysis approaches and the many tourism-related areas and research questions to which these methods and techniques apply. However, the true potential of text analysis is not nearly realized and many researchers still have a very limited vision of what to glean from text sources (Rosa *et al.*, 2004). Rosa and his colleagues (2004) see one reason in the current use of text analysis as a supplement to other methods rather than the focus of analysis. Also, text analysis is a diverse and rapidly growing field, which makes keeping up with developments difficult. In addition,

although the tourism literature shows evidence of applications to field-specific research problems, no extensive and coherent discussion within the tourism research community exists regarding the value and further advancement of text analysis for tourism research purposes. This has restricted the use and recognition of text analysis as a valuable means for creating tourism-related knowledge.

The growing importance of methods to analyse text data is undeniable. Recent developments in information technology spur an increase in the production and collection of text and make these text resources ever more available for research purposes. Huge amounts of text data saved into databases are waiting to be mined using crawlers, which make extracting text data from web pages relatively simple. Blogs and other consumer-generated media accessible online also make it easy for individuals to express opinions or describe experiences and, consequently, provide an immense opportunity for researchers and tourism professionals to tap into the mind of the market. Although these trends will push the text analysis frontier even farther, potential for misuse exists. The discussions in this chapter show that text analysis, whether qualitative or quantitative, manual or computer-supported, requires an understanding of why and how the text data were created, as well as the formulation of a clear methodological framework in order to provide the desired insights. Analysing text just because it exists and the needed tools are available will lead to a lot of text about text but not the rigorous and insightful research that can drive knowledge creation and learning in the tourism field.

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21 Importance–Performance Analysis (IPA): Confronting Validity Issues

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Synopsis

This chapter proceeds in interrelated steps. The first step introduces IPA as formulated by Martilla and James (1977) and introduces the description of IPA as action grid analysis (Blake *et al.*, 1978). IPA is an analysis that is dependent on examination of an *action grid* or *grids*. Examination of the literature shows IPA is not one analysis approach but many. Five types are identified. The main vehicle for examining IPA validity issues is the discussion of hypothetical applications of IPA for three types of IPA. A section that is not for a particular type of IPA is devoted to IPA responses. Comments give insights on the need for a new response structure, what the distribution of responses can imply, responses as triggers for questions and computing importance rather than requesting an importance rating. To put structural problems with models implicit in using IPA and to put chance impacting IPA results in perspective, the chapter has a section on statistical variability risk and model structure risk. A short section is about this chapter's relation to the IPA literature. The chapter concludes with comments on both practical and research implications of the research.

With hundreds of importance–performance analysis (IPA) articles published, many of these in readily accessible journals, this chapter does not provide a comprehensive review of IPA literature (see Beaman, 2007, for reference material). Some literature citation illustrates applications of IPA while citation of other references provides insights into problems with IPA. Matzler *et al.* (2004, p. 271) state 'it is shown empirically that the managerial implications derived from an IPA are misleading. Consequently, the traditional IPA needs to be revised'. Oh (2001, p. 617) writes 'few studies have critically considered the conceptual validity of IPA'. He notes that simplicity and ease of application have resulted in wide acceptance of using IPA and he observes that wide acceptance does not show many or most applications of IPA are valid. He proceeds to

raise a number of validity matters that require consideration. This chapter pursues some matters Oh (2001) and Matzler *et al.* (2004) raise. However, the general approach is interpreting examples to extend thought about IPA validity and to provide guidance on achieving validity.

What makes this chapter unique in the IPA literature is considering theoretical foundations for types of IPA and pursuing validity issues that have received little or no treatment. As of 2007, the IPA literature does not include a component dealing with IPA being a collection of different analysis methods. However, types of IPA exist that do not have a common foundation. Examining the validity of IPA requires recognizing validity requirements for different types of IPA. As well, examination of validity of IPA applications requires addressing the dearth of emphasis on sampling the correct

population to achieve a goal, asking appropriate goal-oriented importance–performance questions, having homogeneous segments, meaning of variability in importance–performance ratings and needing to control for endogenous and exogenous influences.

Roots of IPA and the Action Grid

Martilla and James (1977) propose IPA as an action-oriented tool for improving a company’s performance. They present IPA using an example. This chapter follows that practice. Think about wanting the aboriginal festival of an aboriginal community in Taiwan to be more successful. To achieve this one asks visitors to the festival about importance and performance for attributes of the festival for which performance change is possible. In Fig. 21.1 you see points on a graph for ‘Ceremonies’, ‘Exhibits’, ‘Food’, ‘Parking’ and ‘Amusement park’. Assume survey data collected were for these attributes.

Also, assume respondents gave one-to-five ratings of importance and of performance for each attribute. For example, for a respondent, food was ‘5’ in importance (extremely important) and ‘3’ in performance (meaning OK). Such a response pair can be designated by $(p_{a,m}, i_{a,m}) = (p_{f,m}, i_{f,m}) = (3,5)$, where $a = f$ refers to food and m identifies the respondent. Once one has data for n respondents, one computes and plots mean importance and performance ratings. Let the point defined by the mean performance and importance ratings, p_a and i_a , values for an attribute, a , be (p_a, i_a) . Having one subscript shows the average is over m (e.g. $p_a = n^{-1} \sum_m p_{a,m}$). The grand mean for performance and importance, (p, i) , has no subscripts (e.g. $i = (5n)^{-1} \sum_a \sum_m i_{a,m}$). Subsequently, additional subscripts after a (e.g. $p_{a,m,g,w,c}$) are used to show that points are for a group, g , for certain conditions (e.g. weather = w and crowding = c).

In Fig. 21.1, the grand mean point, (p, i) , establishes an ‘alternative axis system’, the *crosshair axis system*. One can think of plotting

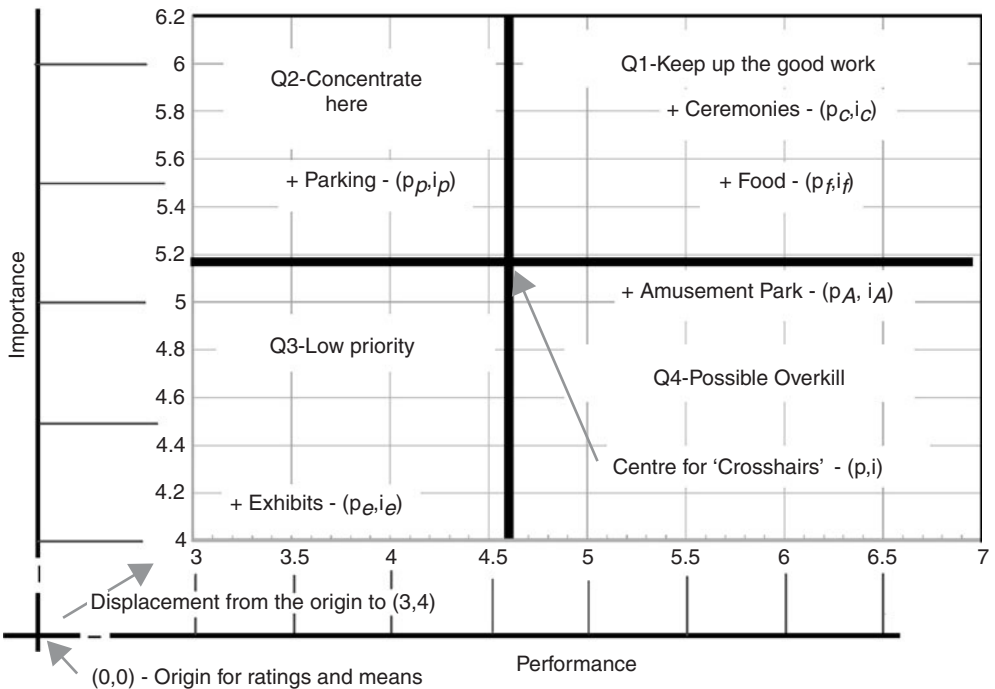


Fig. 21.1. Example action grid for hypothetical annual Taiwan aboriginal festival that runs in a rural area for 10 days using temporary structures (tents) for providing services.

points, (p_{a-p}, i_{a-i}) , as plotting points based on crosshairs through (p, i) . In the figure, 'Parking' has a mean for importance, i_p , that is above the general mean ($i_p - i > 0$) but the mean of 'Parking' on performance, p_p , is below the general mean for performance ($p_p - p < 0$). Based on the crosshairs, the 'mean' point for parking, $(p_p - p, i_p - i)$, is in the quadrant 'Concentrate here' (upper left). By using that title, relatively high importance and relatively low, poor, performance is associated with *the need to improve performance*. In other words, $i_p - i > 0$ while $p_p - p < 0$ is taken to infer that performance should be improved. The point for Ceremonies, $(p_c - p, i_c - i)$, is in the 'high-high' quadrant identified by 'Keep up the good work'. That title is based on $i_c - i > 0$ while $p_c - p > 0$, implying that performance is just fine. The rationale for 'Possible overkill' is that doing well on something that is not important is likely overkill (i.e. for Amusement park, $a = A$, one has $i_{A-i} < 0$ while $p_{A-p} > 0$, suggesting resources are excessive). 'Low priority' is associated with low performance being appropriate for low importance (i.e. for Exhibits $i_e - i < 0$ and $p_e - p < 0$). An attribute having its point in 'Possible overkill' or even in 'Low priority' is an attribute from which one might withdraw resources to have resources to improve performance on a 'Concentrate here' attribute.

Martilla and James (1977) raise the possibility of determining points to plot using medians rather than means. One would use medians when responses have distributions with certain shapes (e.g. outlier values should have limited influence on points used in plotting graphs). How response distributions having different forms affect IPA validity is a topic of discussion subsequently.

Collecting importance–performance data is not a defining characteristic of IPA. Applications of IPA replace importance and performance with alternative variables (e.g. Hammitt *et al.*, 1996; Huan *et al.*, 2002). Some researchers have 'extended' or offered an alternative form of Fig. 21.1. They do this to deal with what they see as problems with the original formulation (e.g. Dolinsky and Caputo, 1991; Mount, 2000). IPA refers to creating and interpreting a figure such as Fig. 21.1. Because of this, Blake *et al.* (1978) introduced *action grid analysis*, AGA, as an appropriate name for IPA. Referring to AGA rather than IPA focuses attention on AGA being about interpreting a graphic

display of some kind. In fact, based on the articles in the literature that deal with IPA, an analysis is IPA if the critical element in reaching conclusions is an *action grid* or *action grids*. An IPA may be the main component of a research project or an IPA can be a component of a research project in which several analysis methods are employed.

This chapter reinforces the idea that IPA is only about the analysis of importance and performance ratings if IPA, importance and performance are continually repeated. Therefore, such repetition does not happen. Subsequently IPA is referred to as AGA (action grid analysis). Reference to attribute-by-attribute rating data is to A–R data rather than P–I data. In A–R, 'A' is for achievement and 'R' is for relevance (Huan *et al.*, 2002).

AGA articles are numerous and diverse. They occur for management, healthcare, production, hospitality, tourism, recreation, land/water management and education (see Beaman, 2007, for references). While using the *action grid* in reaching conclusions determines that an analysis is AGA, very different uses of the action grid appear in the literature. However, as of 2007 no research exists on classifying AGA applications based on underlying theory (e.g. models of attitude rating structure or purchase behaviour). Nevertheless, recognizing general classes of AGA applications is an easy matter. To have names for types of AGA, let applications similar to the Martilla and James (1977) example be AGA-1. An application that is not AGA-1 is using action grids to compare average attribute-by-attribute A–R ratings of people in a reference group, g_r , to the average ratings people in g_o (o for other) believe reference group members hold. The idea is determining if any differences between $(p_{a;g_o}, i_{a;g_o})$ and $(p_{a;g_r}, i_{a;g_r})$ are significant. In applied research, a goal is determining what providers need to know to understand clients/consumers. AGA results could be used in staff training. Let this type of analysis be AGA-2. Examples of articles in this class are Dawson and Buerger (1992) and Steele and Fletcher (1991). Let AGA-3 designate AGA dealing with the internal functioning of organizations or analogous applications. Richardson (1987) examines effectiveness of communication and Havitz *et al.* (1991) study personnel being effective. These researchers recognize the need

to have different action grids for segments for which one can expect different A–R ratings (i.e. for members of different g_o). The goal of such AGA research is to understand something about function that allows effectiveness to be improved. One is not concerned with repurchase of a product. However, having a goal of retaining effective employees raises related issues, including keeping employees from going to the competition. McKillip and Cox (1998) provide an example of another type of AGA, say AGA-4. They are concerned with resources allocated to delivering something with achievement roughly proportional to resources needed. Therefore, if (p_a, i_a) form a pattern that roughly extends from the third to the first quadrant, resources are appropriately allocated (Fig. 21.2). Oh (2001) discusses (p_a, i_a) tending to be in the negative–negative quadrant or positive–positive quadrant. That discussion does not recognize the possibility that such a pattern occurring is a desirable outcome of AGA (e.g. the 3→1 quadrant pattern occurs when a certification programme places emphasis appropriately). Let Type-5 AGA occur when one is using action grids to achieve satisficing for multiple groups. The goal can be to arrive at an acceptable way to deal with using water or managing green space

when groups have different priorities. For Type-5 AGA one is not concerned with comparing action grids of groups. The grids provide insight into groups' priorities that is used in getting interest groups to cooperate in arriving at an allocation of resources to attributes. AGA-5 started to occur soon after AGA was enunciated (e.g. see Chapters 1–2 of O'Leary and Adams, 1982) and application of AGA-5 continues (Reed and Brown, 2003). Though most AGA-5 work involves a priori recognition of segments, cluster analysis may be used to recognize segments (Vaske *et al.*, 1996).

Enumeration of types of AGA could go on. However, identifying five types is adequate to show that considering AGA validity involves identifying validity criteria for different types of AGA. The length of this chapter results in only having subsections addressing validity for three types of AGA. Nevertheless, the sections provide ideas that apply to getting valid results for more types of AGA.

Reaching valid conclusions using AGA: three examples

People who apply AGA-1 are accepting that *the location of points in quadrants of action*

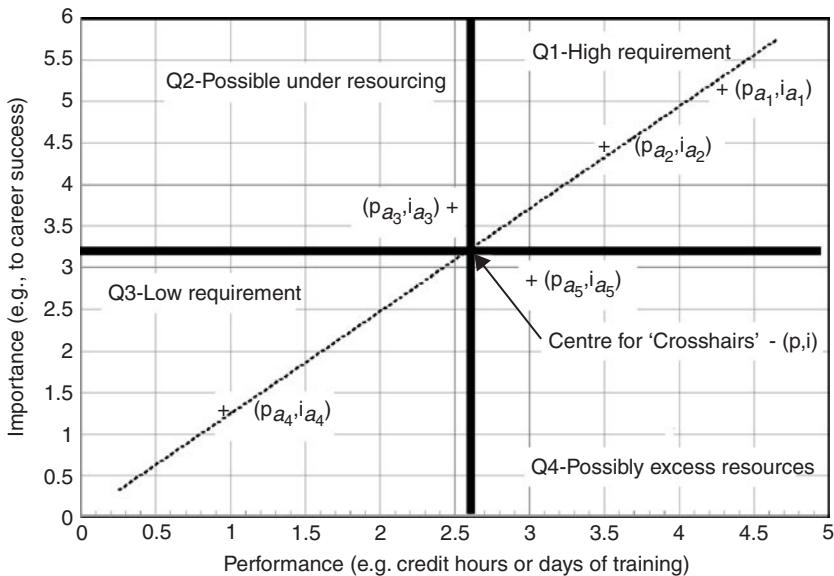


Fig. 21.2. Example action grid for AGA-2, assessing resource allocation against importance.

grids allows reaching valid conclusions. In the research of Martilla and James (1977) one can guess that certain conditions applied that are important for the titles of action grid quadrants to suggest appropriate actions with respect to the attributes. However, their example-based inferences about what a point being in a quadrant suggests *are not logical deductions.* No rigorous proof exists in their work that, *given certain conditions,* one can be relatively certain that if a point for an attribute is in a given quadrant, the quadrant label suggests an appropriate action to consider taking. The three sections that follow illustrate that for different types of AGA very different criteria apply in assessing the significance of locations of action grid points. The subsections being for AGA-2, AGA-4 then AGA-1 reflects increasing complexity in achieving validity.

AGA-2: product providers understanding clients

For the Taiwan festival, assume that an AGA study occurs to determine if service providers understand visitors coming to the festival. For now assume that data collection from providers is based on a random sample of providers that is drawn from the list of those who are in actual contact with clients for a number of hours for several days during the festival. Assume respondent selection is done using data on parties that are collected on entry to the festival site to select visitors (e.g. 18 or older or oldest party member) to interview by phone. The sample could be weighted to be representative populations such as person-visits, person-visit-days or unique person visiting the year's festival. Use of multiple weights can allow analysis for multiple populations. Anyway, decisions about populations for which means are calculated must be made because an action grid for person-visits can differ radically from one for unique clients. Locals who come several times and who come year after year could be 75% of person-visits but they could be 25% of unique clients. Beaman and Redekop (1991) discuss such difference in relation to confusion about whether a majority of visitors to a Canadian park is Canadian. Focusing on out-of-area clients can be important because their contribution to local economic

impact can be drastically out of proportion with their proportion of person/party-visits or person/party-visit-days.

A reason for mentioning segments is that asking providers how they think clients tend to rate relevance and achievement is unreasonable. Assume locals come to the festival primarily for special events, food and the amusement park while assuming most out-of-area visitors have a different perspective on what is important. Asking providers to specify an action grid for *all* clients is asking them to create an average pattern mentally and, possibly, without even recognizing they should. A provider with a good insight into visitors might recognize segments exist that have different rating patterns and therefore ask if one wants ratings for one segment or another.

Vaske *et al.* (1996) pursue the matter of different segments having different action grids. Their example may appear hypothetical but an AGA for a park that resulted in a misleading average grid caused their research. Recognizing segments allowed recognizing user conflict as the real problem at a campground. Some users wanted urban-oriented recreation facilities and others saw these as undesirable (one author participated in the reanalysis). When differences show providers cannot replicate an average action grid for multiple segments, one has not learned about what providers know about consumers. Wade and Eagles (2003) specifically pursue the need to consider segment grids. However, existence of segments, and them possibly having unique action grids, is a topic in articles that only pursue 'aggregate' analysis. In their AGA-2 studies Steel and Fletcher (1991) and Dawson and Buerger (1992) avoid an aggregation problem by comparing ratings from a somewhat homogeneous set of providers with ratings from relatively homogeneous clients but they do not stress the importance of homogeneity for valid analysis.

Now consider problems with the Taiwan AGA if executed as described. Not all providers encounter the same populations of clients. Think about the different jobs that providers do. People doing different jobs interact in particular ways with visitors. Assume some providers are only workers for special events, food service, exhibits, amusement park or parking. A provider who only deals with parking has

limited information on how clients see performance on other attributes. In fact, the level of contact with different visitor segments may differ radically by service provided (e.g. parking people have no contact with tour bus visitors). Oh (2001) introduces the problem of inferring one rating from another. If a parking provider sees clients as rating parking service performance as good, that interpretation can influence how the provider thinks clients rate food services. Why not just ask providers for A-R data that is relevant to their interaction with client segments they deal with? In fact, can an AGA-2 be valid when most provider ratings are not based on experience? As of 2007 one can only hope that research will clarify when service/facility-specific provider information can be used in AGA by applying appropriate weighting and aggregation techniques.

An important matter not yet addressed is that A-R data can be a function of endogenous and exogenous influences. Unless providers give what they expect is a typical pattern of A-R ratings for a segment under certain conditions, differences between $(p_{a;p}, i_{a;p})$ of providers and $(p_{a;s}, i_{a;s})$ for a client segment may relate to providers responding for good conditions and clients responding for conditions that actually occur. In more formal terms $(p_{a;p,w1,c1}, i_{a;p,w1,c1}) \neq (p_{a;p,w2,c2}, i_{a;p,w2,c2})$ because $w1 \neq w2$ or $c1 \neq c2$. Think about situations affecting responses that arise. Parking becomes crowded on busy days. Food lines can be long. A downpour can create problems in participating in some activities. Being outside can become unpleasant because of bugs or humidity. Conditions affect performance and presumably affect what people see as important to satisfaction or to repurchase (e.g. returning). One needs to collect data for 'typical' conditions or for specific conditions if a provider is to produce ratings like those of clients. When conditions affect clients' responses, one cannot expect providers to carry out some mental computation to factor in weather, parking and other influences on A-R data. Specific guidance is that A-R data should be augmented by *control* variables. A control variable for day-visitor data can be date and time of entry. Another area of control is recording information about respondents such as experience with the product (e.g. being a regular repeat visitor from out of the area) and

decision-making role (e.g. spouse decided on the visit happening). Knowing control information can allow linkage to information such as data on parking conditions, weather or crowding. Controlling for conditions encountered can affect results of analysis.

The term A-R data appears repeatedly above. However, are A-R questions to be about being satisfied, about returning or about something else? One may suspect AGA-2 A-R questions for the festival would typically be: *How important was X-attribute to you being satisfied with the festival?* and *How did performance on X-attribute contribute to your satisfaction with the festival?* Responses to these questions could be 1 to 5 for 'not at all' to 'extremely/critical'. Oh (2001) comments on the possible tendency to rate too high or too low when attributes are rated independently. The structure of the model behind the analysis is flawed if one treats the effects of attributes as additive but combinations of attributes that occur are especially desirable or undesirable (e.g. see Oh, 2001). When a non-compensatory model (e.g. see Matzler *et al.*, 2004) is operative in causing patterns in A-R data and you ask providers and clients to respond as if a compensatory model applied, what good are the results?

Positioning crosshairs has not been a topic. Given the amount of debate in the literature, positioning crosshairs is an important matter to address (e.g. see Oh, 2001). However, when one recognizes that types of AGA exist, one sees that placement of crosshairs, as well as other matters, is only important for some types of AGA. For comparing attribute-by-attribute average or median responses by one group to a reference, having crosshairs is just a convenience. If you have crosshairs in the right place, an action grid looks nice. Comparing responses of two groups with due consideration of inter-correlations (e.g. see correlation results in Oh, 2001) impacting how distance should be measured and how distances are interrelated is difficult. However, research needs to occur if one is to know if a simplistic AGA-2 approach is producing deceptive results; to know if the overly simple structure of the AGA model being used is resulting in flawed conclusions.

In closing this commentary on AGA-2, consider one wants to use clients' responses

collected as part of getting data for an AGA-2 to form grids for making decisions about changing attributes. If one is going to make quadrant-related judgements based on the example of Martilla and James (1977) then one is combining AGA-2 and AGA-1. Combining types of AGA into one research project may well be effective use of resources. However, unless research is properly formulated the AGA-2 can be valid and the AGA-1 invalid.

AGA-4: evaluation of priority on attributes

AGA-4 is interesting because of two characteristics. If a product is good, (p_a, i_a) in an AGA-4 should have a certain pattern. As well, achievement is measured objectively. Consider using AGA to see if the correct priority is being put on components of an accreditation programme (McKillip and Cox, 1998). *Achievement* can be assessed by a respondent-independent measure such as amounts of time devoted to teaching components (e.g. credit hours required). From an action grid one sees, for example, if components of an accreditation programme are appropriately allocated to meet the needs of those accredited. Components for which limited time is needed should have limited time spent on them and vice versa. Therefore, an action grid for a successful product is one that has component-related points somewhat along a line from the third action grid quadrant to the first quadrant (Fig. 21.2). In this context, AGA applications such as adjusting course offerings to increase contributions to success (e.g. Alberty and Mihalik, 1989) are classified as AGA-4 *when achievement is measured objectively*.

Is objective measurement desirable? Johns (2001) discusses using objective information. Benefits are obvious. Consider one is concerned about the hours devoted to teaching something. Basing analysis on *hours offered* rather than a rating that is supposed to reflect *hours offered* eliminates making a questionable inference from ratings to hours. Using the objective information can also eliminate random error in ratings and ipsative error (e.g. Vaske and Beaman, 1995).

For an axis for which measurement is not objective, measurement options exist. One can ask respondents to distribute 100 points to

components to show the relative contributions of attributes (e.g. see Dawson and Buerger, 1992; Aigbedo and Parameswaran, 2004). Distributing points is a way to avoid most ratings being high or low (Oh, 2001).

Now, consider that theoretical justification for an AGA-4 is based on an argument like: *a learning programme is good if its parts contribute appropriately to participants learning what they need*. One can look at a quadrant for 'Too much time spent for relevance' and conclude that points that are not in the quadrant by chance show areas to consider for alteration. However, if people who rate a programme are in groups, g , is knowing the $(p_{a,g}, i_{a,g})$ for groups critical to making decisions about programme change? Think about certificates or degrees being a vehicle to gain access to types of jobs, g , in a set, \mathbf{R} ($g \in \mathbf{R}$). Given that one collects data from a quasi-random sample of people that trained to go into jobs in \mathbf{R} , one can expect training/certification will have different degrees of *relevance* depending on the g a person *ends up in*. Variability is associated with group membership but given 'ends up in' the variability is post facto. Variability associated with group membership impacts i_a of (p_a, i_a) . However, if at the time of training people are not associated with groups one has a Bayesian problem. One can address the problem by recognizing that variability (e.g. standard deviation of i_a) should be considered in decision making. Rather than having 'balloons' for (p_a, i_a) that show variability (e.g. see Smith and Tarrant, 1999), one can show variability in the i -dimension by lines, as lines are used in charts for stock prices. Lines showing the standard deviation in i_a show the *diversity* in an i_a for a given p_a . If *diversity* is large, one can infer, for example, that a move to restrict time for delivering content for a adversely affects a large number of people who need more training than p_a . In other words, one can reduce the risk of making poor decisions using AGA-4 by using a modified action grid. This amounts to modifying the AGA model so that *important information lost in projecting data into the conventional action grid is preserved*.

Further study of and writing on AGA-4 is needed. One topic could be applications of AGA-4 in tourism research. Evaluation of tourism-related academic and accreditation programmes

is the obvious area of application. Maybe other areas can be identified. Technical topics include setting crosshairs. This involves different issues from those that apply to AGA-1. An important practical matter arises when the cost of changing programme components by a fixed number of hours is very different for different programme components. Measuring costs and benefits of change requires consideration in rational decision making. Research is required because linking AGA-4 results into rational decision making is not trivial.

AGA-1 for doing better or hanging in

Sound justification of an AGA that more or less mimics the example of Martilla and James (1977) presents substantial problems. Oh (2001) provides a review of relevant literature. One finds various discussions of multi-attribute decision-making (MADM; e.g. see Aigbedo and Parameswaran, 2004) and attraction/satisfaction formulae (e.g. see Oppermann, 1996). However, Matzler *et al.* (e.g. see 2004 for references) present logical arguments regarding a model implicit in AGA-1. Their conclusion is that given a realistic model, managerial implications derived using AGA-1 are misleading unless certain particular conditions are met. An interesting practical example of AGA-1 being invalid arises when more is gained by increasing performance on an attribute with high relevance and achievement than by improving on a highly relevant attribute that has low performance (Oh, 2001).

To put issues with AGA-1 in context, think of an AGA-1 for the Taiwan festival. Let adequate parking for the festival be a rating of '3'. Based on Matzler *et al.* (2004) let that be the threshold of acceptability for parking. However, assume having '4' achievement on parking is a low priority (e.g. relevance is '3') but having better food and entertainment is a priority (e.g. both have relevance of '4.5'). The circumstances describe a realistic situation in which parking is in the 'Concentrate here' quadrant of an action grid but one should be concentrating on food and entertainment, at least to meet clients' priorities. Conclusions based on the festival action grid are flawed. Now, introduce a further complication by thinking about locals not needing parking for a

car because they can easily walk to the festival or use a moped or a bicycle to go. Having locals who do not use parking rate parking is questionable. As already suggested, locals and out-of-area visitors may differ on importance of attributes other than parking. Given locals and out-of-area visitors have very different action grids, how do you make decisions? AGA-1 is based on having a single action grid for a product for which attribute modification decisions are to be made. If an action grid yielded ratio scale information, you might perform benefit calculations using two or more action grids. When you are working with influencing ratings (e.g. for satisfaction) you do not have meaningful quantitative information to work with in making optimization decisions (e.g. based on net local economic impact).

Oh (2001, p. 625) credits Oliver for suggesting that a criterion concept such as 'return intention' could be used in AGA. Think about what you really want to know if you are concerned with increased profit. For the Taiwan festival, one might target: (i) increasing spending per visit-day; (ii) increasing numbers of party-visit-days during the 10 days of the festival; or (iii) increasing the number of unique persons visiting per year. If one asks respondents about performance influencing their satisfaction, one arrives at some amorphous idea of increasing something contributing to goal achievement based on satisfaction being increased. Realistically, increasing satisfaction on an attribute may be keeping up with the competition (Dolinsky and Caputo, 1991; Oh, 2001) or may cost more than the revenue generated even though visits increase. Considering the capital and/or O&M costs of raising *performance* and maintaining the higher level are important to a business being viable. However, how do you know how much raising satisfaction will contribute to the bottom line? A danger with AGA is taking decisions to make change without appropriate consideration of the net benefits of taking action.

Increasing satisfaction does not relate to behaviour in a simple way. This impacts AGA validity. For a Taiwan festival like the one used as an example, some non-local clients drive, some come on tour buses, some are one-time-only visitors and others come regularly. One-time-only visitors are not being influenced to return by

changing an attribute. Should one-time-only visitors be asked about recommending the destination? If you are concerned with increased visit days from repeat visitors, should they be asked specifically how they expect performance has affected coming more or less in the future? Questions about satisfaction may be fine for modifying attributes of some products. In tourism, one is dealing with a special product for which segments exist, such as one-time-only and variety seeking consumers. Research is needed to establish segments for which particular questions can be used to actually get information directly related to achieving a goal (e.g. how many days do you usually spend and, given performance experienced, will you spend, e.g. 'no days', '10% fewer days', 'same number of days', '10% more days' and '50%+ days').

Comments to this point have not addressed parties not being the decision unit for tourism products. Decision making is a social phenomenon (see Martin, 2007, and his references) except when an individual makes a decision that, for research purposes, only impacts her/himself. For the Martilla and James (1977) AGA-1 example, one can visualize individuals, who are the decision makers of concern, bringing their cars in for service. However, as Martin (2007) and sources he cites make clear, decisions to travel that do not just involve an isolated individual have a social component. What do the A-R data from a wife or friend, who are on a holiday, show about the motivations of another person who makes most of the decisions about the holiday and who will decide on returning to a location? In the case of a family and joint decision making regarding a product (e.g. a holiday to X), A-R data from one person may do little to elucidate how other adults and children affect what is done. In other words, in many tourism decision situations one can expect that a significant proportion of data collected for AGA are of questionable or limited value. If a decision model lies behind a particular AGA, how useful are AGA results based on data that are *corrupted* by having a lot of responses that carry incomplete or misleading information regarding decision making?

As with other subsections for types of AGA, much more could be written. However, material covered, in conjunction with material referenced, gives one a broad perspective on

problems with AGA-1. Pursuing matters raised in depth is appropriate for separate research. A critical matter in such research will be recognizing sub-types of AGA-1 that have viable validity criteria and that are of practical utility. Without such classes being identified, Matzler *et al.* (2004) give one good reason to believe that the risk is high that results from AGA-1 will be misleading. To lower risk, every analysis made should have an application-specific justification. The ritual of using the ideas of Martilla and James (1977) as justification is not appropriate.

Special Response Related Considerations

This short section introduces a plethora of important ideas. Comments on allowing appropriate responses and the nature of response distributions apply to a broad range of AGA applications. The idea of using one or more A-R response values to trigger asking questions that may yield critical information for reaching valid conclusions in research involving AGA is not a matter addressed in the AGA literature as of 2007. AGA validity being a function of accepting action grids as conveying appropriate impressions of interest group priorities is a matter that is only implicit in the literature. In contrast, the final subsection on computing relevance provides some coverage of a topic that appeared in the early AGA literature and has received periodic attention since.

Allowing appropriate responses

Think about people going to a festival and feeling an amusement park is out of place or going to a natural park and feeling elaborate boat facilities, picnic areas with play equipment or fields for sports are out of place. For an AGA, one may ask how important the kinds of facilities listed are for satisfaction or returning. Only permitting ratings of 1–5 for relevance and achievement may not allow some respondents to express their attitudes. Someone indicating '1 = unimportant' does not show a desire to see such facilities be reduced, or at least not expanded (e.g. to perform better). Rating '5 = very important' for a facility that is very

important to *not returning* is not going to be interpreted correctly. This is because a (1,5) rating contributes to (p_a, i_a) being in the 'Concentrate here' quadrant. However, a (5,5) would suggest 'Keep up the good work'. To be able to express negative feelings one needs scores like (-3,-5) that are interpreted as 'the achievement really bothers me' and 'it is very important that the facility/activity/service be less apparent'. Now, if people divide nicely into segments based on favouring and opposing certain attributes, the coding proposed amounts to establishing two action grids each with a crosshair. If subsets of attributes exist that are favoured resulting in segments that are positive on some attributes and negative on others, no way to form meaningful action grids is currently available. Maybe research can establish a way.

Given that AGA is only meaningful if respondents can express their attitudes, recognizing the need to allow appropriate responses has implications. In use of AGA in planning, part of planning for research should be determining if A-R questions are such that *questions and answers exist that are appropriate for all consumer segments*. Given an expected A-R data structure, one must determine if one can expect to form action grids that can be used in reaching the goals of the AGA research. Given that no AGA research on 'Allowing Appropriate Responses' exists, progress in this area depends on research occurring.

Response distributions

As noted earlier, Martilla and James (1977) mentioned that using medians could be better than using means for some AGA with skewed response distributions. For badly skewed distributions, the median is one of a number of robust estimators (see Wilcox, 1997, Chapter 2) that have smaller standard deviations than the mean. Given one can select a less variable robust estimate than the median, why use the median? From another perspective, why does one want to play down or eliminate the influence of outlier values (i.e. of values in the tail of the distribution)? Assume a robust estimate carries the same information as the mean, using the lower variability estimate is justified. However, if outliers provide special information on what is influencing a consequence of

concern, ignoring information conveyed by them is not good use of research resources. Depending on the frequency of outliers, addressing factors causing them may lead to a better way of achieving a goal (e.g. increased profit) than formulating action based on action grids that give a partial or even misleading perspective on appropriate actions to take.

Considering outliers as part of carrying out AGA is certainly not conventional. In fact, an immediate reaction may be that one will have no information about why outliers occur. As alluded to elsewhere, part of good AGA design should involve planning to collect data that allow one to relate outliers to conditions such as crowding and loading of parking. Another subsection introduces using outlier responses as triggers for asking questions that clarify why one has deviant responses. Research is needed on making effective uses of research resources by capturing information associated with outliers.

Just as having outliers has implications, a distribution of responses being too wide can suggest problems for AGA. For example, having 10%, 15%, 25%, 25% and 25% of responses for '1' to '5' respectively is a wide distribution. Now, the distribution could occur because of widely varying endogenous or exogenous conditions. If that is the case, AGA is probably not appropriate (e.g. to determine product attribute modification). If being wide occurs because respondents find a question vague, then using the responses can lead to flawed decisions. Ipsativity (Vaske and Beaman, 1995) can cause a wide distribution. Some people tending to rate high and others tending to rate low can cause p_a and i_a to be so variable that one cannot reach conclusions with any certainty. Variability may hide an important response pattern. Finally, a distribution being wide, even bimodal, occurs when responses come from two different segments. Then, one should be looking at action grids for segments. However, if ipsative variability is significant, this should be considered in using cluster analysis to search for segments (Vaske and Beaman, 1995).

The bottom line is that executing AGA should involve examination of response distributions. However, since diversity should be a 'dimension' of an AGA-4 action grid, what one looks for depends on the type of AGA occurring. Research is needed to provide guidance on the

kinds of examinations of distributions to employ for various types of AGA.

Triggers

Here *trigger* is the term that refers to using a respondent's answers to cause particular questions to be asked. With a paper questionnaire, having branches that encourage respondents to give information on one or more deviant responses or to give responses appropriate to being in a given segment is awkward. Modern computer-assisted interviewing (CAI) removes problems that occur when using triggers with paper questionnaires. To get an idea about what can be done easily using CAI, one can watch a short video (Techneos Systems Inc., 2007). One sees that creating a multilingual questionnaire with scripts that allow branching prior to or after answering a question is easy. Branching can be based on any information available. For example, when a respondent indicates being a one-time-only visitor, A-R responses can be about how performance influences them recommending a product. With CAI one can specify that any response of 2 or lower on achievement triggers asking for a reason. When a respondent indicates performance on one or several attributes was bad, one can accept all A-R answers and then proceed to have the respondent record information about what caused certain responses. Because values that control triggers can be easily modified (and values operative recorded as data), as data accumulate one can refine trigger criteria based on responses received. Given that triggered questions are not interjected into the 'base' questionnaire (are asked at the end of questioning), using triggered questions does not affect responding to non-triggered questions.

Collecting survey data is generally an expensive proposition. Furthermore, if data are used in decision making, getting good information for taking decisions is desirable. Using triggers is a vehicle for getting information relevant to taking decisions when information from a respondent indicates that a special questioning strategy should be used. Though using triggers is not directly related to interpreting an action grid, using triggers flows logically from the idea that interpretation of A-R data is important to decision making. If using triggers

results in deciding that action grid results should be ignored, using them has contributed to research validity.

Action grid acceptance as a validity criterion

For AGA-5 one creates action grids for groups to encourage satisficing behaviour. If one argues that, given the research objective of achieving satisficing behaviour, the research succeeds if groups accept that the action grids formed present their perspectives adequately enough to be the basis of negotiation, quadrants, crosshair placement, means or median for $(p_{a,g}, i_{a,g})$ do not really matter. In other words, a reasonable argument for AGA-5 is that validity relates to being useful for achieving a goal (e.g. satisficing). Such a utilitarian concept of validity may seem bizarre. How should one view AGA validity in the context presented? At least one thing is clear. Part of dealing with AGA validity is being clear about what being valid means in application contexts like that of AGA-5.

Computed relevance

This subsection provides information on whether to pursue the matter of computing relevance rather than asking people about relevance. The idea of computing relevance has a simple basis. If data on satisfaction or some other variable showing the consequence of performance are available, why not determine i_a as regression coefficients that show the relevance of achievement in producing a consequence? Only a few years after AGA was introduced, research using computed relevance appeared. O'Leary and Adams (1982, pp. 19–21) do not carry out a regression but they do compute relevance. Crompton and Duray (1985) provide the first analysis of using computed relevance in AGA. Mount (1997) reinforces the value of obtaining relevance information for use in AGA in a more objective way than asking respondents. However, computing relevance depends on modelling how A-R data relate to a consequence. Oh (2001) notes that when interactions in A-R data are important in determining consequences, one does not just have i_a explaining consequences. Because interaction effects cannot be exhibited

in a two-dimensional graphic, their existence can mean that the action grid gives a quite poor picture of relations (i.e. the model structure risk in using AGA is high).

Research on when relevance should be computed is needed. Modelling is appropriate for AGA-1. For AGA-4 one may be able to replace respondent ratings on such matters as components of training contributing to employment by information from job descriptions on training requirements. Innovation will result in new applications of the action grid that yield creditable information for decision making.

Risk of Conclusions being Invalid

In considering that conclusions may be invalid, one can think about type-1 and type-2 error. Both statistical variability and problems with models on which conclusions are founded can result in problems analogous to: (i) no significant difference is found when one exists; and (ii) a significant difference is found when one does not exist. In some types of AGA the probability of flawed conclusions increases with the number of (p_a, i_a) or $(p_{a,g}, i_{a,g})$ because the probability of points being in the wrong quadrant increases (e.g. for AGA-1) or because, with more differences in location being considered, some will be significant (e.g. for AGA-2). The subsections that follow elaborate on such matters. Both statistical variability risk and model structure risk influence the outcomes of AGA.

STATISTICAL VARIABILITY RISK. Tarrant and Smith (2002) (also Smith and Tarrant, 1999) facilitate visualizing statistical fluctuation affecting AGA conclusions. Based on standard deviations of p_a and i_a , they use markers to show an area in which they claim the accurate location of (p_a, i_a) has a certain probability of being (e.g. a 95% probability). If a zone overlaps 2 or more action grid quadrants, a risk exists of drawing invalid conclusions. However, unless special conditions apply, rigorous consideration of probability and risk requires more sophistication than using standard deviations in p_a and i_a to draw zones. Given one estimates the location of crosshairs, variability in the crosshair location affects the probability

of (p_a, i_a) being in a particular quadrant (e.g. affects AGA-1 conclusions). Furthermore, while seeing zones overlap quadrants suggests risk, measuring the risk of being outside of a particular quadrant involves estimating the probability associated with the part of a zone that is in a particular quadrant. Furthermore, correlation between p_a and i_a , in fact correlations across attributes (see Oh, 2001), affects determining risk correctly. As well, for AGA-2, (p_a, i_a) being in quadrants is not a concern. One reaches conclusions based on how points relate to each other. The zones of interest could be zones that show something about the difference $(p_{a,g1} - p_{a,g2}, i_{a,g1} - i_{a,g2})$ being or not being significant. Mount (2000) provides a unique perspective on AGA significance. Regardless, as of 2007, development of statistical risk analysis for AGA is inadequate.

MODEL STRUCTURE RISK. In making statements about theory and models behind AGA, one needs to recognize types of AGA and even recognize that for a given type of AGA, behaviour and attitudes may be explained by a particular model or class of models (e.g. non-compensatory). One may be swayed by discussions about multi-attribute decision making in Aigbedo and Parameswaran (2004) or in Oppermann (1996) but these authors do not pursue deduction to the point of reaching important conclusions reached by Matzler *et al.* (2004). Searching the AGA literature to 2006 shows Matzler *et al.* (2004) provide the most sound attitude-behaviour model critique of AGA-1. Matzler *et al.* (2004) and matters raised by Oh (2001) show justification of AGA must go beyond presenting an example like that of Martilla and James (1977).

A problem inherent in using a 2-dimensional action grid is that unless behaviour follows some very restrictive models, when one projects multidimensional data into a two-dimensional display a lot of information is lost. Given a model that fits AR data well, nuances (e.g. consequences of interaction or non-compensatory effects) cannot be captured in a two-dimensional graphic. Diversity is introduced into AGA-4 to reduce information loss. Therefore, model structure risk is associated: (i) with imperfection of an attitude-behaviour model behind an AGA; and (ii) with a two-dimensional graph

being inadequate to display multidimensional relations accurately. *However, one does not abandon using cross tabulations because they do not convey the nuances of multidimensional phenomena.* In the same vein, one should not abandon AGA because a model behind an analysis is approximate or because information is lost in projecting data to a low-dimensional graphic. One should be concerned with the risk that model problems with AGA result in incorrect inferences.

Currently, virtually nothing is known about model structure risk in using AGA. Research is needed to know when model structure behind an AGA application is such that projection is likely to lead to flawed conclusions; when risk in using AGA is high because of model related factors.

Ideas presented and other IPA literature

This chapter is written for two audiences. Practitioners who are considering applying AGA but have not thought about obtaining questionable results can read the chapter as a stand-alone document. They are introduced to important matters. The length of the chapter results in providing limited guidance on when and how to use AGA to obtain results in which one can have confidence. The chapter is not stand-alone for readers who wish to pursue theory development. They must read, or have read, Oh (2001), Matzler *et al.* (2004) and articles cited in these. Other theory-related articles cited are important reading material for understanding developments regarding such matters as relative importance (e.g. see Mount, 1997, and his references) and incorporating competition into AGA (e.g. see Dolinsky and Caputo, 1991, and references cited in Oh, 2001).

Practical and research implications

The practical implications of this chapter are numerous because the chapter focuses on using AGA. Because the chapter has a practical orientation, to repeat practical suggestions already presented is not reasonable. To review practical implication of the chapter one should reread the chapter, starting with the section 'Reaching valid conclusions using AGA: three examples'.

Regardless of the practical orientation of the chapter, discussions of specific matters often lead to the conclusion that research is necessary to support making decisions about using AGA. Yes, for some types of AGA (e.g. AGA-2, -4 and -5), if survey work is well thought out, well justified and well executed, validity of the research need not be an issue. Still, because no rigorous classification of types of AGA exists, practitioners need guidance to know if in certain conditions using AGA is very likely to yield correct conclusions. Furthermore, description of survey issues clarifies that many practitioners should have guidance so they understand if they, for example, need data for populations or subpopulations such as unique visitors, person-visits, unique parties or party-visits. Guidance may be required on sampling and on weighting responses to produce data for one or more populations/subpopulations. Sampling issues extend to collecting data that allow recognizing segments, asking appropriate questions of respondents in particular segments and having adequate sample sizes for analysis given the need to control for exogenous and endogenous influences on responses. In other words, researchers need to produce sound guidance for decisions about applying AGA when appropriate and for applying various types of AGA.

Analysis issues requiring research are numerous. Research areas mentioned include evaluating homogeneity, examining response distributions for width and outliers, using robust estimates and using mathematical procedures (e.g. cluster analysis). The kinds of research listed must be combined with developing theory for types of AGA. Still, this chapter is not suggesting that the use of AGA be abandoned. The authors would not hesitate to use AGA where analysis of achieving goals shows that getting valid conclusions is likely and using AGA is reasonably cost effective.

Training Exercises for Tourism Research Analysts and Executives

Research can fail due to a lack of thought about how objectives will be achieved. Just thinking about the use of IPA can help define good research. Research actually undertaken may

not involve using IPA. In that regard, these two exercises focus on making prudent decisions about doing research in which IPA/AGA might be used. Scenarios define situations from which lessons about doing research can be learned. When reading the scenarios, emphasize comprehension rather than trying to critique scenarios. Details in scenarios are important when answering the questions. Although previous discussion provides background for answering exercise questions, successful completion of the exercises is facilitated by reading references such as Oh (2001).

Training Exercise 1: AGA-4, adjusting an intern training programme to optimize achievement

Consider that your agency/organization regularly receives *interns*. You are concerned with effectiveness of a particular intern training programme. After training, interns work in four areas (e.g. of hotel/resort operation) and some participants will be offered employment at the end of the 13-week programme.

In the programme interns undergo a one-week orientation and classroom training programme that has six components with training hours allocated as follows: c1 = 12 h; c2 = 9 h; c3 = 7 h; c4 = 5 h; c5 = 3 h and c6 = 2 h. This training may be modified. Assume c5 is ‘Using the organization’s computer system’ and c6 is ‘Overview of the organization’s structure and function’. Training starts with c6. Then c5 follows since what is learned in c5 is critical to success in other components. Components c1 to c4 can occur in any order. Each intern is training to be able to work in the four distinct areas in which all interns are expected to work (i.e. for three weeks each in areas A1 to A4). An intern must ‘pass/succeed’ in components to remain in the intern programme. Signs, study materials and exams/quizzes on each study component identify training components by names interns are expected to know.

About 70% of incoming interns complete the 1-week training programme and begin the 12 weeks of work experience. Interns work in A1 to A4. They are randomly selected to start

in a particular area. An intern moves sequentially through areas (e.g. A3→A4→A1→A2). Although the intent is for each intern to have broad and challenging experiences in each work area, work area managers are responsible for job assignments. Area management prepares performance reports on interns and can recommend to the Training Centre that an intern be discharged from the training programme.

Assume you have read McKillip and Cox (1998) and some other material on IPA/AGA. Therefore, you are considering using AGA-4, importance–performance analysis for training assessment and adjustment, to see if the intern training can be improved.

Your Training Division Director asks your organization’s Research and Statistics Division (RSD) to examine using AGA-4. RSD is given literature on AGA-4. RSD knows about the intern training programme from regular participation in c6 and from company documents on the training. RSD is to report to your Director on using AGA-4 or other research to meet Training Division objectives. In training, interns learn that RSD regularly collects performance and other information without compromising employee identity.

This exercise involves examining and reacting to RSD’s suggestions.

RSD recommends carrying out a survey of a random sample of 100 interns. They are to be employed by the organization for 6 months or more. The sample is recommended because the population is clearly identified, easily and cheaply drawn from personnel records and non-response should not be a problem. As one knows from polls, by having 100 interviews and given roughly 100% cooperation in responding, estimates will be accurate within 10% with 95% certainty. RSD proposes that estimates that are within 10% are more than adequate for the research.

Informants are to receive an email ‘asking’ them to rate the importance of the six training components to them being successful in working for the organization. To assure respondents are anonymous, the data set does not have any information to identify individuals. Respondents can print a paper questionnaire to place in a collection bin, rather than making an electronic submission.

Training Exercise 1: Questions

1.1. Which of the following responses is least likely to be a valid critique of the research plan?

- (a) The 'accurate within 10%' statement does not apply to rating data (i.e. to this research).
- (b) Nearly 100% response should not be expected.
- (c) Only c1, c2, c3 and c4 should be used in an action grid when applying AGA-4.
- (d) Obtaining meaningful results is compromised by using ratings based on 'being successful in working for the organization'.

1.2. Which of the following is the most questionable statement?

- (a) c5 and c6 should be rated on providing needed background for success in c1 to c4.
- (b) Interns must do well in all components to remain interns.
- (c) High variability in ratings for c1, c2, c3 and c4 can imply the desirability of adjusting training to interns' background.
- (d) A high failure rate on c5 has no implication for adjusting the training programme.

1.3. Sample selection bias occurs when, for example, successful companies are studied to see why they are successful. A study being done including failed companies can change research conclusions (Denrell, 2005). Which two of the following are least questionable?

- (a) Other than sample size, no problems exist with the sample proposed.
- (b) RSD should have asked for a clear objective statement for intern training.
- (c) Sample selection bias is not an issue in this research.
- (d) Just using AGA-4 in analysis is not appropriate.

1.4. Advanced training exercise. Write two or three paragraph e-mails to RSD and/or your boss regarding what should happen with the research. Consider how you think the organization expects you to relate to RSD. You may need to write a note to your boss on why an e-mail to RSD is needed and write an e-mail not from your boss to RSD that proposes how to proceed.

Training Exercise 2: AGA-1 to increase profit

You run a facility for tourists. The destination is isolated so travel costs are substantial. At the

destination visitors only have access to what you offer/sell. About 35% of your visitors declare they are probably having a one time-only visit experience. About 25% are first-time visitors who say they are checking out the destination to see if they want to come 'regularly'; these are checking-it-out visitors. About 40% of visitors are repeat visitors. Transport in/out, accommodation, food for three meals and a late snack, 'happy-hour' drinks and use of beach and pools for swimming and sunbathing are in the fee charged for visiting (e.g. transport in/out is charged plus a per person per day charge based on accommodation type). Accommodation types are 1 = economy to 4 = luxury. The resort welcomes families and offers full day professionally qualified child care at a Child Centre and certified care workers for in-accommodation evening care at a fee. However, the 'per person per day charge based on accommodation type' is for any person. Also, access to some facilities/activities/services is based on age.

Some services are influenced by accommodation type. All visitors eat at the same dining facility. They seat themselves and order from one menu. However, other than at happy hour, people receiving types 1–2 accommodation must pay for their liquor, wine and beer. A person receiving types 3–4 accommodation gets some alcoholic products free. Although free group instruction is available for activities (e.g. tennis, golf, spa, windsurfing and riding) visitors must pay for related court/course/equipment if in types 1–3 accommodation.

Your Marketing, Research and Performance Evaluation Director (MRPED) suggests using IPA/AGA (AGA-1) as a first step in deciding about changing attributes to increase profit. Having done other work based on Martilla and James (1977), the Director proposes generating a random sample of checkout parties using random numbers to select parties at checkout. A party selected will be asked if the 16+ person with birthday nearest to the checkout date can be phoned in roughly 2 weeks to answer 21 importance–performance questions. A paper questionnaire will be handed to the person at the checkout desk that can be completed by the appropriate respondent prior to departure.

The importance–performance questions are about services. Ten questions are about services that apply equally to all visitors (e.g. transport

in/out, dining services, room service). Five questions are about services paid for by some visitors. Finally, three questions are about child services and three are about fees/charges. The respondent distributes up to 210 points to the performance questions. Distributing points is done to cause thinking about performance differences as tradeoffs. Evidence shows distributing points creates an appropriate spread in response values (e.g. see Aigbedo and Parameswaran, 2004, or Oh, 2001; Dawson and Buerger, 1992). If for a respondent, performance on some attributes is irrelevant (e.g. child related and a party has no involvement with children), responses are left blank (non-response). When a response is left blank, 10 fewer points are to be distributed (e.g. for 18 responses distribute 180 points). Importance is to be determined by regression analysis. Questions that relate to the company's profit objective are to be asked and responses will be dependent variables used in computing importance (e.g. repeat visitors will indicate likelihood of returning on a line such as in Fig. 21.3). To assess the impact of return frequency, repeat visitors and checking-it-out visitors will be asked about likely frequency of visiting in the next 10 years.

Using the data collected the MRPED will prepare action grids for three visitor segments (one-time-only, checking-it-out and repeat) and will present results and recommendations to management using the action grids. Medians will be used in forming action grids so that a few very low ratings (outliers) do not overly influence analysis.

Training Exercise 2: Questions

2.1. Assume that about 1500 parties are approached. About 1000 agree to participate

and provide 950 usable questionnaires. Which two of the following responses are least questionable?

- (a) The action grids proposed for analysis are appropriate.
- (b) Computing respondents' ratings of importance better reflects how decisions are made than asking for importance ratings.
- (c) For a given level of importance, increasing performance on an attribute has more impact if performance is low.
- (d) Segmentation is not adequate for the analysis to produce valid results.

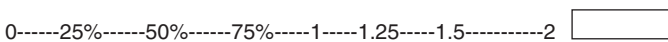
2.2. Which of the following is least questionable?

- (a) By looking at action grids for segments with different grids, one can draw sound conclusions on attribute modification actions to take.
- (b) A particular segment's action grid would give valid information for modifying attributes if one only had visitors from that segment.
- (c) For all segments, getting a quantitative response about times likely coming in the next 10 years is important.
- (d) One should ask one-time-only visitors about expected performance as motivation for coming rather than, e.g. asking about performance influencing intention to recommend the destination.

2.3. Now assume that the data collection and the analysis strategy are improved by a priori stratification. Which two of the following are least questionable?

- (a) Data must include accommodation type (1 to 4) and variables on using child related services.
- (b) The sampling strategy is good for the analysis that will be needed.
- (c) Because sample selection bias may occur, keeping data on parties refusing to participate in the survey is desirable.

On the line mark how you feel performance of the destination has influenced making return visits and put a numeric value in the box provided.



Interpret 0 as 'not coming back'; 25% as about 1 in 4 chance of returning; 50% and 75% as 'will come half and come 3/4 as much; 1 as coming at the same rate; and 1.25, 1.5 and 2 as showing the increase in coming.

Fig. 21.3. 'Line' for recording overall impact of performance on future behaviour.

(d) Outlier responses are of little value in research on modifying attributes to increase profit.

2.4. Which response is most questionable?

(a) For the repeat segment, one should collect data that allows calculating how attribute change affects volume of visits.

(b) Recording information (e.g. date of arrival and length of stay) to link endogenous (e.g. service problems) and exogenous (e.g. weather) influences to responses can be as valuable as recording importance–performance responses for attributes.

(c) Having outlier responses trigger questions on why an outlier response is given (e.g. children do not like the place) can yield key information for decision making.

(d) Importance–performance ratings for satisfaction such as 1 = unimportant/unsatisfactory performance to 5 = very important/performance very satisfying allow respondents to adequately express their views on attributes.

2.5. Advanced training exercise. Write an essay about issues involved in using AGA-1 that are raised by answering questions 2.1 to 2.4. The essay should build on the justifications for responses given in the answer material. For those expected to read articles such as Oh (2001) a requirement is including discussion of how the exercise material relates to matters covered by Oh.

Trainer's note – discussion and exercise solutions

Training Exercise 1 response: AGA-4

Question 1.1: (a) is valid since 'poll' accuracy does not apply to ratings (see e.g. Beaman *et al.*, 2004). Response (b) is the correct response (least likely valid). Given the circumstances, most employed interns should respond. (c) is valid since c5 and c6 are training needed for c1 to c4. (d) is valid given that being at work with the organization does not necessarily have anything to do with a respondent feeling 'successful'. A respondent can detest a job that is being done and see no opportunity but needs the work. What one

should ask to draw conclusions on appropriate modifications to the training can be discussed.

Question 1.2: (a) is reasonable given that c5 and c6 are prerequisites for c1 to c4. (b) is reasonable given what training is to achieve. (c) Variability in ratings can imply some interns come knowing what training covers. Discussion can be on other reasons for variability. (d) is the correct response (most questionable). High failure can have implications for adjusting the training programme. Some people who would be good employees may fail training because of a lack of background/knowledge that could be eliminated in a few hours. A topic for discussion can be getting and using information on reasons for non-completion of training/internship.

Question 1.3: (a) Serious problems may exist with the sample because only 'now-employed' interns are in the population (see Question 1.2). (b) is a least questionable response. One assumes RSD did not request an objective statement or hold discussions with Training Centre personnel since these are not mentioned. (c) Sample selection bias may be an issue in this research. This is a topic hinted at in these responses. Discussion can involve considering what intern training objectives should be and how this impacts who should be interviewed. (d) is also a least questionable response. AGA-4 may be used but is clearly not adequate on its own. Discussion should focus on non-AGA issues and on doing more with a survey than executing AGA-4 (e.g. as suggested in these exercises).

Question 1.4: **Advanced training exercise.** The e-mail should communicate the research issues covered in Questions 1.1 to 1.3. One should use material in Exercise 1 questions' responses. One should build a case for how the research should be done, and/or for soliciting professional advice on doing the research. An e-mail to the Training Division Director might outline issues and suggest, for example, that the Training Division Project Officer meet with the RSD Project Analyst and discuss research options (e.g. because this is the best way to avoid controversy and get a good research product). A draft e-mail/memo to the Director of RSD from the Training Division Director must be consistent with recommendations to this Director.

Training Exercise 2 response: AGA-1

Question 2.1: (a) is false since the action grids proposed are not appropriate (e.g. accommodation- and child-related questions apply to sub-segments). (b) is a less questionable response. Importance ratings of attributes regarding returning (how important is performance on attributes X to Z to returning) are wild guesses but computed importance values have a quantitative basis. (c) is false since the condition need not hold (see e.g. Oh, 2001). (d) is less questionable (see 2.1.(a)).

Question 2.2: (a) is questionable (e.g. even if grids suggest valid actions for segments, analysis is required to determine which option or combination of options to pursue to maximize profit. The grids at best suggest options to consider in further analysis). (b) is questionable (Matzler *et al.*, 2004, show this). (c) is questionable. The ‘trick’ is that the information on frequency of returning should not be requested from one-time-only visitors. (d) is least questionable. Analysis of answers in relation to motivation to come is more likely to lead to sound conclusions about attributes influencing profit than analysis of likelihood of recommending ratings (e.g. 5 = ‘very likely’ to 1 = ‘no way’). This opens a good topic for discussion.

Question 2.3: (a) is least questionable (e.g. segments must reflect accommodation and a ‘relation’ to child services to understand relevance of responses). (b) is questionable since: (i) people 16+ is suggested to be the population but parties with low 16+ tend to be oversampled; and (ii) random sampling will likely

mean many segments/strata may have few observations. (c) is least questionable (e.g. refusals may be largely dissatisfied parties). (d) is questionable (e.g. outlier responses provide valuable information on service failures).

Question 2.4: (a) One should collect data that allows calculating how attribute change affects volume of visits. Without knowing something about volume, what will be known about change in profit? (b) Knowing the context associated with responses is important in valid interpretation. (c) Outliers signal circumstances that one should learn about. (d) is a questionable response. The kind of importance–performance ratings identified and getting them for satisfaction do not allow any meaningful quantitative inferences about the impact of attribute change. For a public service ‘increased satisfaction’ could be a goal. This exercise has to do with profit.

Question 2.5: **Advanced training exercise.** The essay should be founded on issues that are raised by answering Questions 2.1 to 2.4. Organization of material should be by topic (not be a collection of reactions to responses). For those expected to read articles such as Oh (2001) a reasonable option is that the essay have one part organized based on Oh’s topics and another in which new matters are introduced.

Acknowledgements

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22 Evaluating Tourism Management Programmes: Advancing a Paradigm Shift for Achieving Highly Effective Tourism Destination Management Programmes and Strategy Performance Audits

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Synopsis

This chapter focuses on the tourism management programme evaluation practices by government auditing agencies. The national governments of several countries have audit agencies that conduct both financial and performance audits of other government departments charged with providing services and causing desired programme performance outcomes; all 50 state governments in the USA have audit agencies that do both categories of audits (i.e. financial and performance audits). Woodside and Sakai's (2003) in-depth reviews of eight tourism management programme evaluation audits by seven government agencies offer two key disappointing conclusions. First, the majority of these audits result in highly negative performance assessments. Second, although these audits are more useful than none at all, most of these audit reports are inadequate shallow assessments – these audits are too limited in the issues examined; not grounded well in relevant evaluation theory and research practice; and fail to include recommendations that, if implemented, would result in substantial increases in performance. The present chapter describes the continuing (covering several years over three decades) consistent reports of poor tourism management performance for one US state government's tourism management programme as well as the continuing lack of rigorous auditing practice by the auditing agency for the same state government. The chapter calls for embracing a paradigm shift both by state government departments responsible for managing the state's tourism marketing programmes and by the state's auditing agency in conducting future management performance audits. The call applies for all government departments responsible for managing and auditing tourism marketing programmes.

Introduction to Tourism Management Audits

Each individual and organization uses indicators to make sense (see Weick, 1995; Klein *et al.*, 2006) of what happened and to make sense of outcomes to their actions. Explicit (focused)

thinking of what happened and explanations of what happened occurs naturally – without consciously trying to do so. Unfortunately, some findings from the literature on natural sense and decision making and human interpretation of outcomes indicates that humans frequently are highly biased, overly confident

that their views are accurate, have naturally weak sense-making skills, overly simplify their observations, ignore and discount complexities and are not particularly accurate in taking measurements (e.g. see Gilovich, 1991; Plous, 1993; Malle, 1999; Gigerenzer, 2000; Wegner, 2002). However, some good news: when humans do become aware that such poor sense- and decision-making characteristics apply to themselves, they often are adept in creating and applying tools that are useful in increasing sense- and decision-making skills and in accurately evaluating outcomes (see Weick, 1995; Klein *et al.*, 2006). For example, aircraft pilots complete complex activity checklists (i.e. template tools for sense- and decision-making and for completing actions relating to such sense-making) to cover all the complexity inherent in flying an aircraft – they do not rely alone on thoughts retrieved for doing the relevant tasks.

This chapter serves to indicate that sense and decision making relating to evaluations of tourism management actions and outcomes are poor. 'Inadequate' applies but does not capture the generally bad quality of the published reports of tourism management and marketing performance. The chapter goes beyond criticism alone to offer strategic and tactical management tools to serve as platforms for achieving effective tourism management performance audits and to improve the planning (see Armstrong, 1982) and implementing skills of tourism management and marketing executives.

Following this introduction, the second section provides a brief background on tourism management performance auditing by state governments. The third section describes an example of a recent tourism management performance audit in some detail – along with the key shortcomings of the audit and a major outcome that followed from the audit. The fourth section presents the results of evaluations of two prior tourism management performance audits by the same state audit division conducting the audit that the third section describes – in total this chapter evaluates three tourism management performance audits done by one audit government division for the state of Hawaii. The fifth section provides a brief review of approaches for understanding and crafting both effective tourism management strategies and performance audits of the planning,

implementing and outcomes of such strategies. The sixth section provides implications for tourism management and performance auditing practice.

A Brief Background on Tourism Management Performance Auditing

In 1969 New York established the first state auditing and evaluation unit. A total of 61 such government departments exists in the USA – at least one in each of the 50 state legislatures in the USA (Brooks, 1997). Each of these auditing offices is assigned by their state legislature with the responsibility for conducting financial audits and performance audits of government departments and their specific programmes. The mandate of these auditing offices is to provide answers to questions, including the following issues:

- Is the audited department spending funds legally and properly in accordance to its legislative mandate, are the department's accounting and internal control systems adequate, are the department's financial statements accurate?
- Is the department managing its operations efficiently?
- Is the department achieving substantial impact in effectively accomplishing its goals?

Thus, the auditing work done for state legislative branches includes two major categories of audits: (i) financial audits; and (ii) performance audits. Some state audit manuals distinguish between programme, operations and management audits (e.g. *The Auditor*, 1994). For example, 'a programme audit focuses on how effectively a set of activities achieves objectives. A programme audit can stand alone or be combined with an operations audit. An operations audit focuses on the efficiency and economy with which an agency conducts its operations. In Hawaii the term management audit is used often to refer to an audit that combines aspects of programme and operations audits. A management audit examines the effectiveness of a programme or the efficiency of an agency in implementing the programme or both' (*The Auditor*, 1994, p. 1–2). The present chapter uses 'management audit' and 'performance audit' interchangeably.

Evaluating the 2003 Hawaii 'Management and Financial Audit of the Hawaii Tourism Authority's Major Contracts'

This section reports the main findings with a commentary of the 2003 tourism management performance audit report done by The Auditor, State of Hawaii (Report No. 03-10, June 2003, 61 pages). A few key background points should be noted. First, the Hawaii Tourism Authority (HTA) is the leading government tourism agency for the State of Hawaii – the authority reports directly to the governor and legislature and is attached to the Department of Business, Economic Development and Tourism (DBEDT) for administrative purposes. Second, the Hawaii Visitors & Convention Bureau (HVCB) is a non-profit corporation that receives contracts from the state of Hawaii for planning and implementing tourism marketing and the marketing for meetings, conventions and incentives related visits to Hawaii. The HVCB was established in 1903 and in 2002 had offices in Honolulu, each of the major Hawaiian neighbour islands, Salinas (California), San Diego, Chicago, Arlington, Tokyo, Osaka, Beijing and Shanghai. Third, 'State contract funds account for about 95 percent of HVCB's cash [real money] funding' (Management and Financial Audit of the Hawaii Tourism Authority's Major Contracts, 2003).

The State of Hawaii directs the Auditor to conduct a financial and management audit of the HTA's 'major contractors'. A major contractor is an organization awarded a contract in excess of \$15 million. The state of Hawaii awarded multi-year contract with HVCB beginning 1 January 2000 and ending 31 December 2002 values at \$129 million for marketing leisure visits to the state and \$22.7 million for marketing meetings, conventions and incentives – total at \$151.7 million.

Key findings in the 2003 Hawaii management and financial audit report on the HTA and HVCB

The following three paragraphs are the core findings of the 2003 report. The first paragraph

below is the first paragraph of findings in the 'Summary' in the Overview upfront section of the report.

- We found that inadequate oversight by the authority provided HVCB with a blank check to spend state funds for self-serving purposes. For example, we found that HVCB increased the compensation of its state-funded employees by 42 percent over the past three years – from \$3.7 million in CY2000 to \$5.3 million in CY2002 – although the amount of state funding for those same years remained relatively unchanged. The bureau also used state contract funds to pay for exorbitant bonuses and unnecessary severance packages for its employees who were already highly compensated. For example, eight employees were paid between \$90,000 and \$170,000 with state funds in CY2002. Although it was not obligated to do so, HVCB paid and accrued approximately \$202,000 in severance pay using state contract funds. One employee's severance pay was approximately \$141,000, nearly the equivalent of that employee's annual salary.
- The bureau also expended \$191,000 in state contract funds for other inappropriate or questionable expenditures. Such expenditures included paying for an employee's parking and speeding tickets and reimbursing an employee for the employee's family travel expenses. These expenditures violate HVCB's own travel and entertainment policy. We also found an unusual arrangement whereby the state-funded salary of HVCB's vice president in Japan is supplemented by an airline. HVCB asserts that this arrangement does not give that airline an unfair advantage in negotiating favorable cooperative marketing partnerships. However, any arrangement that presents even the *appearance* of a conflict of interest should be avoided so that marketing activities supported by state contract funds are not tainted. Furthermore, we question the propriety of HVCB using its consultant law firm, paid with state funds, to perform legal services that sought to undermine the authority and the State.
- The bureau also exercised poor management and oversight over its state-funded contractors. For example, rather than formally evaluating its subcontractors, HVCB relied on personal relationships and oral communication to evaluate its state-funded subcontractors. We also found that HVCB awarded a \$242,000 state-funded

subcontract to a vice president's firm on the same day she resigned as HVCB vice president for developing international markets. In addition, the bureau did not execute contracts in a timely manner, procured services that were beyond the scope of its state contracts, and maintained contract files that were incomplete and disorganized. We also found questionable arrangements between the former governor's office and HVCB that raise questions about whether the former governor's office used HVCB to circumvent the State Procurement Code.

The upfront summary in the 2003 report also includes the following statement. 'We also found that the authority's [HTA] lax monitoring and enforcement of its contracts with HVCB left little assurance that \$151.7 million in state funds are effectively spent. Specifically, we found that poorly constructed contracts and inadequate contact monitoring and enforcement by the authority did not adequately protect the State's interests. For example, the plethora of reports submitted by HVCB contained vague information that failed to tie results to goals and objectives.'

Wrong framing on minor issues

While the summary of the Hawaii 2003 management audit report focuses on important issues and points toward questionable expenditures by HVCB and poor oversight by HTA, the summary and report itself has little to say about the effectiveness of the largest share of the contract expenditures. The total expenditures of \$5.2 million plus severance payouts totalling about \$1 million, plus \$191,000 in questionable expenditures, plus the \$242,000 probably cronyism-tainted subcontract award, represent less than 5% of the total contract award of \$151.7 million. The 2003 audit report fails to provide many details of the specifics of allocations of the \$145 million expenditures in the contract and the impact of these expenditures.

Inside the 2003 audit report is a more telling but still incomplete and inadequate assessment of the impact of major share of funds awarded to the HVCB. The following statements all appear on page 32 of the main report.

- The [HTA] authority also agreed to contracts that did not have clearly defined goals and objectives. As a result, the authority was unable to adequately assess whether the \$151.7 million in state contract funds were effectively spent.
- The authority's two contracts with HVCB to provide leisure and meetings, conventions and incentives marketing services did not provide either measurable and quantifiable objectives or performance levels to hold HVCB accountable to. Instead, HVCB was basically required to draft annual tourism marketing plans outlining how it would conduct marketing related activities to attract leisure and business travellers to Hawai'i.
- Specifically, the leisure contract required that HVCB develop and implement a marketing plan to increase promotional presence and brand entity to more globally competitive levels; develop and execute cooperative programmes with travel partners to optimize use of authority resources; and support TV and film initiatives that provide cost effective, high profile exposure. However, the authority did not provide measurable and quantifiable goals or benchmarks for HVCB to achieve for these three broad contract objectives.
- The meetings, conventions and incentives contract's objectives were equally broad. It required that HVCB create a marketing plan to increase revenues by attracting delegates and attendees; enhance Hawai'i's image as a leading business meeting, convention and incentive destination internationally; and create high profile exposure and marketing opportunities.
- However, the authority did not identify a specific percentage or dollar amount of the increase in revenues that HVCB's marketing activities should result in. The contract was also silent as to how HVCB would prove that it successfully enhanced Hawai'i's image as a business destination. For example, a possible performance benchmark for HVCB to achieve might have been a target percentage increase in the number of business travellers surveyed who had a better image of Hawai'i after attending a meeting or conference in Hawai'i.
- We also found the authority's monitoring philosophy over HVCB to be alarming. According to the authority, HVCB met its entire contractual obligations once it submitted and executed the marketing plans. Accountability for results rested with the authority – not HVCB. In addition, the authority used these plans, and not the actual contracts,

to monitor HVCB's services. Moreover, the plans lacked the specificity needed to enable the authority to know exactly what services or benefits the State was receiving for the \$151.7 million it provided to HVCB to market Hawai'i. In the end, the authority had no means to assess whether the \$151.7 million had been effectively spent, nor could the authority determine whether the expenditures had resulted in enhanced leisure and business travel to Hawai'i.

The above paragraphs from page 32 imply the need to address the three central issues in management performance audits – what metrics should the HTA, HVCB and the State Auditor adopt for measuring impact performance for the activities and expenditures for the two programmes? The report indicates no knowledge of the literature on evaluation research of the programme (for one review of this literature, see Woodside and Sakai, 2003).

The two core research questions relating to creating appropriate metrics for measuring management/marketing programme impact include: (i) determining the extent to which the observed results would have occurred without the programme being executed; and (ii) measuring planning and implementing activities done by both the department managing the tourism marketing programme and performing the management performance audit. The need to measure activities in planning and implementing builds on the proposition that measuring outcomes alone is insufficient since execution in crafting plans and implementing activities affects outcomes; luck also plays a role in performance outcomes in the short run – for any given year (cf. Bonoma, 1985).

Valid measures to answer the outcome question require the use of true or quasi-experimentation (see Campbell, 1969; Woodside, 1990; Cook, 1997). The literature on experimentation for measuring impact of management/marketing actions is well developed (Banks, 1965, is the classic report in the literature) and explanations for applications for measuring the impact of tourism management programmes are available in the literature (e.g. Woodside, 1990; Woodside *et al.*, 1997; Woodside and Sakai, 2001, 2003). The 2003 audit report's call for creating and applying benchmarks is on target but lacks in the necessary detail and fails to

reference any relevant work in the programme evaluation literature (e.g. the classic reports by Sevin, 1965; Scriven, 1967, 1974, 1980, 1987, 1995; Campbell, 1969; Weiss, 1972, 1987; Wholey, 1977, 1987; Cronbach *et al.*, 1980; Stake, 1980; Bellavita *et al.*, 1986; Shadish *et al.*, 1991; Brooks, 1997; Patton, 1997; Pollitt and Summa, 1997; Stake *et al.*, 1997). What becomes clear is that the Auditor, the HTA and the HVCB executives all need training and skill-building in creating and implementing a series of independent metrics for usefully measuring programme actions and outcomes.

Figure 22.1 shows a summary hypothetical example of quasi-experiment outcome metrics for a state's marketing/advertising campaign implemented in some markets receiving exposure to the campaign and other markets not exposed to the campaign. This also shows changes to competitors' market shares in both the exposed and non-exposed markets. Figure 22.1 shows a large increase in one or more key dependent variables during the time when advertising expenditures are heavy (or when a new campaign message and literature are applied) in selected markets (note the shift in trend 1) but not in markets where advertising weight (or new message and literature) has been unchanged (trend 2 in Fig. 22.1). Also note the additional evidence of impact – the competitor's decline in performance across the same markets where Hawaii has increased its marketing activity by a factor of 3 (trend 3) with no decline for the competitor in the other markets (trend 4 – Fig. 22.1 shows an increase for this condition).

Consider measuring leisure tourists' arrivals from Japan and Hong Kong to Hawaii and Australia for the years 2000, 2001, 2002 and 2003 with the state of Hawaii spending 30% of its total advertising and marketing expenditures to attract arrivals from Japan in years 2002 and zero on attracting Japanese visitors in 2000 and 2001. Also, assume the state of Hawaii spends nothing on attracting visitors from Hong Kong during 2000–2003 and the marketing expenditures by Australia on attracting Hong Kong and Japanese visitors remain constant during 2000–2003. For the state of Hawaii programme to be found to have substantial impact, the pattern of annual changes should be systematic and favour growth or

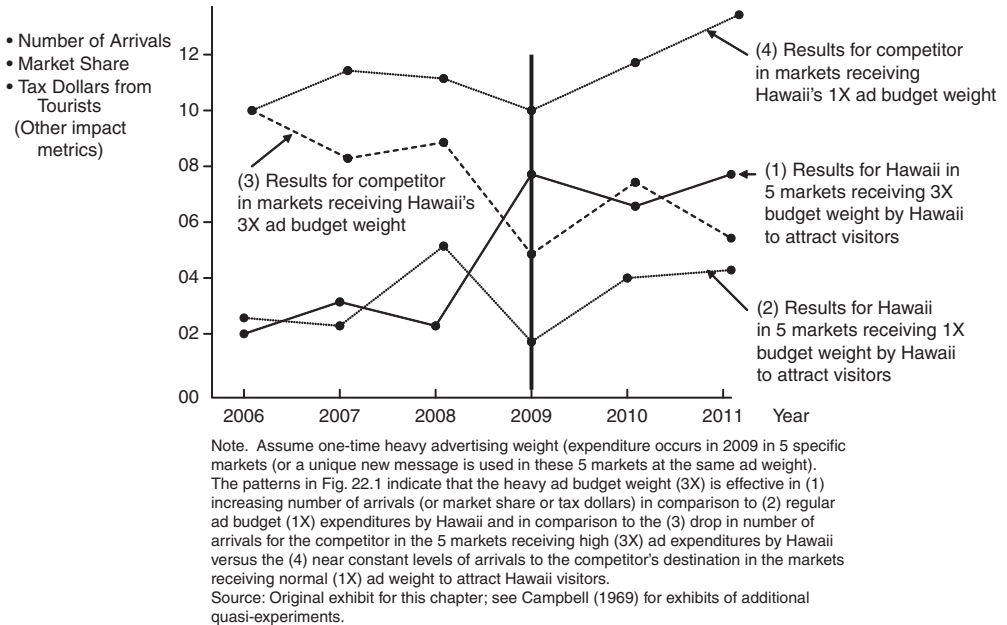


Fig. 22.1. Longitudinal quasi-experiment to measure Hawaii's advertising impact on annual number of arrivals (or market share or tax dollars) by (from) tourists.

fewer declines for arrivals from Japan versus Hong Kong for Hawaii and a negative impact on share for Australia for the Japanese market more so than in comparison with the Hong Kong market.

The point is that just observing a dramatic increase in arrivals from Japan for a particular year that Hawaii spends considerable marketing funds to attract visitors from Japan is insufficient for concluding that the marketing expenditures were a major cause of the increase (cf. Campbell, 1969). The following findings occurring in the same year would not support the attribution of a successful marketing campaign for Hawaii tourism efforts:

- A 30% increase in annual arrivals from an origin where Hawaii has recently spent a substantial proportion of its advertising budget while arrivals from other origins where Hawaii had not spent advertising funds to Hawaii also increase about 30%;
- a competitor of Hawaii's tourism marketing programme witnesses a 40% increase in arrivals from origins where Hawaii spent a substantial proportion of its advertising budget and a similar increase in

arrivals from origins where Hawaii did not spend advertising funds;

- a 30% plus increase in annual arrivals from an origin where Hawaii has recently spent a substantial proportion of its advertising budget also occurred in 2 prior years within the past 10 years – in both these prior years Hawaii had spent few funds promoting the state to this particular origin.

A key point here is that evaluating the impact of an intervention programme, such as a marketing/advertising campaign to attract visitors, requires professional training in evaluation research methods that includes knowing the theory and methods for valid assessment found in the relevant literature (e.g. Banks, 1965; Campbell, 1969; Shadish *et al.*, 1991; Cook, 1997).

Another central issue is that the 2003 report peripherally addresses to only a shallow extent the specific actions taken by the HVCB and HTA during the two years under review. Kotler (1997) and others (e.g. Bonoma, 1985; Clifford and Cavanagh, 1985; Carton and Hofer, 2006) emphasize that examining and

reporting specific actions (i.e. process data) taken is necessary in evaluation research – a good performance in a particular year may be due to an industry trend or luck rather than excellent planning and implementing actions. The 2003 management performance audit report does not address or meagrely addresses the following issues that relate to the implementing strategies of the HTA or the HVCB:

- How did HVCB go about deciding how to allocate funds to different national origin markets?
- How did HVCB go about deciding to use particular advertising media and not others (e.g. television versus magazines versus internet sites versus newspapers)?
- How did HVCB go about deciding on the advertising position message and information packet offer to inquirers?
- Was testing of advertising creative work done? If yes, how was such testing done?
- Were inquiry-conversion-to-visitor studies done? If yes, what were the findings?
- Was a specific person or team charged with the responsibility for participating in designing and implementing studies on the effectiveness of tourism management actions and outcomes in the HTA and the HVCB?
- What actions were taken in both selecting and evaluating subcontractors (e.g. advertising agencies) by the HVCB? Did the HTA participate in these actions?
- Did the literature sent to enquirers influence length of visitors' stays in Hawaii or expenditure levels compared to visitors reporting not asking for or receiving such literature?
- Was a written marketing plan crafted by the HVCB for implementing the two contracts received? If yes, what actions implemented matched the plan and what actions did not match the plan?
- Are management performance audits of tourism management performance done by other state government auditors available; what are the findings of these audits; what best practices are implied by these audits?

The third central issue not addressed in the 2003 report is the scanning and sense making activities done by the HTA and the

HVCB. The report includes no section on the understanding and sense-making views of Hawaii as a destination brand held by the HTA or the HVCB. What are the HTA and the HVCB's assessments of how different customer segments view visiting Hawaii? What data and data analyses were collected and performed to assess different markets and market response likelihoods to the state of Hawaii's marketing expenditures? What are the HTA and HVCB's descriptions of the stream of thoughts and actions by visitors that result in visits to Hawaii? What data and knowledge do the HTA and HVCB have on why key potential (targeted) travellers end up not visiting Hawaii? Has the HTA or HVCB created detailed written descriptions of specific Japanese, west coast US, east coast US and German visitors to Hawaii? Are the answers to these scanning issues accurate – what evidence exists to support the accuracy of the answers?

Figure 22.2 summarizes the key issues that relate to both managing tourism marketing programmes and auditing of these programmes. The present chapter would superimpose another level of evaluation on top of the evaluations by the programme executives and the auditor that appear in Fig. 22.2 – a meta-evaluation of the self and independent auditing process. See Woodside and Sakai (2001) for details of such meta-evaluations.

Deep knowledge of, and skill in using, information about leisure and meeting/convention/incentive customers for the brand, Hawaii, held by the HTA and the HVCB executives should not be assumed but needs to be collected and reported by the State of Hawaii Auditor. Does the auditor find explicit sense-making consensus and extensive knowledge about customer segments among HTA and HVCB executives concerning the key origin markets-to-target and the actions necessary to take for an effective marketing strategy? Such an issue and the other concrete scanning issues should be reported in some depth in the audit report.

Figure 22.2 includes the potential usefulness of examining tourism management performance audits done by other states. The tourism management performance audits by the Auditor of the State of Hawaii never discuss the practices and findings of similar tourism management performance audits done by

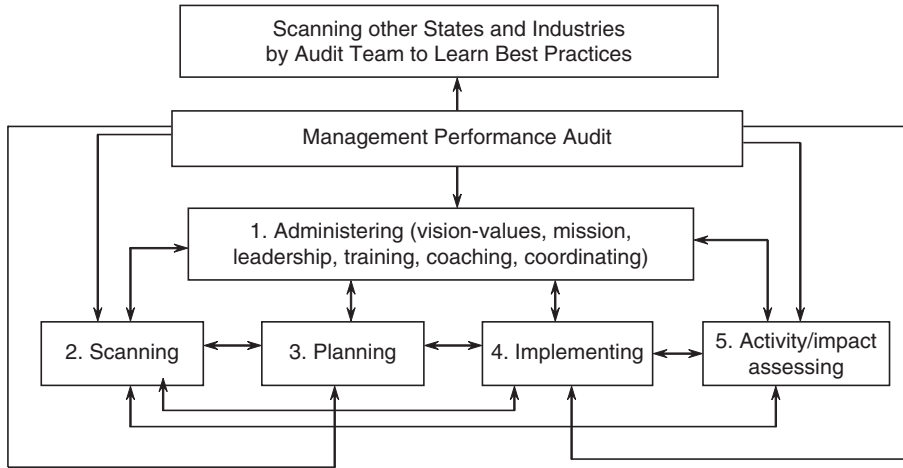


Fig. 22.2. Performance audits of marketing department.

other states. Woodside and Sakai (2003) provide evidence that such examinations are useful for offering clues on how to increase the effectiveness in planning and implementing of such audits.

An extensive audit on the scanning, planning and implementing activities of the HTA and HVCB may appear to be prohibitive in time and money to the Auditor and the State of Hawaii. However, justification that such extensive management performance audits are reasonable and necessary is possible for two reasons. First, such audits are likely to be done once every decade (the management performance audits by the Auditor of the HTA and HVCB are being done now once every decade); given that about \$151.7 million is contracted for every 2-year period or \$758 million over 10 years, a budget of \$5 million for extensive management performance audits done every second year (the \$5 million would cover the total costs of five extensive management performance audits done within a 10-year period) represents less than 1% of the decade's total tourism management contract expenditures.

Second, the shallow Hawaii tourism management performance audits being done once every decade offer the same conclusions: poor performance by the HTA and by the HVCB. (Later sections in the chapter present specific

findings and conclusions of the 1987 and the 1993 management performance audits.) The State of Hawaii legislative branch, the Governor and taxpayers should attempt to break through this three-decade cycle of reports of poor performance followed by continuing poor performance.

Evidence is lacking that the state of Hawaii has adopted sound scanning, planning, implementing and controlling/auditing of tourism marketing strategies following from the 1987–1993–2003 shallow audit reports. Three decades of poor performance and shallow management audits warrants applying a new approach that includes extensive training and skill-building in both effective management practice and management performance auditing and evaluation research methods to be completed by executives at all three levels: the HTA, HVCB and the Auditor.

Figure 22.3 is an example from Woodside and Sakai (2003) of performance activity template – that goes beyond the 'balanced scorecard' perspective (see Kaplan, 1984; Kaplan and Norton, 1996, 2001) – for evaluating not only impact but also planning and implementing activities done by executives and associates by such organizations as the HTA and HVCB. Note that Fig. 22.3 raises the issue as to whether or not the auditor report indicates that the auditor collected such activity data.

<u>Activity/Decision</u>	<u>Did Auditor Collect?</u>	<u>Absence Noted?</u>	<u>Level Observed</u>			<u>Accuracy?</u>
			<u>L1</u>	<u>L2</u>	<u>L3</u>	
<u>Scanning:</u>						
• Evidence of formal scanning reports?						
• Formal SWOT assessment done?						
• Market-by-market analysis: S/D?						
• Trends identified formally?						
• In-depth research and knowledge of customer segments/targets?						
<u>Planning:</u>						
• Up-to-date written marketing plan for tourism-marketing programme?						
• Marketing plan includes written milestones of schedule actions?						
• Evidence of 'what if' reflection/analyses?						
• Formal testing of alternatives? Before and/or after execution?						
• Formal projections of cost/benefit analysis of planned actions?						
<u>Implementing:</u>						
• Evidence of on-the-job coaching and coordination and/or lack?						
• Have service-performance-process maps been created/used?						
• Written monitoring guidelines established/followed?						
• Vital competencies done in-house?						
• Formal system for noting/responding to critical incidents?						
<u>Activity/impact assessing:</u>						
• Realized/planned strategy match?						
• Multiple dependent impact measures?						
• Cost/benefit analysis?						
• True experiment of marketing impact?						
<u>Administering:</u>						
• Written mission statement prepared?						
• Annual quantitative objectives established?						
• Evidence of training, coordination, coaching by senior executives?						
Note: SWOT = strengths, weaknesses, opportunity, threats; S/D = supply and demand analysis; Levels: L1 = found to be poorly done; L2 = found to be done adequately; L3 = found to be done in superior manner and/or superior performance outcome noted. Accuracy = meta-analysis evaluation of validity of auditor's conclusion on activity/decision.						

Fig. 22.3. Key issues in a meta-evaluation of performance audits of state tourism development departments.

The 1993 Hawaii tourism management performance audit report

The 1993 performance audit of the state of Hawaii's tourism marketing programme was performed under the direction of Marion M. Higa, the State Auditor. This 32-page report includes two papers and responses by executives of the HVB and the Department of Business, Economic Development and Tourism (DBEDT). Although less comprehensive, the findings and recommendations in the 1993 report are remarkably similar to the findings and recommendations in the 1987 report. However, the 1993 report notes that potential improvements in managing the tourism marketing programme were made after the 1987 audit report:

In 1990, the Legislature created the Office of Tourism in DBEDT to coordinate and plan tourism development. State funds for tourism marketing activities are channeled through this office. The office contracts with HVB and other tourism promotion programmes. Currently, the Office of Tourism has separate contracts with the HVB and with each of the HVB papers on the islands of Hawaii, Kauai, and Maui. The office is responsible for monitoring HVB and performing annual reviews to ensure the effective use of state funds

(Hawaii, 1993, p. 2).

Chapter 1 Introduction (3 pages). 'As Hawaii's designated tourism marketing organization, HVB in FY 1992–1993 received over 90% of its \$20 million budget from the State. In 1993, the Legislature appropriated nearly \$60 million for fiscal biennium 1993–1995 to fund tourism promotion projects' (Hawaii, 1993, p. 1). Note the state's funding share of HVB has increased from 80% in 1986–1987 to over 90% in 1992–1993. Bonham and Mak (1996) describe the 'free rider' behaviour by tourism industry members that is associated with substantial HVB expenditures and management efforts to solicit membership dues each year. Also:

Lobbying, or rent seeking, is also costly. HVB has three full-time political lobbyists, excluding its corporate officers who also actively lobby at the legislature. Moreover, HVB's increasingly aggressive lobbying at the legislature for money has tarnished its public image and reputation. Indeed, one critique of HVB recently observed that 'the HVB remains

focused mostly not on building tourism but on building a budget (Rees, 1995, p. 5)' (Bonham and Mak, 1996, p. 6).

'To determine whether HVB has used public funds effectively, the 1993 Legislature, in House Concurrent Resolution No. 284, requested the State Auditor to conduct a management and financial audit of HVB' (Hawaii, 1993, p. 1). The 1993 audit report does provide some degree of independent confirmation of findings in the 1987 report because a different person serving as state auditor presents the findings in the 1993 audit report. However, considering that the 1993 report finds the same high level of negligence as in the 1987 report, the continued use of the HVB throughout the 1990s by the state of Hawaii is surprising. But this apparent incompetence may be explained in part by the strong tendency of most legislators not to read audit reports and by the strong, effective, lobbying efforts of the HVB.

Chapter 2 The Hawaii Visitors Bureau and Its Relationship with the State (12 pages). The following statement is the complete 'Summary of Findings' in Paper 2 in the 1993 audit report:

Both the Hawaii Visitors Bureau (HVB) and the Department of Business, Economic Development and Tourism (DBEDT) have fallen short in fulfilling their respective responsibilities for the State's tourism program.

1. The HVB board of directors has been weak and exercised little oversight over HVB.
2. Unclear functions and underutilization of its own market research information weaken HVB's marketing efforts. HVB has yet to resolve the status and roles of its regional offices on the mainland and its papers on the neighbour islands.
3. HVB reports do not comply with requirements in its contract with DBEDT and do not show whether public funds are properly and effectively utilized.
4. In the absence of strong HVB board and management leadership, DBEDT has begun to direct HVB to undertake certain programmes. This conflicts with DBEDT's responsibilities for monitoring the HVB contract (Hawaii, 1993, p. 5).

What should become clear from close reading of the 1993 audit report (and the prior 1987 and post 2003 reports) on Hawaii's tourism marketing programmes is that the state has an unnecessary and costly layer of management in these

programmes. Much of the effort spent in coordinating and monitoring activities between the DBEDT and the HVB could be spent more profitably elsewhere – on effectively and efficiently managing government tourism marketing programmes. Even without the continuing poor tourism marketing performance of the HVB, the state of Hawaii would benefit by ending its unique arrangement of contracting out for vital competencies that need to be mastered within the Office of Tourism.

The recommendations in Paper 2 include reducing the number of directors on the HVB board, providing written guidelines for committee members and developing a (written) strategic plan. The recommendations include the DBEDT 'submitting annual reports to the Legislature that contain the information requested by the Legislature on tourism promotion programmes and their effectiveness' (Hawaii, 1993, p. 17).

The HVB and DBEDT Responses and the Auditor's Response to the Responses. The HVB president commented that many of the audit report's recommendations reflect inordinate concern for developing 'formal' practices. The auditor responds, 'We note that a certain minimum level of written procedures and instructions is required for any organization to operate effectively'.

The director of the DBEDT did not respond directly to recommendations. 'Permit me to offer the following general comments, rather than a point-by-point rebuttal,' stated Mufi Hanneman, Director of the DBEDT, by letter on 27 December, 1993 (Hawaii, 1993, p. 28). The audit report criticizes the DBEDT for having the HVB undertake tourism initiatives developed by the DBEDT. The director's response defends the department's authority to undertake tourism initiatives regardless of whether they are planned or not. The auditor responds, 'We believe, however, that the department should undertake these initiatives in its own name and not under that of HVB' (Hawaii, 1993, p. 21).

Meta-evaluation of the 1993 Hawaii Management and Financial Audit Report on the HVB and its relationship with the state

The 1993 report strongly supports the main findings using detailed evidence. However, the

range of topics covered in the report is disappointing. Whereas the 1987 Hawaiian audit report is comprehensive in coverage, the 1993 audit report is limited in coverage. Unlike the 1987 audit report, the 1993 report does not include the attempt to identify best practices in government tourism marketing programmes. The 1993 report does not include detailed information on the scanning and planning activities of the HVB and the DBEDT. The 1993 audit report does not include a financial audit report, even though 'financial audit' appears in the title of the report. The 1993 audit report fails to examine the effectiveness and efficiency of the HVB's tourism marketing programmes. Other than reporting that the 'HVB reports do not comply with requirements in its contract with DBEDT and do not show whether public funds are properly and effectively utilized' (Hawaii, 1993, p. 5), the 1993 audit report fails to report HVB's own attempts, if any, to measure the effectiveness and efficiency of its tourism marketing programmes.

In brief, the 1993 audit report is substantially lower in quality compared with the 1987 audit report. Figure 22.4 is a partial summary of a meta-evaluation of the 1993 audit report (for the complete summary see Woodside and Sakai, 2003).

The following categories and descriptions are a further summary to the 1993 Hawaii management audit report of the HVB:

- coverage of history and budget: incomplete
- clarity of writing: good
- theory applied: a Scriven-type, postpositivistic audit
- coverage of issues: limited
- style: confrontational
- likely size of impact: little to none
- overall performance quality of report: medium.

The 1987 Hawaii Management Audit Report of the Hawaii Visitors Bureau and the State's Tourism Programme

This 1987 Hawaii performance audit report is comprehensive in covering the topics of scanning, planning, implementing, measuring results

<u>Activity/Decision</u>	<u>Did Auditor Collect?</u>	<u>Absence Noted?</u>	<u>Level Observed</u>			<u>Accuracy?</u>
			<u>L1</u>	<u>L2</u>	<u>L3</u>	
<u>Scanning</u>						
• SWOT assessment?	No	No				NA
• Market analysis: S/D?	No	No				NA
• Trends?	No	No				NA
• Research: customer segmenting?	No	No				NA
<u>Planning</u>						
• Written marketing plan?	Yes	Yes	L1			Accurate
• Evidence of 'what if' analyses?	No	No				NA
• Formal testing of alternatives?	No	No				NA
<u>Implementing</u>						
• Milestones established?	Yes	Yes	L1			Accurate
• Written monitoring guidelines established/followed?	Yes	Yes	L1			Accurate
• Vital competencies done in-house?	No	No				NA
<u>Activity/impact assessing</u>						
• Realized/planned strategy match?	Yes	Yes	L1			Accurate
• Multiple dependent impact measures?	No	No				NA
• Cost/benefit analysis?	No	No				NA
• True experiment of marketing impact?	No	No				NA
<u>Administering</u>						
• Quality of written mission statement?	Yes	NA			L3	NA
• Annual quantitative objectives established?	No	No				NA
• Evidence of training, coordination, coaching?	Yes	Yes	L1			Accurate

Note: SWOT = strengths, weaknesses, opportunity, threats; S/D = supply and demand analysis; Levels: L1 = found to be poorly done; L2 = found to be done adequately; L3 = found to be done in superior manner and/or superior performance outcome noted. Accuracy = meta-analysis evaluation of validity of auditor's conclusion on activity/decision; NA = not present to assess.

Fig. 22.4. Key issues in a meta-evaluation of the 1993 Hawaii performance audit of the division of travel and tourism.

and administering by the Hawaii Department of Planning and Economic Development (DPED) and the Hawaii Visitors Bureau (HVB). Following Scriven's (1980) theory of evaluation, the 1987 Hawaii audit is a prototype of a very good audit indicating very bad performance overall by both the DPED and the HVB.

Funding to run the HVB comes mostly from the State of Hawaii, 'Today, legislative appropriations account for nearly 80 percent of HVB's operating budget' (Hawaii, 1987, p. 33). Legislative statutes mandate that tourism marketing funds be appropriated to the state agency charged with tourism development, DPED, 'that agency would then enter into a contract with HVB for the promotion and development of tourism' (Hawaii, 1987, p. 33).

During the 1970s and 1980s, the Hawaiian Legislature passed a number of statutes to get the DPED to take charge of directing the state's tourism marketing programme and requiring that the HVB follow the directives of the DPED. Substantial evidence is found throughout the 1987 audit report that both the DPED and HVB have ignored these statutes. The report concludes that much effort and time are spent attempting to communicate and coordinate actions between DPED and HVB administrators and staff; the resulting quality of managing Hawaii's tourism marketing programme is very low.

The bureau [the HVB] enjoys the operating freedom of a private organization with virtually guaranteed, substantial state funding but with no need to produce profits, unhampered by the reviews and controls of a regular state agency, and accountable to no one for organizational effectiveness. As pointed out in Paper 4, the Department of Planning and Economic Development (DPED) has not been aggressive in enforcing its contract with HVB. Theoretically, the State could contract with any other organization or organizations for all or part of its tourism marketing services. At one time, the Legislature directed DPED to contract directly for tourism advertising. But over time, HVB has convinced state decision makers that it is the best entity to market tourism for the State. Except for the review of its annual budget request at the Legislature, HVB is not held to account

(Hawaii, 1987, p. 97).

The Contents of the 1987 Hawaii Performance Audit Report. This audit report is 221

pages. The audit is organized into ten papers followed by comments (letter plus 4 pages) by Roger A. Ulveling, Director of the DPED, and by comments (17 pages in a letter) by Walter A. Dods, Jr. (HVB Chairman of the Board) and Stanley W. Hong (HVB President).

Chapter 1 Introduction (2 pages). This chapter states three objectives for the audit: examine and evaluate the role of the DPED in managing the State's tourism programme; assess the effectiveness of the programmes and operations of the HVB; and to make recommendations.

Strong evidence is found in the audit report to support the auditor's view that, 'The audit took a broad approach to the industry and its place in Hawaii's economy. We reviewed the trends in worldwide tourism because Hawaii competes in a global economy.' This claim is supported with a thorough literature review and references in later papers in the report.

Chapter 2 The Tourist Industry Worldwide (12 pages). This chapter includes benchmarks and best practices data in government tourism marketing programmes. For example, the chapter describes New Zealand's database-marketing programme. 'The New Zealand tourist office keeps a computerized list of the 50,000 to 100,000 inquiries it receives each year as a result of its mail-in advertising coupons. The list is then used for direct mail promotion and is also provided to travel operators and agents' (Hawaii, 1987, p. 10, quoted from Nick Verrasto in *ASTA Travel News*, 15 June 1986, p. 25). While not noted in the audit report, Hawaii does not have a similar database tourism-marketing programme – one indication of the lack of systems-thinking that is widespread in government tourism marketing programmes in all US states.

Chapter 2 includes a report on trends in travel products and markets. For example, 'To stimulate demand, many areas are creating new travel products and purposes. These cater to special interests or hobbies, e.g. special hiking tours or adventure trips' (Hawaii, 1987, p. 14). Chapter 2 includes a total of 34 footnotes to data and literature on tourism markets.

A description of the Canadian-government study of US travellers supports the proposition that 'Market researchers recognize that travelers are not a homogeneous group' (Hawaii, 1987,

p. 9). While seemingly obvious, this proposition is important to support empirically. The proposition leads to several related, less obvious propositions, such as:

- for a given destination, different visitor segments seek different destination experiences;
- some prospective visitor segments are not worth spending government tourism marketing funds to attract because these segments do not want to visit or, if they did, they will not spend enough money to justify attracting.

Chapter 2 earns only a 'good', not a 'very good', rating because the chapter does not describe nor identify specific competitors with Hawaii. Consequently, the unique features of Hawaii products-markets are not compared to the competitor's unique products-markets. Still, recognizing the need for such coverage goes well beyond that found in any state's performance audit of tourism-marketing programmes by Woodside and Sakai (2003).

Chapter 3 Tourism in Hawaii (19 pages). Chapter 3 reports a history of tourism behaviour in Hawaii, including benefits and costs. 'In 1986, there was a 14.8 percent increase in the number of visitors over 1985 with total expenditures estimated at \$5.8 billion. Given the multiplier effect of tourist expenditures, the visitor industry ultimately contributes to over half of the gross state product and supports more than one in three jobs in Hawaii' (p. 19).

The chapter describes some costs. On the negative side, the auditors perceive that substantial profits from tourism leave the state and benefit only the multinational corporations that control more and more of Hawaii's tourist industry. 'One economist estimates that almost half of the \$4 billion that was spent in Hawaii in 1984 left the State almost immediately' (p. 21). Two points are clear from a 1986 survey of Hawaiian residents: (i) they agreed that the positive economic benefits of the [tourism] industry outweighed the negative social impacts; and (ii) an overwhelming majority felt that the economic benefits were not more important than protecting the environment.

Chapter 3 reports detailed profiles of Hawaii's westbound visitors (i.e. from California and other states) and eastbound visitors (i.e. mainly from Japan). Here is one

comparison: Japanese tourist parties are estimated to spend \$250 per day in Hawaii versus US tourist parties who are estimated to spend \$98 per day (Hawaii, 1987, p. 23).

Chapter 3 describes government funding of tourism marketing and related programmes. The point is made that for the first 40 years of its existence (since 1903) the HVB received \$1 in government support for every \$2 it received in [membership] subscriptions from the business community. However, the ratio changed after the Second World War. 'Today, legislative appropriations account for nearly 80 percent of HVB's operating budget' (p. 33).

During the 1970s the state developed a state plan for tourism. 'The Hawaii State Plan, codified as Paper 226, Hawaii Revised Statutes, was enacted in 1978. It establishes the overall theme, goals, objectives, and policies for the State and a state planning process' (p. 34).

Wow! States rarely have a plan for tourism let alone a tourism plan enacted into law. 'The State Tourism Functional Plan was approved by the Legislature in 1984. . . State government is responsible for administering the objectives and policies in the functional plan' (p. 35). A 'tourism branch' in the DPED is currently responsible for coordinating activities in implementing the state's tourism plan. The head of the tourism division reports to one of the two deputy directors at DPED.

The branch has three full-time positions: a tourism-programme officer, a tourism specialist, and a secretary. The branch sees itself as having two main responsibilities. The first is the administration of the State's contract with HVB including preparing and assisting in negotiating the annual contract. It sees its responsibility in this area as primarily fiduciary. Branch personnel report that they attend many of the HVB committee meetings to keep on top of HVB activities (p. 35).

What is implied here becomes clear after reading the rest of the report: state government in Hawaii has organizationally buried the governance and leadership of its tourism plan and the state's tourism marketing responsibilities. Also, the allocation of two government professional positions for tourism managing responsibilities is a further indicator that, to a great extent, the state has abdicated its participation in state-wide tourism-marketing programmes.

Consequently, in the following chapter, the auditor recommends that 'An office of tourism be established in the Department of Planning and Economic Development that is headed by a deputy director. . . The office should also strengthen the State's role in budgeting, including the restoration of the tourism programme as a separate and identifiable programme in the executive budget' (Hawaii, 1987, p. 69). Given the substantial number of statutes passed by the Hawaiian government requiring the state to manage its tourism programmes, including the state's tourism marketing programmes, and given the serious shortcomings in the marketing efforts of the HVB reported by several sources, the Director of the DPED might be expected to support the auditor's recommendations for an Office of Tourism and a Deputy Director of Tourism. However, Mr Ulveling and the DPED disagreed: 'It [the response by Mr Ulveling and the DPED] does not agree with our recommendation that an office of tourism be established. It also does not see the need to maintain the State Functional Plan for Tourism' (Hawaii, 1987, p. 197).

Close reading of DPED's response to the management audit strongly supports the conclusion that the state has abdicated its leadership and management responsibilities in tourism. For example, the DPED response includes the following statement in response to the recommendation that an Office of Tourism and Deputy Director position be created in the DPED:

The report comments unfavorably on the current DPED economic development organization. The implication is that creation of a branch within a line division rather than the former staff office is detrimental to the tourism mission of the department. While it may appear that the change in reporting level decreases visibility and departmental support, in fact the opposite is true. With the addition of a division head and staff, the tourism branch now has more people available to assist and support it than ever. The division head and professional staff backs up the branch manager in preparing various documents, attending meetings, and administering contracts (Hawaii, 1987, p. 203).

This response does not support the view that DPED is responsible for leading and

managing the state's tourism marketing programmes. The response does not suggest that tourism behaviour and industries are central to the economic well-being of the state. Having the state's senior, full-time, head of tourism operations be a branch manager who reports to a division head, who reports to a deputy director, who reports to the director of DPED, more than suggests that the DPED has decided to be minimally involved in tourism. Note that the branch manager's role is described as one of 'preparing various documents, attending meetings, and administering contracts'. The DPED's response indicates little responsibility for senior management activities regarding tourism marketing. Also, note that in 1987 the head of this three-person branch (including a secretary) administers the contract with the 89-member staff of the HVB.

Chapter 4 The State's Tourism Programme (32 pages). Poor performance of the DPED in all areas or responsibility is the main finding in Chapter 4.

We find the following: (1) Despite repeated studies and agreements over the years about the State's goals, objectives, and policies for tourism, there has been little consideration or concerted efforts towards attaining these objectives. (2) Although the Department of Planning and Economic Development (DPED) is the State's lead agency for tourism, the State has yet to implement a tourism programme because the department has played a reactive and passive role. There is an absence of leadership and focus to its efforts. (3) The department has yet to clarify its responsibilities for the tourism programme vis-à-vis those of the Hawaii Visitors Bureau (HVB). The lack of clarity has led to problems in administering and monitoring the State's contract with the bureau. (4) Because of the department's lack of initiative and its failure to identify and clarify its responsibilities for the State tourism programme, some important government responsibilities for tourism are overlooked (Hawaii, 1987, pp. 37-38).

Chapter 4 clearly indicates agreement 'that the State has a broader role to play than HVB. The State is responsible for the entire tourism programme. This [responsibility] would include coordinating infrastructure needs, monitoring the industry and its impact on the community [and the environment], and ensuring the [high]

quality of the visitor industry generally' (Hawaii, 1987, p. 39).

Several tourism studies conducted, and then ignored, by the State of Hawaii are described briefly in Chapter 4. One study in particular is eye catching: a 1970 study commissioned by DPED with Mathematica of Princeton, New Jersey, to assess the costs and benefits of Hawaii's tourist industry. Mathematica is a firm noted for its expertise in policy mapping and systems dynamics modelling. Its work for Hawaii is one indicator supporting the proposition in Chapter 4 that 'The State has conducted numerous studies of considerable value. For the most part, however, the studies have been ignored. They have not been used productively to build on the work that has gone on before' (Hawaii, 1987, p. 39).

Chapter 4 reviews several reports by the DPED and details of the 'State Tourism Functional Plan' passed by the Legislature and supports the view that the public sector is the lead organization to administer State objectives and policies of the State Tourism Functional Plan. However:

Despite this long history of repeated demands for a larger government role and the existence today of an agency that says it is responsible for being a lead organization for tourism, the same complaints are still being heard . . . The State appears to have gone full circle. The same complaints that were being made in 1957 are still being heard today. The need for coordination remains. Infrastructure continues to be a problem. The impact of the visitor industry on the State is of continuing concern. And government is still being prodded to assume its responsibilities for tourism
(pp. 47–49).

Chapter 4 reviews specific lack of managing activities by the DPED. For example, 'DPED has not budgeted funds for tourism promotion or for a tourism programme. Instead, DPED merely forwards HVB's budget requests without analysis [to the Legislature]. The department testifies before the Legislature on HVB's budget request, but there is no analysis of whether the amounts requested for promotion are insufficient, adequate, or too much' (p. 51).

The following false view (i.e. theory of advertising programme evaluation) expressed by

the 1986 Director of the DPED, Kent M. Keith, to the Legislature reflects the primary cause for the lack of high-quality studies on advertising effectiveness of tourism marketing programmes. Note that in its response to Mr Keith's propositions, the audit report identifies the solution, even though the audit report does not describe the availability of scientific tests to measure the impact of advertising and other marketing actions.

In 1985, the director [of the DPED, Kent M. Keith] commented in his testimony that while it was impossible to estimate the share of the additional \$300 million increase in visitor expenditures for 1987 for which HVB was responsible, even a relatively small share would have handsomely repaid the State's investment. The director believed that the investment was repaid many times over.

This kind of testimony is of little assistance to legislative decision makers. It reflects DPED's general lack of concern [about] or information on the impact of funds appropriated to HVB and the effectiveness with which they are expended. The department still has not developed a system for oversight of HVB nor has it identified any more useful measures of effectiveness. Consequently, it has no means for assessing existing promotional efforts or evaluating potential new markets
(Hawaii, 1987, pp. 51–52).

The rest of Chapter 4 provides evidence supporting the conclusion that DPED is, at best, not competently managing its tourism programme. The topics covered include the following items. 'Failure to take actions relating to physical [tourism infrastructure] development' (p. 53), 'Failure to take actions relating to employment and career development' (p. 54), 'Failure to coordinate and monitor' (p. 55), 'Failure to maintain plan' (p. 57) and 'Current organization inadequate' (p. 58). Non-compliance of HVB activities of written requirements in its contract with the DPED and the lack of enforcement of these requirements by the DPED are described in detail on page 67 in the audit report.

Consequently, Chapter 4's last page offers substantial evidence supporting the auditor's recommendations. Here are the first two recommendations: 'We recommend the following: (1) An office of tourism be established in the Department of Planning and Economic

Development that is headed by a deputy director; and, (2) The office of tourism make the State Functional Plan for Tourism the starting point for its tourism program' (Hawaii, 1987, p. 69).

However, these recommendations are unrealistically optimistic that a paradigm shift toward competency in managing Hawaii's tourism programme can be achieved within the existing DPED and HVB organizations. Because the lack of competence is so pervasive and historical in both the DPED and HVB, such a paradigm shift may be possible to achieve only by creating a new organization to manage the state's tourism programme unique and separate from both the DPED and HVB. More recent work (i.e. the Hawaii 1993 audit report) supports the view that the DPED and HVB have been unable to create an effective and efficient tourism marketing programme for the state.

Chapter 5 The [HVB] Board of Directors (21 pages).

The first page of Chapter 5 summarizes the main findings:

We find the board's effectiveness is undermined in the following respects:

- The Board of Directors does not play a fully meaningful role in the governance of the bureau. The bureau has not given the board the support and attention it needs to function effectively. . .
- The board has been unable to carry out adequately its responsibilities for policy planning, budget review, and evaluation.
- The selection processes for board directorships and leadership positions do not encourage or permit equal participation from bureau members. (p. 71).

Chapter 5 describes the unique relationship between the state of Hawaii and the HVB. One of the two private organizations promoting tourism in the USA, Colorado voters abolished their state's tourism board in 1993 (Bonham and Mak, 1996); such an action is one indicator that bold action can be achieved in making changes in a state's tourism programme.

The chapter presents detailed evidence in support of these findings. The evidence is not reviewed here, but it is compelling and profound.

Chapter 6 The Management of the Hawaii Visitors Bureau (23 pages). The main finding in Chapter 6 is stated on the first page of the chapter: 'We find that: (1) there is a lack of direction and attention to several basic responsibilities in organizational management in the bureau.' Here are a few specifics to support this finding:

We find the HVB administration does not focus sufficient attention on the organization and management of the bureau. It is not being managed as a coherent whole. The basic ingredients of sound management are lacking. The bureau has no long-range plan to give it direction, it has no formal organization chart that delineates the functions of its many units to support attainment of its goals, and its budgeting practices are hurried and slipshod. These basic deficiencies have significant ramifications for the programmes it operates (Hawaii, 1987, pp. 97–98).

Chapter 6 provides detailed evidence to support these observations. The evidence includes unrealistic estimates of the private income from HVB memberships – the actual amounts are always substantially less than the budgeted amounts for 1983–1987. 'The bureau compounds the problem by disregarding the actual collections for the year in budgeting for the next year – and doing this year after year' (Hawaii, 1987, p. 110).

The main recommendation of the Auditor concerning management improvements of the HVB is for HVB to develop an organization plan based on a strategic plan that sets the overall direction of the programme (Hawaii, 1987, p. 115). This recommendation is highly unlikely to become a reality given the overall finding of the Auditor that the HVB is 'negligent in its management responsibilities'. The primary response to the main HVB related findings of the audit report support this view of reality:

While some of the findings and recommendations of the preliminary [audit] report have merit, many of the recommendations would be more appropriately addressed to a government bureaucracy rather than a private, non-profit organization. The report demonstrates an inordinate concern for developing 'formal' policies and other 'red tape,' and thus ignores the dynamic environment within which the

HVB operates and the need for immediate, opportune response to market and media stimuli. (Signed response by Walter A. Dods, Jr., Chairman of the Board, and Stanley W. Hong, President [of HVB], p. 206.)

Possibly the only effective means of moving toward an effective state tourism programme for Hawaii includes the complete termination of the state's relationship with the HVB. Even though the state now could contract with a private, non-profit organization other than the HVB to operate its tourism-marketing programme, the state would likely develop an effective tourism marketing programme by housing such a programme in separate Department of Tourism programmes. The Hawaii Legislature should end its attempt to legislate competent behaviour of the DPED and the HVB by passing additional statutes.

Chapter 7 Marketing Program of the Hawaii Visitors Bureau (26 pages). Chapter 7 provides substantial evidence supporting the findings offered in the first page of the paper. 'We find the following: (1) there is only limited marketing coordination among the bureau's various departments, committees, and paper offices. (2) The bureau lacks formal standards or procedures for selecting an advertising agency – its most important marketing tool and its largest cost item. (3) The bureau's marketing program has not developed or implemented any formal monitoring and evaluation procedures or mechanisms to determine the effectiveness of its marketing activities' (p. 118).

As far as measuring the impact of the advertising and marketing efforts of the HVB, the audit report makes clear that the HVB does not follow its own *Strategic Marketing Plan* guidelines for creating monitoring systems.

However, despite the acknowledged importance of a monitoring/evaluation system, the HVB marketing program does not contain an integral evaluation system. Instead HVB relies on such vague ideas as the health of the industry and such haphazard methods as what people tell them (p. 138).

Even the bureau's advertising programme, the largest and the most important component of its marketing effort, is not subject to any kind of formal and ongoing monitoring or evaluation (Hawaii, 1987, p. 139). The audit report goes on to suggest several methods for

evaluating advertising effectiveness – including the use of experimental designs (the Campbell and Stanley, 1963, true experiment approach, e.g. the studies reviewed by Caples, 1974, used experimental designs), as well as recall and recognition tests (these are invalid but popular methods for measuring advertising effectiveness; they are discussed in more detail below).

Given the low level of performance documented in Chapter 7, the audit report recommendations to coordinate marketing activities and to develop formal and written standards and procedures offered at the end of the chapter, while commendable, are unlikely to be accepted or adopted by the HVB. What the auditor asks for is neither 'red tape' nor excessive, but rather, sound activities to achieve an effective tourism marketing strategy.

Chapter 8 Market Research Program of the Hawaii Visitors Bureau (20 pages). Chapter 8 includes a benchmarking discussion of tourism research programmes in the world. The main finding reported in Chapter 8: 'While the Hawaii Visitors Bureau's market research program provides the State, the bureau, and the visitor industry with valuable data, it has a number of problems which contribute to its inefficiency in certain areas, reduce its effectiveness, and limit its ability to conduct more sophisticated market research needed to improve Hawaii's competitive edge in the world tourism market' (Hawaii, 1987, p. 145). The audit report points out that the HVB research programme is too heavily involved in statistical compilation instead of more relevant and sophisticated market research (p. 154).

The serious problems in the HVB market research extend into 1997 with the HVB-commissioned study on advertising accountability study (Longwoods International, 1997). This study is based on aided-recall measurement tools to measure advertising effectiveness. The results of the 1997 study indicate spectacular high performance: \$75.5 million in taxes generated by visitor spending resulting from a \$7.87 million advertising investment. But two points are clear from reading the scientific literature on measuring aided-recall tests: (i) they are invalid predictors of purchase; and (ii) valid predictors of purchase are available (e.g. unaided top-of-mind-awareness

measures and true experiments). The research design used in the HVB-commissioned 1997 study is non-scientific and incorporates measurement procedures known to be invalid for estimating purchase (see Axelrod, 1968; Caples, 1974; Haley and Case, 1979; Woodside, 1990). Consequently, the findings in the HVB-commissioned 1997 study are likely to be gross overstatements of Hawaii's advertising impact on visits to the state.

Chapter 9 Visitor Satisfaction and Community Relations Program (16 pages). The first finding reported in Chapter 9 is that 'the visitor satisfaction and community relations program is less effective than it could be because the program lacks definition and is not integrated into the bureau's overall marketing efforts'. The Auditor recommends that the HVB develop a precise framework for the operation of its visitor satisfaction and community relations programme.

Chapter 10 Personnel Management (10 pages). The main finding reported in Chapter 10 is that 'the bureau has not carried out its personnel functions in a responsible and effective manner, because it does not have an ongoing personnel program' (Hawaii, 1987, p. 185). Chapter 10 presents several details to support this finding.

Responses by the DPED and HVB. The DPED disagreed with the principal recommendations in the 1987 audit report. The main response by the HVB board chairman and the president has been described: the HVB is a private non-profit organization that should not be bound by bureaucratic procedures and red tape. Other relevant points are that 80% of HVB funds came from the state; more importantly, the audit report supplies ample evidence in support of its findings, and the report's recommendations match well with the components described earlier for effective and efficient government tourism marketing programmes.

Meta-evaluation of the 1987 Hawaii management audit report

This report includes a useful (even though incomplete) review of relevant management and research literature pertaining to

government tourism marketing programmes. The 1987 Hawaii management audit report offers ample and specific evidence in support of its findings. Its recommendations are systematic in covering scanning, planning, implementing, measuring results and administering Hawaii's tourism programme. The recommendations are sound and their adoption would very likely increase the effectiveness and efficiency of the state's tourism programme. However, the recommendations are unlikely to be adopted, given the strong negative responses to them by the DPED and HVB. Figure 22.5 is a partial summary of Woodside and Sakai's (2003) meta-evaluation of the Hawaii 1987 Management Audit Report.

The following statement is a summary of Woodside and Sakai's (2003, p. 636) conclusions following their review of the 1987 and 1993 Hawaii tourism management performance audits:

The course of action most likely to move the State of Hawaii's tourism-marketing program away from its pervasive ineffectiveness and inefficiency is more a dramatic step: creating a separate Department of Tourism and ending the state's relationship with the HVB. Given the unusually high importance of tourism for Hawaii compared to other states, and given the evidence in the 1987 audit report and more recent evidence, warrants a new state department of tourism. Some states have made dramatic changes in administering their tourism programs (e.g. Colorado in 1993; see Bonham and Mak, 1996); consequently, enacting and implementing such a paradigm shift by Hawaii is feasible.

Based on the discussion presented above, a summary evaluation of the 1987 Hawaii audit report includes the following categories and descriptions:

- coverage of history and budget: excellent
- clarity of writing: excellent
- theory applied: a Scriven-type, postpositivistic audit
- coverage of issues: comprehensive
- style: highly confrontational
- likely size of impact: little to none
- overall performance quality of report: high.

<u>Activity/Decision</u>	<u>Did Auditor Collect?</u>	<u>Absence Noted?</u>	<u>Level Observed</u>			<u>Accuracy?</u>
			<u>L1</u>	<u>L2</u>	<u>L3</u>	
<u>Scanning</u>						
• SWOT assessment?	No	No				NA
• Market analysis: S/D?	Yes	Yes	L1			Accurate
• Trends?	Yes	No		L2		NA
• Research: customer segmenting?	Yes	No		L2		NA
<u>Planning</u>						
• Written marketing plan?	Yes	No	L1			NA
• Evidence of 'what if' analyses?	No	No				NA
• Formal testing of alternatives?	Yes	No	L1			NA
<u>Implementing</u>						
• Milestones established?	Yes	Yes	L1			Accurate
• Written monitoring guidelines established/followed?	Yes	Yes	L1			Accurate
• Vital competencies done in-house?	Yes	Yes	L1			Accurate
<u>Activity/impact assessing</u>						
• Realized/planned strategy match?	Yes	Yes	L1			Accurate
• Multiple dependent impact measures?	No	No				NA
• Cost/benefit analysis?	Yes	Yes	L1			Accurate
• True experiment of marketing impact?	Yes	Yes	L1			Accurate
<u>Administering</u>						
• Quality of written mission statement?	Yes	NA			L3	NA
• Annual quantitative objectives established?	No	Yes	L1			Accurate
• Evidence of training, coordination, coaching?	Yes	Yes	L1			Accurate

Note: SWOT = strengths, weaknesses, opportunity, threats; S/D = supply and demand analysis; Levels: L1 = found to be poorly done; L2 = found to be done adequately; L3 = found to be done in superior manner and/or superior performance outcome noted. Accuracy = meta-analysis evaluation of validity of auditor's conclusion on activity/decision; NA = not present to assess.

Fig. 22.5. Key issues in a meta-evaluation of the 1987 Hawaii performance audit of the division of travel and tourism.

Developments Following the 2003 Report

On 28 July 2003, a month following the official release of the 2003 tourism management audit report, the *New York Times* published an article entitled, 'After a Century of Luring Tourists, Hawaii Visitors Bureau Is Stripped of Its Worldwide Reach'.

Here are a few excerpts from the story:

- The Hawaii Visitors and Convention Bureau, in one form or another, has been the islands' primary marketing representative to the world for the last century. But late last week, the Hawaii Tourism Authority, a cabinet-level board that oversees the state's tourism spending, divided the worldwide marketing contract among five entities, stripping the private, nonprofit visitors bureau of its international component. The shift in who will present Hawaii's public face to world travelers is only the latest cloud to shadow the tourism industry, which accounts for roughly a quarter of the state's economy. A state auditor's report in June questioned the bureau's accounting practices and use of state money, including some personal expenses that its chief executive, Tony Vericella, charged to the bureau. Mr. Vericella, who resigned July 21, is repaying \$1,000 in what officials said were inappropriately charged expenses.
- Rex Johnson, the chief executive of the tourism authority, said the audit did not affect the awarding of the contracts, which he said was largely completed before the report came out. The contracts were awarded in bidding that for the first time allowed bidders to compete for parts of the marketing programme rather than the entire package, a change that authority executives said was intended to give companies other than the visitors bureau a real chance to compete. The Hawaii Visitors and Convention Bureau won the largest part of the programme, an annual contract worth about \$15 million to lure tourists from North America. About four million North Americans visited Hawaii in 2002, the largest group. But responsibility for Japan, Hawaii's second-largest market with about one and a half million visitors last year, went to Tokyo-based advertising agency Dentsu Inc., with an anticipated \$6 million budget. Marketing in Europe, Oceania and the rest of Asia was awarded to other groups.

The visitor's bureau also kept a \$1.4 million contract to lure meetings and incentive travelers. The four-year contracts were expected to total \$25 million annually, with exact budgets to be negotiated.

- Joseph Patoskie, an associate professor at Hawaii Pacific University's school of travel industry management, said the changes in the marketing strategy could provide new inroads to markets in an increasingly competitive world. 'It's not saying that H.V.C.B. was doing a bad job, but there's a level of competition out there today that may require us to think in a different fashion,' Mr. Patoskie said. David Carey, chief executive of Hawaii-based hotel company Outrigger Enterprises and a former tourism authority member, said: 'It remains to be seen whether a multitude of contractors is going to be as effective as a single coordinated contractor. The H.V.C.B. has taken a horribly bad rap for being incredibly effective over the last several years. If you look at Hawaii compared to other destinations, Hawaii is doing phenomenally well. All of these fundamental changes are out of proportion to the things that could have been made better.'

David Carey's conclusion about the HVCB being 'incredibly effective over the last several years' appears to be inaccurate given the consistent negative findings in the 1987, 1993 and 2003 audits.

Note that the *NYT* story includes quotes from two other persons (Rex Johnson and Joseph Patoskie) implying that neither the 2003 audit nor HVCB contract performance had little to do with the stripping of the HVCB of its worldwide reach. While such statements may be politically useful as socially face-saving ointments, along with the comments by David Carey, the statements serve to lessen the perceived accuracy and value of the 2003 audit report.

Conclusion

The 2003, 1993 and 1987 audit reports on Hawaii's tourism management performance include no knowledge of the relevant evaluation research literature. While these audits are more useful than conducting no audits, they

fail to provide detailed information on the daily, weekly or monthly activities of executives of the HTA and the HVCB and the effectiveness of these activities. For management performance audits to be informative and to serve as catalysts for improving future performance, they need to include thick descriptions of actual behaviour as well as rigorous measurement of impact metrics. All three audits fail to deliver such thick descriptions.

The State of Hawaii is not alone in performing management performance audits that fail to have much impact on increasing effectiveness in managing tourism marketing programmes or in measuring future performance (see Woodside and Sakai, 2003, for reviews by other state auditors). Management performance audits need to apply the theories and methods from the evaluation research literature – to move beyond simply referring to following principles from sound financial accounting auditing practice – to achieve effective audits of the organizations managing the state's tourism marketing programmes. Primarily focusing on bad practices, cronyism and corruption of funds that total less than 10% of total programme expenditures results in too little attention on the prize – effective and efficient management of tourism marketing programmes that achieve highly desirable results that would not otherwise have occurred.

Here is one small comfort: the severe problems with bad to no management performance evaluation auditing appear to be widespread and not limited to government tourism management performance audits. The April 2007 American Marketing Association's *Marketing Matters Newsletter* includes the following report:

How would your company's CEO grade your marketing efforts? VisionEdge Marketing's 6th annual Marketing Performance Survey polled posed this and other questions to 136 executives and marketing professionals. The results revealed a lack of confidence among respondents regarding CEOs' perceptions of marketing measurement and a gap between measurement priorities and action. In addition, the results indicated that despite stressing the importance of marketing measurement, many companies failed to track critical data. For

instance, 63% of respondents cited increasing market share in existing markets as a top priority. However, only 37% regularly reported on market share performance indicators. Furthermore, although 58% of respondents named measuring marketing performance as a top priority, 64% admitted having no marketing performance training or budget in place
(*Marketing Matters Newsletter*, 2007).

Achieving dramatic increases in the quality of management performance audits – ending bad management audits and bad tourism management performance – requires the following actions: (i) recognizing that the situation calls for embracing a theoretical paradigm shift in management performance audits to include both process audits and outcome audits. Such a paradigm shift needs to build from the literature of evaluation research and not just the field of accounting; (ii) creating and implementing training programmes for executives covering sense making (see Weick, 1995), planning, implementing and evaluating tourism management programmes that rely on effective benchmark programmes and the literatures on strategic management (e.g. Mintzberg, 1978; see Kay, 1995; Price *et al.*, 1995) and marketing management (e.g. see Kotler, 1997) – for example, to overcome the continuing bad management practices and lack of skills in managing a tourism marketing programme effectively that the Hawaii Auditor reports for the HVCB; (iii) creating and implementing training programmes for management performance auditors on how to audit effectively both process data and outcome metrics – for example, to overcome the shallow management audit reports done by the Hawaii Auditor; (iv) adequately budgeting management performance audits of tourism management and marketing programmes adequately – about 3% of the annual promotional and advertising budget for a given state tourism management programme; and (v) demanding thick reports covering process data and outcome metrics of all four major areas of management responsibility: sense making, planning, implementing and evaluating. Such thick reporting needs to describe specific markets for each origin targeted to attract customers, the rationales for targeting each market with each origin national or state market, the allocation of marketing expenditures per market and the rationale for each allocation, the

milestones of actions and responsibilities assigned and implemented to/by each key executive – and evidence that such implementation was done. These mental models (see Stubbart and Ramaprasad, 1988; Huff, 1990) will serve as the rationale for planning before and during the time period that the audit covers, the metrics created to measure process data and outcome impacts, the rationale for using specific media to communicate to each target market (see Woodside and Ronkainen, 1982; Woodside and Soni, 1990), the evaluation process that went into selecting an advertising agency and the evaluation process of the performance of this agency, the rationale for using each specific media vehicle to reach the target markets, the metrics created to measure the performance of each vehicle and each

medium used in the advertising campaign, the metrics in place to compare outcomes for targeted markets versus non-targeted markets, the quasi-experimental evidence of providing literature and responding to customer requests for information versus not providing such information (see Woodside, 1996), the testing of alternative literature designs and content given to customers in response to requests, the longitudinal impact metrics over the past 10 years of the tourism programme, plus others. Hopefully, this chapter serves as a call to action and training for management performance auditors, tourism management programme executives, state legislators, independent near government organizations and watchdog groups, and taxpayers.

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Executive Training Exercises in Tourism

Management programme performance auditing

Executive training questions

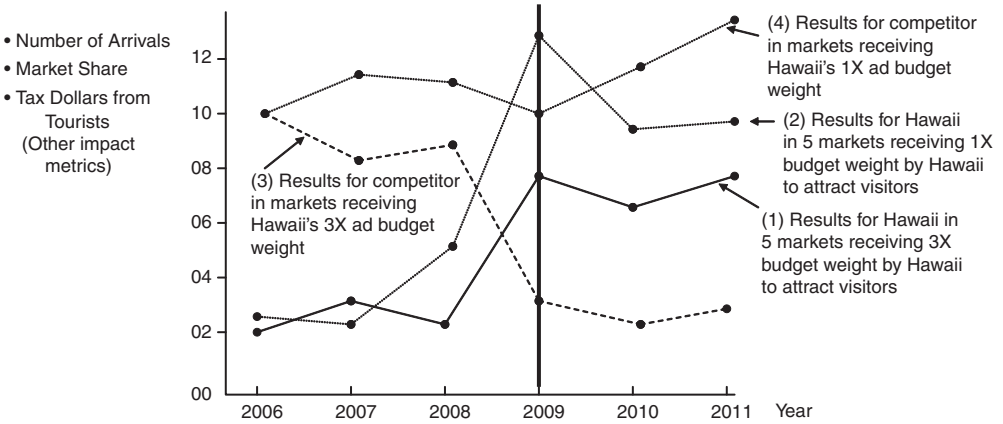
1. Use Fig. 22.6 and the review of the 2003 State of Hawaii Auditor's Report Number 03-10 in this chapter to assess both the coverage and accuracy of the report and the effectiveness and efficiency of the management performance by the HVCB and HTA in directing the tourism marketing. Complete each template issue in Fig. 22.6 with a brief entry based on your reading of the review of the 2003 report. Figure 22.6 includes the completion of the first two entries as examples of the work to be done.
2. Go to the following web site to read the complete report (Report 03-10): [hi.us/auditor/Reports/2003/03-10.pdf. Use five additional findings in the complete report in reviewing your entries in Fig. 22.6. Write a brief commentary on the five additional findings and how these findings improve your meta-evaluation of the State of Hawaii Auditor's report.](http://www.state.

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3. Provide three concrete recommendations with two rationales for each based on your meta-evaluation of Report Number 03-10. Direct your recommendations to the Governor and the Legislature of the State of Hawaii.
4. Interpret the findings in Fig. 22.7. How do the findings in Fig. 22.7 differ from the findings in Fig. 22.1? What conclusions are best to draw from the findings in Fig. 22.7?
5. Send your answers to arch.woodside@bc.edu or marcias@hawaii.edu to receive a copy of their answers to this exercise and an assessment of your own.

<u>Activity/Decision</u>	<u>Did Auditor Collect?</u>	<u>Absence Noted?</u>	<u>Level Observed</u>			<u>Accuracy?</u>
			<u>L1</u>	<u>L2</u>	<u>L3</u>	
Scanning:						
• Evidence of formal scanning reports?	No	To some extent; Audit report indicates shallow plan.				
• Formal SWOT assessment done?	No	No			No assessment apparent.	
• Market-by-market analysis: S/D?						
• Trends identified formally?						
• In-depth research & knowledge of customer segments/targets?						
Planning:						
• Up-to-date written marketing plan for tourism-marketing programme?						
• Marketing plan includes written milestones of schedule actions?						
• Evidence of 'what if' reflection/analyses?						
• Formal testing of alternatives? Before and/or after execution?						
• Formal projections of cost/benefit analysis of planned actions?						
Implementing:						
• Evidence of on-the-job coaching and coordination and/or lack?						
• Have service-performance-process maps been created/ used?						
• Written monitoring guidelines established/followed?						
• Vital competencies done in-house?						
• Formal system for noting/responding to critical incidents?						
Activity/impact assessing:						
• Realized/planned strategy match?						
• Multiple dependent impact measures?						
• Cost/benefit analysis?						
• True experiment of marketing impact?						
Administering:						
• Written mission statement prepared?						
• Annual quantitative objectives established?						
• Evidence of training, coordination, coaching by senior executives?						
Note: SWOT = strengths, weaknesses, opportunity, threats; S/D = supply and demand analysis; Levels: L1 = found to be poorly done; L2 = found to be done adequately; L3 = found to be done in superior manner and/or superior performance outcome noted. Accuracy = meta-analysis evaluation of validity of Auditor's conclusion on activity/decision.						

Fig. 22.6. Executive training exercise template for a meta-evaluation of performance audits of the State of Hawaii 2003 Report.



Note. Assume one-time heavy advertising weight (expenditure occurs in 2009 in 5 specific markets (or a unique new message is used in these 5 markets at the same ad weight. The patterns in Figure 1 indicate that the heavy ad budget weight (3X) is effective in (1) increasing number of arrivals (or market share or tax dollars) in comparison to (2) regular ad budget (1X) expenditures by Hawaii and in comparison to the (3) drop in number of arrivals for the competitor in the 5 markets receiving high (3X) ad expenditures by Hawaii versus the (4) near constant levels of arrivals to the competitor's destination in the markets receiving normal (1X) ad weight to attract Hawaii visitors.

Source: Original exhibit for this chapter; see Campbell (1969) for exhibits of additional quasi-experiments.

Fig. 22.7. Longitudinal quasi-experiment to measure Hawaii's advertising impact on annual number of arrivals (or market share or tax dollars) by (from) tourists.

23 Tourist Shopping Villages: Exploring Success and Failure

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Synopsis

This chapter explores the phenomenon of tourist shopping villages (TSVs) and the dimensions that contribute to their success by combining a traditional literature review with an expert knowledge mapping exercise. While shopping is seldom mentioned as a primary reason for travel, the activity is perhaps the most universal for tourists, and of great economic importance to local merchants. Creating comfortable and exciting shopping districts can entice tourists to visit and to extend their stay in the region. Many places around the world have developed into well-known tourist shopping destinations, whether by default or through deliberate planning. While tourist shopping can take many forms, this chapter is concerned with small tourist villages that base their appeal on retailing. TSVs are a growing phenomenon in many destinations and can be an important tool for regional development. The chapter draws on the work of Jansen-Verbeke (2000) and Getz (1994, 2000, 2006) to develop an initial framework for the systematic analysis of tourist shopping villages. The chapter includes an evaluation of 29 villages in Australia, New Zealand and Canada to explore factors relating to their perceived success. Onsite visits, rich photographic resources and the associated promotional materials offer a close inspection of the physical conditions of the settings, the activities available and the shopping styles and diversity. From this perspective, the perceived success of a tourist shopping village is strongly influenced by a well-developed heritage theme combined with the presentation of the village as larger in scale, tourist focused and tightly integrated. A successful village also is supported by regional distinctiveness in merchandise as well as regional food and wine. Accessibility and seasonality appear to have a minor influence on the success of shopping villages.

Keywords: tourist, shopping, village, success, expert knowledge mapping.

Introduction

This chapter explores the phenomenon of tourist shopping villages (TSVs) and the dimensions that contribute to their success. TSVs are 'small towns and villages that base their tourist appeal on retailing, often in a pleasant setting marked by historical or natural amenities. They are found along touring routes, in destination areas and near urban centres, but are markedly different from urban business and shopping districts in

terms of their small scale, speciality retailing and distinct ambience' (Getz, 2000, p. 211). TSVs are a growing phenomenon in many destinations and can be an important tool for regional development. For example, Jansen-Verbeke (2000) identifies tourism/leisure shopping as not just one alternative but often the best alternative for declining rural areas. Despite TSVs' prominence in many tourists' destination experiences, tourist shopping villages have been given minimal academic attention.

This chapter explores and identifies the dimensions that relate with success in regional tourist shopping villages and maps out the nature of this particular tourist phenomenon. In particular this study uses an expert knowledge elicitation protocol and mapping exercise to develop a conceptual framework explaining success in TSVs and through the framework guide the development of a research agenda in this area. While expert knowledge elicitation is a major component of developing knowledge management systems and procedures within business practice and the topic of a substantial amount of academic literature, this method has not been used very much to inform the development of academic research agendas (Huang *et al.*, 2006). Yet according to Mak *et al.* (1996), accessing expert knowledge has the potential to make significant contributions to theory development. More specifically, they argue that 'collectively they [experts] offer sufficient cues leading to the building of a comprehensive theory ... asking experts to analyse and solve many different cases will increase the robustness of the knowledge-based model' (Mak *et al.*, 1996).

Analysing Expert Knowledge to Establish a Research Agenda

Knowledge management is currently a key topic of discussion in many areas of business and government and an emerging one in tourism (Cooper, 2006). In tourism, as in many other areas, the main focus of the knowledge management discussions are on applying research rather than developing research. Yet the problems faced developing new areas of academic research, especially in complex, multidisciplinary, emergent fields such as tourism, are similar to those faced in management practice. Developing a research agenda and conceptual framework for a topic that has been given little research attention is, arguably, similar to developing management and operational protocols. Both tasks need to find and to convert the tacit knowledge embedded in the experiences of experts into explicit knowledge that can be transferred to others (Abernathy *et al.*, 2005; Scapolo and Miles, 2006). Recent examples of using expert knowledge elicitation procedures to develop research frameworks

and agendas are found in other disciplinary areas such as technology (Grinstein and Goldman, 2006), organizational psychology (Derous *et al.*, 2003), medicine (Nabitz *et al.*, 2005) and social welfare (Rettig and Keichtentritt, 1999).

The present study applies these new approaches to develop a conceptual framework which could guide further research into the success of tourist shopping villages. In particular the researchers were assisted by the procedures established by Huang *et al.* (2006) and Derous *et al.* (2003) in human resource management, as well as by Grinstein and Goldman's (2006) study of technology firms. In all three examples, the research combines two sources of expert knowledge – the more traditional academic source of the existing literature and then some form of tacit knowledge elicitation from a small group of experts. The traditional literature reviews help to generate a set of constructs or characteristics that might be important to understand the topic of interest. As Grinstein and Goldman (2006) note, typically this process generates a substantial list of attributes with little evidence about their relative importance or the relationships between them. Sometimes literature reviews are then used as the input into a Delphi technique in which experts provide further insight into the nature of the topic of interest. However, Delphi's value for eliciting tacit knowledge has been challenged (see Rowe and Wright, 1999; Rowe *et al.*, 2005). As an alternative, Huang *et al.* (2006) argue for the use of statistical procedures to generate expert perceptual maps. These procedures typically are based around some form of multidimensional scaling analysis.

The present study uses a procedure combining a traditional literature review with an expert knowledge mapping exercise. This literature review's aim is to identify issues and constructs that might be valuable in understanding TSV success. These constructs are the foundations for an expert knowledge appraisal. In particular a set of TSV cases and the factors related to their perceived success were explored. Specifically, the study sought expert knowledge domains in order to:

- identify and describe exemplars of success
- suggest key dimensions associated with shopping village success and

- seek a classification of different shopping village types.

Tourist Shopping Literature

According to Turner and Reisinger (2001), although shopping seldom receives mention as a primary reason for travel, shopping is perhaps the most universal of tourist activities, and of great economic importance to local merchants. Tourists form a separate retailing segment from the general population and place importance on different products and product attributes. Due to economic, social and psychological benefits, the creation of comfortable yet exciting shopping districts to induce customer desire to visit and to extend their stay has become an important concern for authorities at tourist destinations (Yuksel, 2004). According to Timothy (2005), dozens of places around the world exist as well-known tourist shopping destinations, either purposely planned to be such or by default, simply because they offered products and services that people found desirable. Shopping venues and contexts identified include: souvenir shops, department stores, malls, outlet centres, airports, railway stations and harbours, duty-free shops, museums and heritage sites, wineries and distilleries, special events and theme parks, craft villages, tourist shopping villages, street vendors and craft markets. Getz (1994) identifies several atmospheric cues that signal villages as being tourist shopping oriented. These include vivid colours, specific signage, rustic and hand-crafted materials, historic buildings and distinctive regional styles, use of window and street displays, themed outdoor music, food and landscaping (e.g. street decorations, paving stones and attractive pathways). Additionally, proximity to attractions, to major touring routes and to major visitor source markets serve to define the advantageous locations for tourist shopping villages.

The exterior environmental cues and physical components in a shopping location help tourists to form a holistic picture of the destination (Yuksel, 2007). Accordingly, the shopping environment deserves attention, as elements such as the building architecture, the surrounding scenery, storefronts, activities, density and the noise level are some of the first

cues normally seen by a tourist. Yuksel's findings indicate that greater approach behaviours are associated with activating (e.g. lively, bright, motivating and interesting) environments. Furthermore, tourists who believe that the shopping district can provide them with a fun, pleasurable and enjoyable shopping experience likely rate their experience as more valuable. Also, these tourists are more likely to return in the future.

Jansen-Verbeke (2000) identifies environmental elements that enhance the shopping area's ability to function as a tourist attraction. Relevant functional characteristics of the environment include:

- the range of shops, catering, leisure and other facilities and tourist attractions
- the spatial clustering of facilities
- parking space and access
- street retailing
- pedestrian priority in open spaces.

Qualities of the environment include:

- the image of the place, leisure setting, street musicians and artists
- accessibility during leisure times
- aesthetic value, image of maintenance and safety and architectural design of the buildings, streets, shops, windows, signboards and lighting
- social affective value with respect to the liveliness of the open space
- animation, entertainment, amusement and surprise.

Finally, hospitableness includes social, visual and physical aspects of the environment as well as elements such as orientation, information, symbolism and identification.

Examining three Canadian case studies, Getz (2000) identifies several planning issues for tourist shopping villages which incorporate many of the above elements. He observes that tourism shopping influences the types and evolution of retailing in a community. Specialty shops, catering and entertainment businesses evolve to meet the different demands of the visiting shopper and can either displace traditional, resident-oriented businesses or expand the range of opportunities. Mitchell and Coghill (2000) provide evidence of the former based on their research on heritage shopping villages.

They study St Jacobs, a traditional rural service centre which provides a range of goods and services to a nearby population of Old Order Mennonites. This group in turn serves as a main drawcard for tourist development of the village. Mitchell and Coghill document the effects that commodification has had on the Mennonite population. As the structure of the business community evolved with increased tourist activity, many of the stores which formerly provided for the Mennonites' everyday needs closed, forcing the local population to seek out less-contrived landscapes for their shopping needs. Similarly, Snepenger *et al.* (2003) also examine the interplay of residents and locals as shopping districts evolve. They propose a common advanced form of consolidation in the life cycle of downtown tourism retail spaces. Once advanced consolidation is reached, they suggest stagnation may follow. During the stagnation stage, stores are filled with mementos, non-essentials and niceties, no longer serving the everyday needs of locals. Finally, most of the host population resent the tourists and reject the shopping area that is no longer genuinely theirs.

Getz (2000) identifies heritage issues as another tourist shopping village concern. He notes that adaptive reuse for retail function has preserved many historic buildings. In many cases deliberate architectural and historical theming is an entrepreneurial tool used to develop tourist attractiveness. However, risk exists for what are perceived to be inauthentic re-creations or inappropriate new designs. In Niagara-on-the-Lake, a Canadian village with impressive Victorian and Georgian architecture, early positive implications of site development as a heritage shopping village were identified in the 1970s by residents. Such positive affirmations of the care of heritage included restoration of local buildings and the construction of harmonious new facilities. The continued development of the village, however, and increased investment in the mid to late 1990s witnessed the arrival of a wealthy entrepreneur and resulted in the construction of a faux-colonial mini plaza (Mitchell *et al.*, 2001).

The importance of individuals and dominant corporations in developing tourist shopping villages is worthy of further attention. In particular, entrepreneurship's role needs to be investigated and to find ways to stimulate and

assist local development. The absence of accommodation in small villages is identified as an obstacle to realizing local economic benefits. Small inns and bed-and-breakfast establishments are identified as natural complements to the country shopping experience. These businesses can be developed without much visual or social impact. Large scale rural resorts or grandiose new structures may be profitable initially but ultimately less-sustainable options for the long term well-being and image of the village.

In terms of environmental planning, parking and traffic flow pose serious issues in tourist shopping villages and can lead to negative resident attitudes, especially where visitor volume exceeds the physical capacity of small villages. Parking and traffic congestion are two issues often identified (Mitchell, 1998; Mitchell and Coghill, 2000; Mitchell *et al.*, 2001). Parking congestion is one of the most common resident complaints. The importance of street-scaping and pedestrian comfort zones also is emphasized. Finally, just as small villages have inherent physical limits to growth or re-development, social capacity also must be considered. Villagers are likely to be more aware of, and concerned about, changes in general and tourism developments in particular. Figure 23.1 illustrates some of these concepts.

Getz's (2006) scheme for understanding events can be modified to incorporate the key elements identified in the literature with respect to creating satisfying tourist shopping experiences. Getz's framework suggests that a tourist event combines four critical elements: the setting; theming (a unifying idea which provides meaning) and programming (scheduled or scripted activities for participants); service delivery and consumables. If this framework is applied to understanding regional tourist shopping villages, the main factors to be considered are:

- environmental setting (e.g. existing attractions, site planning, accessibility, traffic flow, crowd management and atmosphere)
- theming (e.g. heritage) and programming (festivals, events)
- service delivery (e.g. infrastructure, facilities)
- consumables (the range, variety and regional uniqueness of products).

In conclusion, shopping is an important activity and economic contributor to the tourism



Heritage is often a prominent feature in TSVs (Hahndorf, Australia)



Ample off-street parking which does not detract from the visual amenity of the village main street (Montville, Australia)



Extensive streetscaping and signage can contribute to the consistency of themeing (Niagara-on-the-lake, Canada)



Dining in a relaxed village environment (Niagara-on-the-lake, Canada)



Local food and produce, often with a home-made or boutique element (St. Jacobs, Canada)



Pedestrian friendly areas help create a safe and relaxed environment (Montville, Australia)

Fig. 23.1. Examples of features of tourist shopping villages.

experience and the shopping behaviours and preferences of travellers have been researched extensively (e.g. Heung and Qu, 1998; Heung and Cheng, 2000; Law and Au, 2000; Turner and Reisinger, 2001; Wong and Law, 2003; Carmichael and Smith, 2004; Geuens *et al.*, 2004; Lehto *et al.*, 2004; Littrell *et al.*, 2004; Yeung *et al.*, 2004; Yoon-Jung *et al.*, 2004; Yuksel, 2004; Rosenbaum and Spears, 2005; Yu and Littrell, 2005; Hsieh and Chang, 2006; Swanson and Horridge, 2006; Hu and Yu, 2007). In addition, shopping as a leisure/hedonistic experience (Babin *et al.*, 1994; Jones, 1999) is receiving increasing attention. However, little research focuses on the shopping experience outside urban/suburban malls and shopping centres, and downtown shopping precincts. Yuksel's (2007) examination of shopping habitats emphasizes the importance of the macro-environment in creating attractive and inviting shopping locations. By attending to the factors identified by Jansen-Verbeke (2000) and Getz (1994, 2000, 2006), a framework for a systematic analysis of tourist shopping villages begins to emerge. These insights form the first of the two-part approach used in this study to assess the contributors to tourist shopping village success.

The Sample of Tourist Shopping Villages

Getz (1994) emphasizes the importance of cross-cultural comparisons of tourist shopping

villages which could reveal quite different approaches to locational decisions, design, marketing and product or service specialization. The sample of 29 villages analysed in this chapter included villages in Australia, New Zealand and Canada. Villages were identified from travel brochures, web sites and the academic tourism literature. The sample includes well-established tourist destinations such as Niagara-on-the-Lake (Canada), Arrowtown (New Zealand) and Hahndorf (Australia). In addition, several smaller emerging villages were also included. Figure 23.2 provides a map of village locations.

The Australian villages include 20 villages scattered across four states. A cluster of 12 villages in the Australian sample is located in close proximity to the major city of Melbourne. To the west of Melbourne is Daylesford, which in conjunction with the adjacent town of Hepburn Springs is known as the 'Spa Centre of Australia' with 50% of the country's active mineral water outlets. Daylesford is a well-developed regional centre offering a variety of tourist shopping and dining experiences. To the north-west are the historic goldmining villages of Maldon and Castlemaine, with their remarkably well-preserved historic streetscapes of stone buildings, flagstone paving, old-fashioned shop fronts and quaint cottages with attractive gardens. To the north of Melbourne are the historic rural centres of Kyneton and Woodend. Kyneton has one of the state's strongest collections of historic bluestone buildings. To the east are the villages of Sassafras, Olinda, Healesville, Marysville, Yarra Glen and Gembrook.

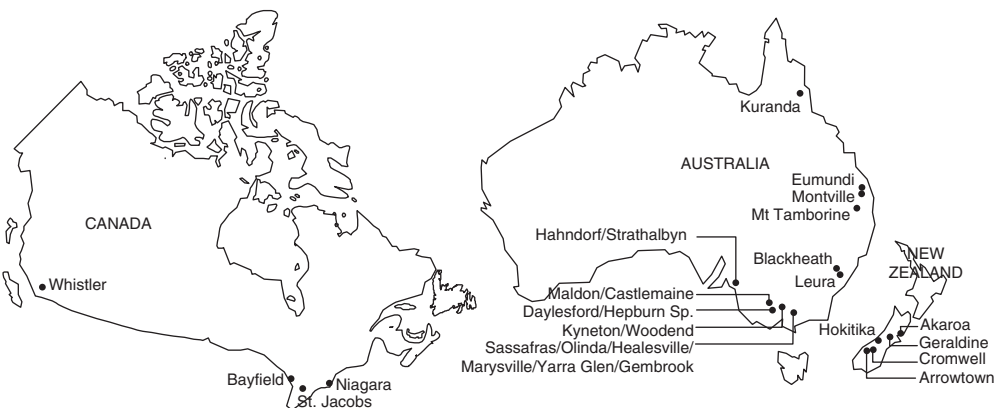


Fig. 23.2. Locations of sample villages.

Sassafras and Olinda are twin mountain villages with arts and craft shopping opportunities. Yarra Glen is located in the heart of the fertile Yarra Valley, which is noted for its fine food and wine. Healesville is a regional centre, while Marysville and Gembrook are smaller villages based around timber and bushwalking. The Puffing Billy tourist train also terminates in Gembrook. Leura is the major tourist shopping village in close proximity to Sydney in New South Wales. The village is located in the Blue Mountains area and the region is well known for arts, crafts and antiques shopping. Close by is the smaller town of Blackheath, which also has an arts-and-crafts theme. Montville is located in the hinterland about 60 min north of Brisbane in Queensland. This village has a large arts, crafts and antiques centre with a developing food and wine theme. The village has an extensively streetscaped main street lined by an eclectic mix of European-style buildings. Also the small rural centre of Eumundi is in this vicinity; Eumundi is well known for markets selling handicrafts and flora. To the south-west of Brisbane is the mountain village of Mt. Tamborine, which boasts a number of art galleries, antique shops and dining venues. In the north of the state, located close to the city of Cairns is Kuranda. Often, Kuranda is promoted as the village in the rainforest. With a large 'alternative lifestyle' population, this village is best known today for markets selling a range of produce and handicrafts. In South Australia, the German-themed Hahndorf is the major tourist attraction in the Adelaide Hills. This village is well known for fresh food and produce. The smaller rural centre of Strathalbyn is located nearby and is well known for its heritage streetscape.

The Canadian sample includes the three towns of Bayfield, Niagara-on-the-Lake and St Jacobs, all located in southern Ontario. Bayfield is a historic village located on Lake Huron. This village offers wide tree-lined streets lined with tourist shops, boutiques and galleries filled with quality books, home and garden decor, art and apparel. Niagara-on-the-Lake is a major tourist town located a short drive from Niagara Falls, where the Niagara River meets Lake Ontario. The village features attractively landscaped streets framed by tourist shops and dining venues as well as a number of historic attractions. Niagara-on-the-Lake is home to many

wineries, inns, bed-and-breakfasts and spas. St Jacobs originally became well known as a result of its local Old Order Mennonite community who sell produce, furniture, arts and crafts in the village. The village has grown into a major tourist shopping village which now features over 100 shops and dining venues. Whistler (British Columbia) is Canada's most famous alpine ski resort and features many high-street fashion outlets and entertainment venues.

Several villages were sampled on the South Island of New Zealand. Close to the tourist centre of Queenstown are the villages of Arrowtown and Cromwell. Arrowtown is a historic mountainside goldmining town which today features many arts and craft souvenir shops and good quality dining opportunities. Cromwell is a rural town known for fresh fruit and vegetables, cheese and wineries. On the scenic west coast of the island is Hokitika, which is the centre of New Zealand's jade industry. Closer to Christchurch toward the north are Geraldine and Akaroa. Geraldine is a regional centre in the early stages of developing tourist shopping opportunities. Geraldine is capitalizing on the village's position as a rest stop. Akaroa is closer to the major city of Christchurch and exudes an interesting French nautical flavour. The village is characterized by colonial architecture, craft stores and cafés and offers an opportunity to see the world's smallest dolphin species.

The sample includes several villages that would not strictly meet Getz's (2000) definition of a tourist shopping village (e.g. Whistler in Canada and Geraldine and Cromwell in New Zealand). The inclusion of these 'dummy' villages serves as useful litmus tests against which to check the robustness of variables developed to explain the success of tourist villages. If the dummy villages are not easily distinguishable, the variables used to determine the success of shopping villages arguably are inadequate. Conversely, if these villages were outside the definition then they would appear as outliers in further analysis.

Generating the Data

The present study's procedure follows Grinstein and Goldman (2006) and critically assesses and

incorporates ideas from Huang *et al.* (2006). Grinstein and Goldman (2006) use a panel of five experts to judge 26 cases on 24 measures derived from their literature review. The present TSV study also used a panel of five experts who rated the sample of 29 villages. An overview of the research process is provided in Fig. 23.3.

The panel consisted of five tourism academics with a mix of disciplinary expertise,

including tourist behaviour, regional development, tourism marketing and strategic management. The most senior researcher in the group had over 30 years' experience in tourism research. An initial task in the research process was to review the academic literature dealing with tourist shopping to generate salient characteristics which might contribute toward high-quality shopping experiences. The academic literature

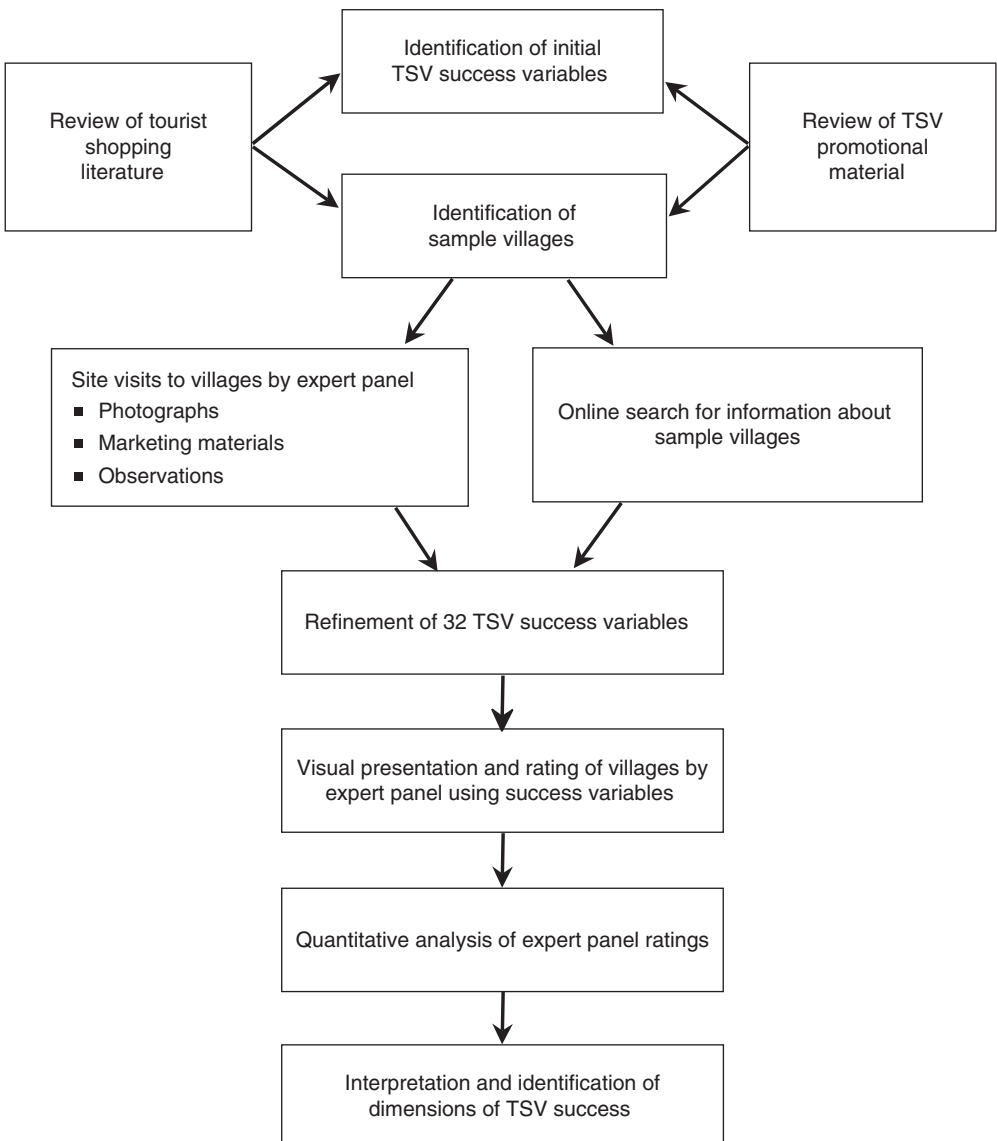


Fig. 23.3. Flow chart of the research process.

was supplemented with an initial review of the promotional materials, and particularly the web sites of tourist shopping villages. These two sources of information also were useful in providing some clues about which villages to include in the study.

Once the initial success variables were identified by the expert panel, the sample villages were visited by one or more of the five experts. During these site visits the researchers took photographs of the villages illustrating aspects of the variables identified at the start of the research process. Researchers also collected marketing materials available at the villages for later consideration. Also, individual observations and impressions were recorded. At the same time, one of the panel members collected online information about each village. This process resulted in a substantial dossier for each of the 29 villages.

After completing the site visits, the five panel members reconvened and reviewed the initial success variables. Some changes and additions were made to these variables, resulting in a one-page instrument consisting of 32 characteristics used to rate the 29 villages. This process resulted in a maximum of 4640 data points for the multivariate analyses conducted later. Table 23.1 provides a summary of the characteristics considered for each village. Each village was rated by every panel member after reviewing a visual presentation of photographs, a commentary provided by individuals who visited the site and the promotional material collected for the dossier. On average, 20 photographs were taken of each village but the range is from four photos for one of the smaller villages to over 100 photos for a well-developed village. The panel spent an average of 10–20 min reviewing each village. A familiarity variable

Table 23.1. Characteristics used to evaluate tourist shopping villages.

Rating Scales (1 = Low...7 = High)	Interaction with Transport Networks
Perceived overall success	On a touring route
Shopping diversity	On a transport corridor
Architectural cohesiveness	Single destination
Regional uniqueness of shops/merchandise	
Food and wine	Anchor Features
Accommodation	Foundation anchor feature
Frequency and extent of markets	Existing anchor feature
Frequency and extent of festivals	Lost anchor feature
Level of integration with village	Multiple anchor features
Density	
Accessibility (time, effort, money, transport networks)	Life Cycle Stage
Streetscaping	Introduction
Gradient	Failed attempt
Marketing professionalism	Growth
Perceived scale of development	Maturity
Tourist exclusivity	Decline
Visitor logistics (toilets, car parks, seats, info centres)	Rejuvenation
Effect of seasonality	Stagnation
Extent of heritage conservation	
Aesthetic surrounds (i.e. landscape)	Themes
Familiarity with village	Presence of theme and strength of theme (1 = weak...7 = strong)
	Distinctive food/local produce
Spatial Form	Heritage/history
Cluster	Creative and performing arts
Linear A (artificial)	Crafts
Linear B (natural)	Environmental
Grid	Antiques
Mixed	Ethnic /cultural
	Health/sports/outdoor recreation

Table 23.2. Expert familiarity with the TSVs.

Tourist shopping village	Mean familiarity score (standard deviation)	No. of panel members who visited
Akaroa, New Zealand	4.2 (3.0)	2
Arrowtown, New Zealand	5.4 (2.3)	3
Bayfield, Canada	2.6 (2.3)	1
Blackheath, Australia	5.2 (2.5)	3
Castlemaine, Australia	2.4 (1.5)	1
Cromwell, New Zealand	4.6 (2.5)	3
Daylesford, Australia	3.6 (2.6)	2
Eumundi, Australia	3.4 (2.5)	1
Gembrook, Australia	2.0 (1.4)	1
Geraldine, New Zealand	4.8 (2.5)	3
Hahndorf, Australia	4.2 (3.0)	2
Healesville, Australia	2.6 (1.3)	1
Hepburn Springs, Australia	3.6 (2.6)	2
Hokitika, New Zealand	4.2 (3.0)	2
Kuranda, Australia	6.2 (0.8)	4
Kyneton, Australia	3.0 (1.9)	1
Leura, Australia	4.6 (2.3)	3
Maldon, Australia	3.2 (1.3)	1
Marysville, Australia	2.2 (1.6)	1
Montville, Australia	5.0 (1.6)	1
Mt Tamborine, Australia	3.2 (2.7)	1
Niagara-on-the-Lake, Canada	2.8 (2.5)	1
Olinda, Australia	3.2 (2.5)	2
Sassafras, Australia	3.2 (2.2)	2
St Jacobs, Canada	3.0 (2.8)	1
Strathalbyn, Australia	4.0 (2.8)	2
Whistler, Canada	4.0 (2.0)	1
Woodend, Australia	1.8 (1.3)	1
Yarraglen, Australia	2.2 (1.6)	1

was included in the instrument in order to control for the fact that some panel members had more experience with particular villages than others. Table 23.2 provides a summary of the mean familiarity scores the experts gave for each village (1 = low; 7 = high). As can be seen, familiarity scores varied greatly across the villages, but 20 out of the 29 villages had a mean score greater than three indicating higher levels of familiarity. All villages were visited by at least one panel member within the 12-month study time period, with 14 villages being visited by at least two of the five panel members.

Perceived Overall Success

Rating the sample of villages based on perceived overall success was the first step in the analysis. For this study, perceived overall success relates to the expert's view of the visitor experience and the level of commercial activity within the tourist villages. Limitations to this definition of success are discussed in more detail in the concluding section of the chapter. Table 23.3 provides the mean ratings for the villages. According to Table 23.3, five villages are potential exemplars of success. These five villages came from three different countries

Table 23.3. Mean ratings for perceived overall success.

Shopping village	Mean rating
Niagara-on-the-Lake, Canada	6.6
Hahndorf, Australia	6.4
Montville, Australia	6.3
Arrowtown, New Zealand	5.6
St Jacobs, Canada	5.6
Bayfield, Canada	5.4
Whistler, Canada	5.4
Leura, Australia	5.2
Mt Tamborine, Australia	5.2
Daylesford, Australia	5.2
Hokitika, New Zealand	5.2
Kuranda, Australia	4.8
Eumundi, Australia	4.8
Strathalbyn, Australia	4.8
Akaroa, New Zealand	4.8
Cromwell, New Zealand	4.8
Castlemaine, Australia	4.4
Sassafras, Australia	4.4
Kyneton, Australia	4.2
Marysville, Australia	4.2
Healesville, Australia	4.2
Olinda, Australia	3.8
Yarraglen, Australia	3.8
Maldon, Australia	3.4
Blackheath, Australia	3.4
Gembrook, Australia	3.4
Hepburn Springs, Australia	3.2
Woodend, Australia	3.0
Geraldine, New Zealand	2.8

Scale is from 1, not at all successful, to 7, very successful.

and they have been identified in the academic literature as typical examples of tourist shopping villages (Getz, 2000; Thyne and Lawson, 2001; Frost, 2006), or acknowledged as leading shopping attractions in regional promotional material. Despite sharing similar ratings for overall success, each village is very different in terms of geography, style of shopping and additional tourist attractions. This set of exemplars provides an opportunity to explore the possibility of both common dimensions for success as well as dimensions that are specific to particular types of shopping village. Further

examination of the table shows a large cluster of villages with moderate ratings of success, and six villages with mean ratings suggesting that they are not successful. This group includes villages that arguably are just emerging as shopping villages. For example, Geraldine and Hepburn Springs' shopping and other tourist facilities are limited and relatively new developments. The group also includes some villages that have been attempting to develop their profile for some time such as Maldon.

Factor Analysing the Attributes

Exploring the nature of the associations between the attributes using a factor analysis is the second step done in the analysis. The factor analysis also was conducted to reduce the number of attributes and to permit an easier interpretation of later analyses. A principal components factor analysis was conducted on the 19 main rating scales excluding ratings of theme strength (because these were only completed where the theme applied) and perceived overall success (as this was the key dependent variable in the research programme). This analysis used an Oblimin Rotation to yield orthogonal or independent factors for use in the multiple regression. The results described six factors explaining a total of 65% of the variance. The key results of the factor analysis are provided in Table 23.4. The six factors were labelled scale of planning for tourists, integration of tourism into the village, access, regional uniqueness, seasonality and service infrastructure.

Conducting Multiple Regression to Predict Overall Success

The six factors identified in the previous section have been incorporated into a multiple regression to predict the rating of perceived overall success. In addition to these factors, the existence of themes, the ratings of theme strength, whether or not the village had an existing, lost or multiple tourist anchor features, and whether or not the village was a single destination, on a tourism route or on a transport corridor, also were entered into a simple linear

Table 23.4. Key results of factor analysis of the rating scales.

Rating scales	Factors					
	1	2	3	4	5	6
Extent of visitor logistics	0.830					
Tourist exclusivity	0.822					
Scale of development	0.807					
Streetscaping	0.716					
Extent of heritage conservation		0.835				
Architectural cohesiveness		0.749				
Level of integration with the rest of village		0.578				
Dispersed versus concentrated		0.563				
Accessibility			0.762			
Aesthetic quality of surrounds			-0.700			
Flat versus steep			-0.544			
Regional uniqueness of shops/merchandise				0.907		
Effect of seasonality					-0.696	
Extent of markets					0.611	
Extent of accommodation provisions						-0.804
Extent of festivals						-0.728
Focus on food and wine						0.719
Marketing professionalism						-0.670
Shopping diversity						-0.566
% of variance explained	26%	11%	8%	7%	7%	6%

Numbers indicate factor loadings.

Table 23.5. Results of regression analysis.

Predictor variables	Standardized beta coefficients	t
Scale of planning for tourists	0.668	12.0
Strength of craft theme	0.164	3.3
Lost anchor feature	-0.137	-2.7
Seasonality	-0.128	-2.7
Service infrastructure	-0.120	-2.2
Strength of food theme	0.118	2.1
Regional uniqueness of shops	0.115	2.2
Located on a transport corridor	-0.100	-2.0

multiple regression. Overall the model chosen yields an adjusted R^2 of 0.67 and the ANOVA indicated a significant result ($F = 19.1$, $p < 0.001$) suggesting the regression model offers a

good explanation of perceived overall success. Table 23.5 provides the details for those predictor variables that were significantly related to the regression model ($p < 0.05$).

The multidimensional scaling analysis

To map the expert knowledge, the analysis includes a multidimensional scaling analysis with the Alscal program in SPSS. The mean ratings given to the 29 shopping villages by the panel of five experts on the 20 rating scales were used as the core data to determine the similarity matrix. The analysis examined three solutions ranging from two to four dimensions. Young's *s*-stress formula was used to determine the best solution. In the present case the best solution was that based on four dimensions with a final Kruskal's stress value of 0.097, which is considered to be fair (Cai, 2002). The four-dimensional solution also had a very high R-square ($r = 0.92$), well above the minimal acceptance level ($r = 0.6$) indicating a very good solution (Fodness and Murray, 1998).

Huang *et al.* (2006) suggest a number of steps in the interpretation of the expert perceptual map. These steps include the following actions: (i) associating and distinguishing, in which relationships between objects are mapped and this space is explored by looking at underlying attributes; (ii) clustering and comparing, which is focused on examining the groups of objects that are close together in the space; and (iii) ranking, which involves finding and examining the extremes.

In this scheme the first step was to conduct the MDS and then to interpret the dimensions identified in the best solution. In the present case the best solution used four dimensions to locate the shopping villages in the perceptual space. Figure 23.4 provides a summary of the expert perceptual maps produced by the MDS. This figure provides six, two-dimensional maps. Each map explores one aspect of the interaction between the four dimensions.

To interpret these four dimensions, the shopping villages' scores on the MDS dimensions were compared to their scores on the factors derived for the factor analysis and the other ratings of the villages. Two further factor analyses were conducted to examine which variables most strongly correlated with the dimensions. The first factor analysis procedure examined the strength of themes combined as a single index; the second analysis explored the themes' strength ratings separately. Both analyses

produced a similar and clear underlying structure. These results suggested that the MDS Dimension 1 was most closely associated with the scale of planning for tourists, the level of tourist infrastructure provided, perceived overall success and strength of theme. MDS Dimension 2 was associated most strongly with a combination of accessibility, strength of heritage and or craft theme and level of integration of tourism into the village. In this case strength of heritage theme and level of integration were negatively correlated with this dimension. MDS Dimension 3 combined regional distinctiveness and the strength of food and wine and ethnicity themes. Finally, Dimension 4 was associated with the strength of the environmental and health themes.

Examining the clusters of shopping villages as they appear across the different dimensions is the second approach to the interpretation of the expert perceptual maps. Two important points should be stressed when looking at all the two-dimensional spaces in Fig. 23.4. First, in four out of the six maps the most and least successful villages do not overlap in the space, they exist in separate areas on the maps. Only when Dimension 4 is related to Dimensions 2 and 3 do some of the most successful villages share space with less successful villages. This result suggests that although Dimension 1 is most strongly associated with success, the other Dimensions, especially 2 and 3, also are related in some way to perceived overall success. Second, each MDS map has a central cluster of undifferentiated villages.

For example, Map A in Fig. 23.4 shows successful villages relate with moderate to high levels of theme strength, scale of tourism planning and tourist infrastructure provision and moderate to high levels of accessibility. Although Montville is both high on success and low on accessibility and Cromwell is the reverse, the results suggest that while accessibility can contribute to success, neither feature is necessary nor sufficient for success. Map B shows greater success also is associated with regional distinctiveness. In this case, regional distinctiveness is more likely to be associated with the food and wine and ethnicity themes. Map C shows that a high impact of seasonality is not an impediment to being a successful TSV, and that stronger environmental and health themes do not

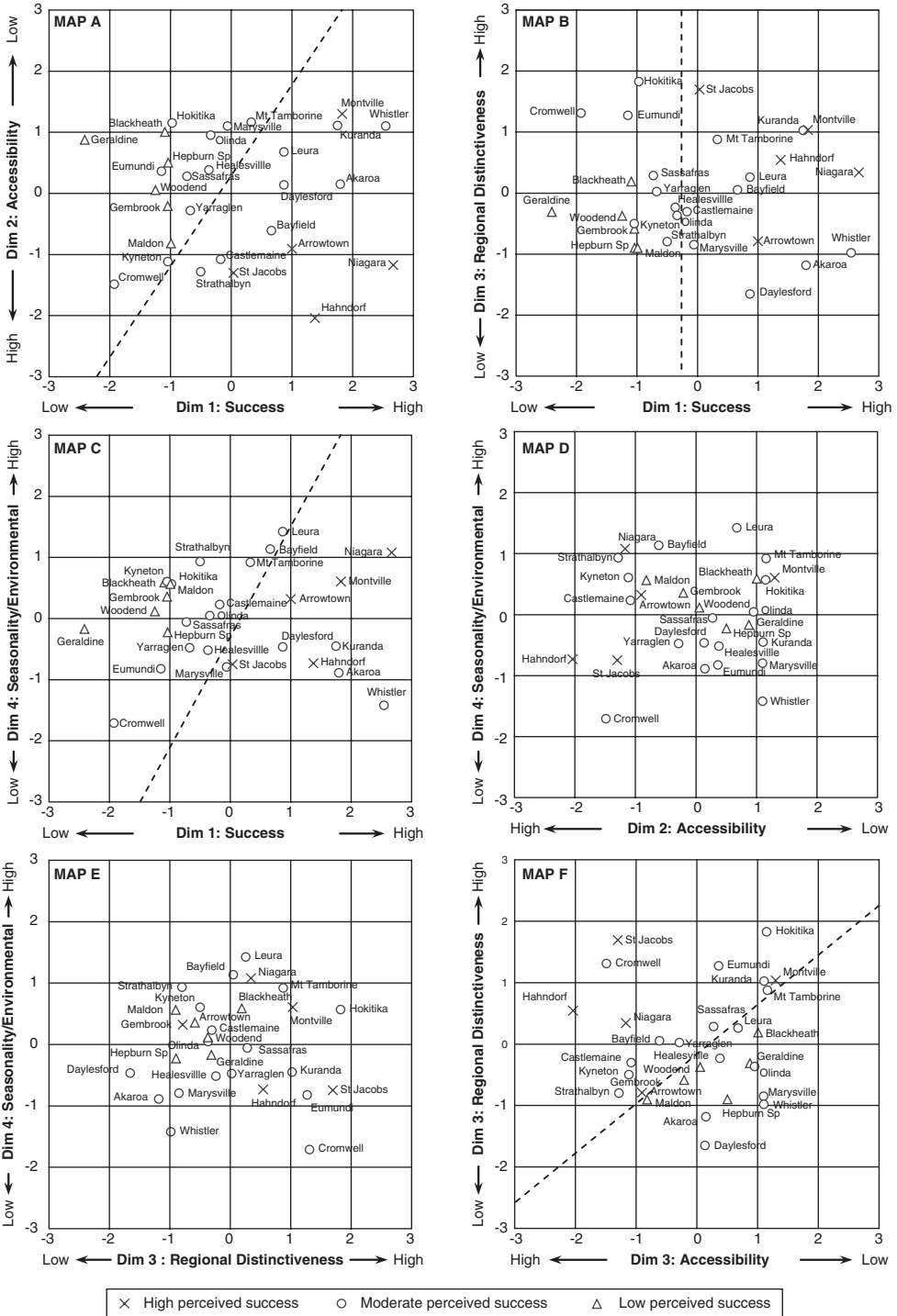


Fig. 23.4. MDS perceptual maps of shopping villages.

make significant contributions to success. Map F reveals that the most successful villages are moderate to highly rated on regional distinctiveness and have a stronger heritage theme. In this map, Montville again is an exception because this village does not have a heritage theme at all. In Map F the three successful villages in the top right-hand corner all share the characteristics of strong regional distinctiveness and multiple but strong and complementary themes that are based on food and wine, ethnicity and heritage.

The last two perceptual maps to be considered, D and E, show no clear distinctive space occurs between the most and least successful villages. In Map D, Montville again is clearly separate from the other four successful villages and closely connected to several of the least successful villages. Also Maldon, one of the least successful villages, is very closely linked to some of the most successful villages. In Map E, Arrowtown is the exception, being located in the middle of a cluster made up predominantly of the least successful villages. These patterns are observable with the third approach for exploring the expert perceptual maps involving ranking, or looking for the most and least successful villages and where they are located in the MDS spaces. Additionally, examining outliers or extreme cases adds to these interpretations. In Map D, the challenge is comparing Montville to Blackheath, Hokitika and Mt. Tamborine to determine what distinguishes this successful village from the others in this space. Apparently, these villages share a craft theme, and are not strongly associated with multiple tourist attraction anchors. The key difference between these villages is the experts interpreted all but Montville as either introducing, or in the early stages of developing, tourist shopping. Montville was seen as a mature tourist shopping destination. In Map E, the challenge was to find the features that distinguished Arrowtown from Hepburn Springs, Woodend and Gembrook. These were level in terms of tourism planning and development and strength of theme. These four villages were, however, very similar in terms of not having multiple tourist anchor features.

Examining the MDS spaces for outliers (villages on their own in the extreme edges of the space) produces some additional information.

Such villages may be either very strong or very weak exemplars of the principles underlying the functioning of tourist shopping villages. In Fig. 23.4, Whistler, Cromwell and Geraldine are outliers in the majority of the MDS maps. These three villages, especially Whistler and Cromwell, do not fully fit the definition of a TSV used in this study, but they were included to allow for a test of the validity of the village selection procedure. Their consistent outlier status demonstrates the ability of the TSV definition to distinguish this type of tourist experience from others. Niagara-on-the-Lake and Hahndorf also were outliers, especially in the maps without Dimension 4. This result reflects their status as the two most developed and successful villages.

Discussion and Conclusion

The array of techniques and the findings this study generates suggest some fundamental dimensions shaping the success of tourist shopping villages. First, an important caveat concerning the measure of success used in this approach must be addressed. The experts' views of success define the dependent measure for the multivariate procedures that are at the analytical core of this study. Both experts' onsite visits and the images and supportive promotional materials available to them for assessments drive these views of success. The success measure is therefore only a proxy measure for the commercial viability of the villages and the shops they contain. Further, broader concerns are raised in the tourist shopping literature. Specifically, some authors view tourist shopping villages as the creative destruction of idyllic locations and community impacts (cf. Mitchell *et al.*, 2001) are not assessed in the experts' views of success. Despite these reservations, the value of the success measures used here should not be underestimated. Onsite visits, rich photographic resources and associated promotional materials were the combined resources available to the experts. The data enabled a close inspection of the physical conditions of the settings, the activities available and the shopping styles and diversity. As experienced shopping village visitors, the experts

were also in a good position to assess the facilities to support visitors’ experiences such as parking, the provision of toilets and information and orientation cues.

A mapping sentence that effectively presents combinations of factors influencing an outcome is one way to integrate and present the findings in this study (Levy, 1976; Heise and Durig, 1999). Developing this kind of summary approach to recording the experiences of visitors to towns and cities is a parallel to techniques represented in the work of Woodside *et al.* (2007). For the present application, this approach represents an implicit priority setting of the factors which influence tourist shopping village success. The approach is built on all the component parts of the analyses already discussed and is in some ways analogous to a multiple regression statement. Unlike such statements, however, a mapping sentence provides verbal qualifiers and modifiers in summarizing the contributions of the prevailing forces. From the mapping sentence perspective, the tourist shopping village’s success (as measured by the experts’ assessments) is influenced by a well-developed heritage theme combined with the presentation of the village as larger in scale, tourist focused and tightly integrated. Also, successful villages are supported by regional distinctiveness in merchandise as well as regional food and wine with minor additional roles played by accessibility and minimal seasonality. Figure 23.5 recasts this expression as a mapping sentence.

The value of a succinct summary statement about tourist shopping villages built on the experts’ views lies in two distinct directions. One possibility is developing a set of studies exploring visitors’ perspectives of and reactions to such villages. In essence the mapping sentence formula for success should mirror what visitors say when asked to explain

why they visited a shopping village, since the stories they are likely to tell about their experience will consist of a set of controlling ideas and dominant themes (cf. McKee, 2003). Tourists’ accounts of their tourist shopping village visits emphasize the heritage character and feel of the village. The stories should reinforce this atmosphere and setting information as well as providing a positive reaction to the provision of convenient and well-developed services with the special character of the merchandise and produce being highlighted. The time of the year and the ability to access the location occasionally may be featured in the accounts. Prudent observers may query what is not featured in the predicted visitor responses from the mapping sentence. Two themes may emerge which are not captured in the larger experts’ views either because they are relatively unimportant or because the experts could not assess this material. The quality of the service the settings provide, including the local personnel tourists encounter and the activities available in the village beyond the fundamental pursuit of shopping, are the additional themes. A whole line of work on visitor reactions to tourist shopping villages can be guided by and in turn possibly modify the framework established in this study.

The mapping sentence also provides another direction for research useful for directing attention to the development of tourist shopping villages. This line of enquiry addresses how to better define, create and support the strong contributors to shopping village success. More specifically, what kinds of sub-themes exist within the heritage theme umbrella which will work well for a specific location? Additionally, what components of presentation and village appearance strongly influence the village’s atmosphere creating the appealing environments and experiences assessed by the

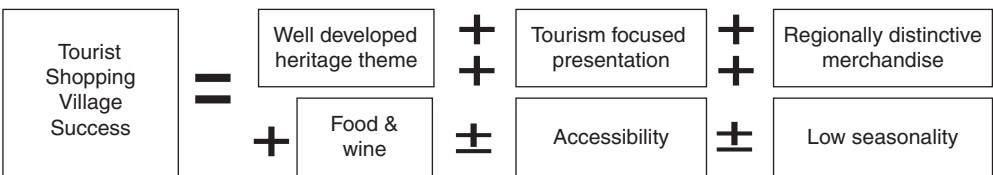


Fig. 23.5. A summary mapping sentence for tourist shopping village success.

experts and noted in much of the previous literature (Yuksel, 2004; Timothy, 2005)? Since food, wine and by implication at least some dining experiences are strongly associated with the success of the villages, the character and development of these opportunities warrants research and developmental attention. A larger research agenda on tourist shopping villages also suggests a focus on measuring success used in this study – the experts' assessment governed the findings and outcomes of the study. The scope for other measures of shopping village success include the commercial viability of the operators, the financial returns to the local authority, the provision of services to the community and the acceptability of the tourism presence.

The discussion is cast at the generic and broad level of interpretation. Potentially further dimensions of influence exist in expanding the range of tourist shopping village analysis. A limited number of villages in Canada was included in this study along with a number of New Zealand locations. The further addition of North American villages and European sites might provide other macro-organizing constructs not revealed in the present investigation. Studying these potential differences and similarities represents a fundamental first step in confirming the global applicability of the mapping sentence summary and the results obtained in this research.

A number of details and subtle issues occur when comparing and contrasting the perceived success of the specific tourist shopping villages. An intensive analysis of these local differences deserves further consideration. In reviewing the broad findings of this study, note the existence of commonalities to the perceived success, but the styles and locations of the specific high-performing villages are not uniform. Hahndorf in South Australia is appealing because of its German heritage and contemporary shopping diversity, St Jacobs in Ontario because of its links to the Mennonite community and crafts, Niagara-on-the-Lake (also in Ontario) because of its rich tradition in plays, theatre productions and Edwardian architecture and Montville in Queensland because of its quality infrastructure, tourism focus and integrated presentation. The New Zealand village of Arrowtown develops a contemporary Kiwi products theme in a tranquil old goldmining setting. These specific locations and the success they are perceived to have represent benchmarks for optimism in the development of regional tourism. In the wider view of tourism and its integration with the lives of consumers, retailers and communities, the opportunity to have tourism success stories in dispersed locations is one of the most appealing prospects for individuals and governments alike.

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24 Monitoring Visitor Satisfaction with Destinations using Expectations, Importance and Performance Constructs

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Synopsis

Despite the benefits for destination managers of monitoring visitor satisfaction and the subsequent academic interest in this area, the actual implementation of satisfaction measurement is still potentially onerous and confusing. This chapter considers the various quantitative frameworks – incorporating the expectations, importance and performance constructs – that are available to managers for monitoring their destinations' effectiveness in terms of meeting the needs and wants of visitors. The review systematically evaluates each construct and framework, acknowledging their potential in terms of informing management strategies, conceptual and practical concerns relating to their operationalization and subsequent modifications and extensions. Destination managers need to adopt and adapt the most appropriate frameworks for the purposes of their investigation and to acknowledge the existence of different market segments.

Introduction

Satisfaction is a central concept in the study of visitor behaviour (Kozak, 2001a) and has been extensively discussed and researched in the literature in recent years (Peterson and Wilson, 1992; Ryan, 1995; Oliver, 1997; Bowen, 2001; Kozak, 2001b; Yuksel and Yuksel, 2001a; Ryan and Cessford, 2003). Destination managers recognize visitor satisfaction as one of the most important sources of their competitive advantage since the fundamental goal of destination management is to assess both the adequacy and effectiveness of their product in terms of the facilities, services and programmes that all together provide memorable destination experiences for their visitors (Fuchs and Weiermair, 2003). Consequently, accurate measurement of customer satisfaction is a prerequisite for the

development of effective management strategies (Yuksel and Rimmington, 1998; Fuchs and Weiermair, 2003; Li and Carr, 2004).

The destination needs to be broken down into its component parts in order to benefit from the monitoring of visitor satisfaction (Band, 1991; Kotler *et al.*, 1993; Pizam and Milman, 1993; Crompton and Love, 1995; Pizam and Ellis, 1999; Kozak and Rimmington, 2000; Laws, 2000; Moutinho, 2000; Fuchs and Weiermair, 2003; Kozak, 2003; Kozak *et al.*, 2004; Uysal and Williams, 2004). Visitor evaluations of individual features inform managers whether the facilities, services and programmes generally provided are satisfactory (Noe, 1999; Kozak and Rimmington, 2000; Schofield, 2000; Fuchs and Weiermair, 2003; Kozak, 2003; Uysal and Williams, 2004), thereby enabling the destination's strengths, weaknesses and critical success

factors to be identified from the visitor perspective. Given the influence of satisfaction on repeat visitation and word-of-mouth recommendation (Gitelson and Crompton, 1984; Reid and Reid, 1993; Ryan, 1995; Kozak and Rimmington, 2000; Chu and Choi, 2000; Middleton and Clarke, 2001; Petrick and Backman, 2002; Weaver and Lawton, 2002; Ryan and Cessford, 2003; Kozak *et al.*, 2004; Lau and McKercher, 2004; Petrick, 2004), it is advantageous for destination managers to understand not only which features influence their visitors' satisfaction but also how they influence it (Fuchs and Weiermair, 2003). Ryan (1995, p. 282) posits that for any manager to be able to provide a satisfactory experience for visitors 'they need to know what is effective ... what works in order to attract repeat visitation, and to spread recommendation by word of mouth to attract new visitors'. With this knowledge, managers are then able to manipulate visitor satisfaction levels (Band, 1991; Peters, 1994; Oliver, 1997). Consequently, Band (1991) advocates the systematic examination of all facets of a product to identify their contribution – active and potential, positive or negative – to customer satisfaction in order to create more value for the customer.

Destination managers, therefore, need appropriate satisfaction measurement tools 'to gain a clear picture of customer requirements in order to implement effective improvement programmes' (Li and Carr, 2004, p. 45). To date, quantitative methods dominate the measurement of satisfaction using the expectations, importance and performance constructs (Kozak, 2001b; Fallon and Schofield, 2003; Li and Carr 2004), acknowledging the potential influence of visitor perceptions at different stages of the destination consumption process. However, much debate about the single best method for the measurement of satisfaction exists (Kozak, 2001b, 2003); Kozak (2001b, p. 303) identifies, 'Whilst much has been done in customer satisfaction-dissatisfaction (CS/D) research, it is sometimes unclear which model is most applicable and suited to a particular situation.'

More recently, the debate has centred on a comparison of single construct measurement, that is a performance-only conceptualization of satisfaction, with multiple construct measurements, that is expectations–performance

and importance–performance conceptualizations (Kozak, 2001b; Fallon and Schofield, 2003; Li and Carr, 2004). Some researchers (e.g. Dorfman, 1979; Parasuraman *et al.*, 1994; Crompton and Love, 1995) propose that no single winning ticket for measuring satisfaction exists and that purpose of the investigation should determine the mechanism adopted. Consequently, managers need to choose the most appropriate model for both the purpose of satisfaction measurement and the product that they are working with (Dorfman, 1979; Pearce, 1988; Carman, 1990; Pizam and Milman, 1993; Parasuraman *et al.*, 1994; Crompton and Love, 1995; Oh and Parks, 1998; Crompton, 1999; Lentell, 2000). A combination of two or three constructs clearly offers a potentially more powerful diagnostic tool to facilitate a more comprehensive understanding of visitor perceptions, experience and satisfaction (Dorfman, 1979; Crompton and Love, 1995; Oh and Parks, 1998; Crompton, 1999; Lentell, 2000).

Most empirical studies to date (e.g. Mill, 1989; Saleh and Ryan, 1992; Pizam and Milman, 1993; Milman and Pizam, 1995; Duke and Persia, 1996; Weber, 1997; Kozak and Nield, 1998; Oh and Parks, 1998; Tribe and Snaith, 1998; Chu and Choi, 2000; Schofield, 2000; Kozak, 2001a, b; Litvin and Ling, 2001; Tyrell and Okrant, 2004) focus on satisfaction with individual features. However, a small number of studies (e.g. Kozak and Rimmington, 2000; Fuchs and Weiermair, 2003; Kozak, 2003; Fallon and Schofield, 2004, 2006) identify the destination's critical success factors by illuminating how destination features contribute to visitor satisfaction.

Given the variety of tools available to destination managers for the measurement of satisfaction, this review systematically evaluates the various individual constructs and frameworks, specifically considering their potential for informing management strategies, the conceptual and practical concerns relating their operationalization and, where appropriate, any subsequent modifications and extensions to the original approach.

Defining Visitor Satisfaction

The etymological root of satisfaction lies in the Latin words *facere* and *satis*, which mean to do

or make and enough, respectively (Moutinho, 2000). Consequently, satisfaction represents the provision of what is sought to the point where fulfilment is reached (Balmer and Baum, 1993; Moutinho, 2000), and satisfaction is conceptualized in general terms as the post-consumption outcome (see Fig. 24.1) for the customer after experiencing the product/service provided (Oliver, 1980, 1997; Fornell, 1992; Crompton and Love, 1995; Vavra, 1997; Bateson and Hoffman, 1999; Crompton, 1999; Pizam and Ellis, 1999; Baker and Crompton, 2000; Schofield and Fallon, 2000; Bowen, 2001; Kozak, 2001a, b; Fuchs and Weiermair, 2003; Li and Carr, 2004).

Klaus (1985) describes satisfaction as the customer's evaluation of the experience based on the relationship between the customer's subjective perceptions vis-à-vis objective attributes of the product/service. This description acknowledges the relationship between satisfaction and the quality of the product/service provided. Whilst some understandable confusion exists in the literature between the concepts of satisfaction and quality, which ultimately erroneously results in their interchangeable use (Cronin and Taylor, 1992; Fuchs and Weiermair, 2003), authors recognize the necessity to draw a clear distinction between them. Whereas satisfaction represents the outcome for the customer, quality refers to the operation's output, that is the attributes of the product/service that are primarily under the control of the operation (Crompton and Love, 1995; Schofield and Fallon, 2000). Consequently, the quality of the service provided influences the customer's satisfaction with it (Pizam and Ellis, 1999; Schofield and Fallon, 2000; Akama and Kieti, 2003; Fuchs and Weiermair, 2003; Ekinci and Sirakaya, 2004; Uysal and Williams, 2004). Fuchs and Weiermair (2003, p. 7) summarize that 'service quality comprises all those product attributes and dimensions which are capable of satisfying

specific needs and creating consumer satisfaction'. As such, 'service quality is an antecedent of customer satisfaction and therefore evaluation of service quality leads to customer satisfaction' (Ekinci and Sirakaya, 2004, p. 199).

Visitor satisfaction, therefore, essentially indicates the measure of the fit between what is wanted by visitors and what is provided by the destination, thus representing the leading criterion for determining the quality that is actually delivered to the visitor through the products/services available at the destination (cf. Vavra, 1997; Pizam and Ellis, 1999; Khan, 2004). The monitoring of satisfaction provides the destination with internal opportunities such as facilitation of resource management, product enhancement and differentiation (Band, 1991; Peters, 1994; Ryan, 1995; Beeho and Prentice, 1997; Noe, 1999; Kozak and Rimmington, 2000; Schofield, 2000; Fuchs and Weiermair, 2003; Petrick, 2004; Uysal and Williams, 2004; Cooper *et al.*, 2005). Given the significance of the visitor economy, the underpinning role of the destination in the visitor experience and the increasing competition between visitor destinations, a large number of researchers (e.g. Pizam *et al.*, 1978; Mill, 1989; Pizam and Milman, 1993; Milman and Pizam, 1995; Weber, 1997; Kozak and Nield, 1998; Tribe and Snaith, 1998; Chu and Choi, 2000; Kozak and Rimmington, 2000; Joppe *et al.*, 2001; Kozak, 2001a, b, 2003; Fallon and Schofield, 2003; Fuchs and Weiermair, 2003; Ryan and Cessford, 2003; Kozak *et al.*, 2004; Li and Carr, 2004; Kau and Lim, 2005; Korzay and Alvarez, 2005) are interested in the measurement of visitor satisfaction at destination level.

Admittedly, satisfaction represents a melting pot that is not solely limited to the product/service experienced (Crompton, 1979; Fallon and Schofield, 2003). For example, Oliver (1993) proposes that satisfaction is the result of a comparative process between the customer's subjective experience with the product/service and

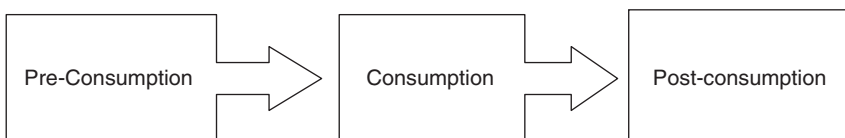


Fig. 24.1. The three-stage model of services consumer behaviour.

his/her cognitive frames of reference including expectations, product/service performance and disconfirmation. These frames of reference feature at pre-, intra- and post-experience stages of the consumption process and have been used extensively in the measurement of satisfaction (Dorfman, 1979; Fick and Ritchie, 1991; Crompton and Love, 1995; Yuksel and Rimmington, 1998; Kozak, 2001b; Fallon and Schofield, 2003; Li and Carr, 2004). Researchers (e.g. Mano and Oliver, 1993; Oliver, 1993; Bowen, 2001; Bigné *et al.*, 2005) also acknowledge that satisfaction represents an affective as well as a cognitive judgement. Specific influential variables on satisfaction relate to the customers' needs and wants, priorities, values, attitudes, prior experience, self-congruence, mood and personality (Ekinci *et al.*, 2000; Kozak, 2001b; Petrick and Backman, 2002; Sirakaya, 2003; Ekinci and Sirakaya, 2004; Gountas and Gountas, 2004; Uysal and Williams, 2004). Within touristic contexts, this range is further supplemented by personal variables such as country-of-origin specific values and attitudes as well as situational variables such as holiday duration, travelling companions and fellow holidaymakers (Ryan, 1995; Swarbrooke and Horner, 1999; Ekinci *et al.*, 2000; Kozak, 2001b; Turner *et al.*, 2001; Fuchs and Weiermair, 2003; Uysal and Williams, 2004), which again feature at various stages of the holiday consumption process.

The influence of so many personal and situational variables makes the measurement of visitor satisfaction potentially highly onerous and complex. Consequently, many studies (e.g. Crompton and Love, 1995; Kozak and Rimmington, 2000; Joppe *et al.*, 2001; Fallon and Schofield, 2003, 2004; Fuchs and Weiermair, 2003; Kozak, 2003; Li and Carr, 2004) take a pragmatic approach to this complexity, emphasizing that the ultimate purpose of satisfaction measurement is to inform the continuous improvement of the available products and services. As such, they recognize that an effective way of distinguishing between these variables is based on management's ability to control them (Crompton and Love, 1995; Kozak and Rimmington, 2000; Fuchs and Weiermair, 2003; Kozak, 2003; Sirakaya, 2003). Studies subsequently adopt a reductionistic approach focusing on satisfaction with controllable supply-side features 'due to the difficulty of taking

action [with uncontrollable items] even when dissatisfaction exists' (Kozak and Rimmington, 2000, p. 267).

The Measurement of Visitor Satisfaction

A recurrent critical issue within the customer satisfaction literature relates to the search for the most effective means of measurement (e.g. Czepiel *et al.*, 1974; Oliver, 1980, 1997; Churchill and Surprenant, 1982; Carman, 1990; Zeithaml *et al.*, 1990; Westbrook and Oliver, 1991; Cronin and Taylor, 1992; Teas, 1993, 1994; Parasuraman *et al.*, 1994). Correspondingly, the tourism-related literature reflects this discussion (e.g. Dorfman, 1979; Crossley and Xu, 1986; Fick and Ritchie, 1991; Crompton and Love, 1995; Tribe and Snaith, 1998; Yuksel and Rimmington, 1998; Oh, 1999; Kozak, 2001a, b; Fallon and Schofield, 2003).

Studies across the range of tourism products/services, including destinations, commonly adopt a quantitative methodology incorporating self-administered survey instruments with multi-attribute scales (Kivela *et al.*, 1999; Jennings, 2001; Fuchs and Weiermair, 2003). For example, Kivela *et al.* (1999, p. 207) conclude that, 'Researchers agree with the concept of measuring guest satisfaction based on multi-attribute scales that reflect the multi-functional nature of hospitality services'.

Many researchers (e.g. Dorfman, 1979; Mill, 1989; Fick and Ritchie, 1991; Saleh and Ryan, 1992; Pizam and Milman, 1993; Crompton and Love, 1995; Milman and Pizam, 1995; Crossley and Xu, 1996; Duke and Persia, 1996; Weber, 1997; Kozak and Nield, 1998; Oh and Parks, 1998; Tribe and Snaith, 1998; Yuksel and Rimmington, 1998; Chu and Choi, 2000; Joppe *et al.*, 2001; Kozak, 2001a, b; 2003; Litvin and Ling, 2001; Fallon and Schofield, 2003, 2004; Fuchs and Weiermair, 2003; Li and Carr, 2004; Tyrell and Okrant, 2004; Kau and Lim, 2005) deduce attributes using both primary and secondary research. The primary research commonly includes qualitative techniques with samples from both providers and consumers of the product/service in question.

The main debate hinges upon what type of evaluations respondents make, and consequently

how many evaluations they make and when they make them (cf. Dorfman, 1979; Fick and Ritchie, 1991; Crompton and Love, 1995; Crossley and Xu, 1996; Duke and Persia, 1996; Tribe and Snaith, 1998; Yuksel and Rimmington, 1998; Kozak, 2001b; Fallon and Schofield, 2003, 2004; Fuchs and Weiermair, 2003). The reason for this debate is that a number of conceptualizations, or models, of satisfaction based on different combinations of three constructs – importance, expectations and performance – exists (Dorfman, 1979; Fick and Ritchie, 1991; Crompton and Love, 1995; Crossley and Xu, 1996; Duke and Persia, 1996; Tribe and Snaith, 1998; Yuksel and Rimmington, 1998; Kozak, 2001b; Fallon and Schofield, 2003, 2004). These constructs and their conceptualizations in terms of satisfaction are considered in more detail below. To date, comparative analyses of the alternative conceptualizations in both touristic (e.g. Dorfman, 1979; Fick and Ritchie, 1991; Crompton and Love, 1995; Crossley and Xu, 1996; Yuksel and Rimmington, 1998; Fallon and Schofield, 2003) and non-touristic contexts (e.g. Churchill and Surprenant, 1982; Cronin and Taylor, 1992b, 1994; Teas, 1993, 1994) suggest that a performance-only based conceptualization represents the best predictor of satisfaction. The debate about which model is best is ongoing but to some extent may represent a distraction since a number of authors (e.g. Dorfman, 1979; Carman, 1990; Crompton and Love, 1995) posit that no single best way of measuring satisfaction exists and, therefore, researchers need to consider the different models within the specific purposes and contexts of the investigation. Clearly, the right solution is especially critical in those situations where measurement of customer satisfaction acts as a pre-requisite to the development of effective management strategies (Yuksel and Rimmington, 1998).

The Dramatis Personae of Visitor Satisfaction Measurement

Visitor satisfaction survey instruments commonly comprise four separate components: a battery of destination attributes; scales educating the importance, expectations and/or importance of these attributes; scales educating overall ratings

in terms of satisfaction and behavioural intention; questions relating to personal and situational variables of the respondent. A discussion of each of these follows.

Destination attributes

As with any other service/product, visitor satisfaction studies require accurate, valid and up-to-date lists of attributes (Carman, 1990; Zeithaml *et al.*, 1990; Pizam and Milman, 1993; Crompton and Love, 1995; Tribe and Snaith, 1998; Jenkins, 1999). Authors (e.g. Pearce, 1989; Kotler *et al.*, 1993; Yuksel and Rimmington, 1998; Buhalis, 2000; Murphy *et al.*, 2000) recognize that destinations are highly complex since they represent amalgams of products and services and are potentially very diverse from each other. Kozak and Rimmington (2000, p. 262) summarize that, 'Analysis of the literature displayed substantial variance in the number and nature of attributes considered relevant to visitor satisfaction with destinations. It is also debatable whether attributes relevant to different consumer groups and different overseas destinations would be [interchangeable].'

Variables such as the purpose of the study, the techniques adopted for generation of the items, the destination in question and the visitor population under investigation influence both the number and the type of attributes used. Kozak (2001b) notes that the number of attributes usually varies between 14 and 56, whilst Jenkins (1999) identifies almost 50 individual attributes that have been incorporated into various empirical studies to date. Schofield (1999) uses 74 attributes for his evaluation of a day trip destination. In terms of the nature of attributes, as already identified, many researchers (e.g. Crompton and Love, 1995; Kozak and Rimmington, 2000; Joppe *et al.*, 2001; Fallon and Schofield, 2003, 2004; Fuchs and Weiermair, 2003; Kozak, 2003; Li and Carr, 2004) focus on visitor satisfaction with controllable, and therefore manageable, items. Additionally, Kozak (2001b) acknowledges the relationship between the number of attributes used in the study and sample size, with a decrease in sampling error as the sample size increases. Larger samples also generate better results from factor analysis, a statistical technique which subgroups the attributes into a more meaningful set of data

commonly known as destination dimensions (Kozak, 2003).

As with more general satisfaction studies, visitor satisfaction and perception studies (e.g. Crompton, 1979; Gitelson and Crompton, 1984; Fakeye and Crompton, 1991; Milman and Pizam, 1995; Sampson and Showalter, 1999; Schofield, 1999, 2000; Chu and Choi, 2000; Kozak and Rimmington, 2000; Kozak, 2001a, 2003; Fuchs and Weiermair, 2003; O'Leary and Deegan, 2005) commonly identify attributes for inclusion in the study via initial qualitative research with actual and/or potential consumers and destination managers as part of an overall mixed method approach (cf. Miles and Huberman, 1994). This approach represents a very effective means of generating valid destination-specific attributes rather than simply general or ideal ones, which is important since a debate exists as to whether attributes relevant to different consumer groups and different international destinations are transferable between contexts (Tribe and Snaith, 1999; Kozak, 2001a, 2003). Interestingly, Schofield (1999) combines three techniques in order to identify the attributes for his study: repertory grid, free elicitation and a review of the literature; whilst each technique generates identical items, certain items are unique to each technique, which indicates that the chosen generating technique(s) can influence the number and type of attributes generated.

Attribute importance

Importance represents the significance, or salience, that the consumer attaches to a product's individual attributes (Yuksel and Rimmington, 1998; Schofield and Fallon, 2000; Oh, 2001). Importance is commonly measured by asking subjects to rate items on Likert-scales, anchored with some measure of unimportance at one end of the scale to some measure of high importance at the other. Widespread appreciation of the importance construct exists within the tourism-related literature (e.g. Goodrich, 1978; Crompton, 1979; Carman, 1990; Pizam and Milman, 1993; Crompton and Love, 1995; Ryan, 1995; Oh and Parks, 1997, 1998; Yuksel and Rimmington, 1998; Schofield and Fallon, 2000; Joppe *et al.*, 2001; Oh, 2001; Khan, 2004; Fallon and Schofield,

2006). Tourism researchers usually operationalize the concept of attribute importance as a behavioural determinant (Crompton, 1979); for example, Oh (2001, p. 619) describes importance as 'the level of salience of an attribute that is likely to be a determinant of an imminent purchase decision'.

However, a more flexible dimension to importance is available (Duke and Persia, 1996; Schofield and Fallon, 2000; Fallon and Schofield, 2006); for example, Duke and Persia (1996) identify that educating importance at the post-consumption stage illuminates attributes that feature prominently in the consumer's actual experience. Consequently, importance offers critical insight into, *inter alia*, consumers' priorities, awareness, motivations and experience, depending upon the purpose of the study (Fallon and Schofield, 2006). Duke and Persia (1996, pp. 81–82) conclude that 'choice of measurement timing depends on which approach provides a better indication of critical issues needed for the study'. This insight subsequently informs managers in order to secure a fit with the external environment and thereby helps prevent problems associated with making decisions based solely on managers' perceptions (Washburne and Cole, 1983; Mackay and Crompton, 1990; Shanka and Taylor, 2003). This knowledge is especially useful for destination managers since they operate with such multi-faceted and high-involvement experiences and within a highly competitive environment. For example, Kotler *et al.* (1993) identify that each destination represents a mixed bag of features but that destination managers do not have to emphasise all of its strengths or correct all of its weaknesses since not all are equally important. Managers subsequently use importance ratings of destination attributes to assist with subsequent segmentation, targeting and positioning strategies (Pizam and Milman, 1993; Litvin and Ling, 2001). For example, Pizam and Milman (1993, p. 208) state, 'Since no tourism enterprise can produce a product or service that will satisfy all market segments, it is imperative that the relative importance of each product/service attribute for each market segment be determined on a periodic basis and then the decision made whether to target these segments or not.'

Managers need to be aware that the construct is more complex than may first be apparent

(Oh, 2001). This complexity centres on two main themes: the conceptualization of the importance construct, which is also related to the timing of measurement, and the validity of actual importance ratings. First, and notwithstanding concern regarding the confusion among some researchers between the concepts of importance and expectation (Oh, 2001), the accuracy of importance is called into question. For example, via empirical work, Jaccard *et al.* (1986) identify that measurement methods influence what subjects understand by importance. Consequently, researchers need to articulate carefully to respondents what importance represents within the context of the study as specifically as possible to eliminate confusion and 'to provide a basis for precise interpretations of study results' (Oh, 2001, p. 624). Additionally, since many service attributes are experiential by nature (Parasuraman *et al.*, 1985), consumers may not know how important a particular attribute is to them until they actually experience it (Oh, 2001), which suggests that studies capture importance ratings before and after the experience, although the context for each set of results will clearly be different. In their study of consumer's evaluations of guided tours, Duke and Persia (1996) required their respondents to rate tour attribute importance both before and after the experience. Factor analyses of pre- and post-experience ratings provided different solutions. Pre-experience importance ratings produced five factors representing generic trip features reflecting more basic, or lower order, needs. By comparison, post-experience importance ratings produced six factors, which suggests that post-tour evaluations are more heterogeneous, possibly because the actual experiences are more individual (Duke and Persia, 1996). These results indicate that attribute importance can change as a result of the experience (Crompton and Love, 1995). Duke and Persia (1996) suggest that pre-experience importance evaluations lend themselves more to decision making about promotional material, especially for first-timers, whereas post-experience evaluations lend themselves more to satisfaction provision, in this case in the careful planning of the tour itinerary. Additionally, post-tour importance evaluations may also inform managers how to attract visitors back again.

A major implication from Duke and Persia's (1996) study is that actual experience of a product influences the importance of that product's attributes. Sampson and Showalter (1999) investigate the existence of a causal relationship between performance and importance within the context of school diners, admittedly a lower involvement product and with probably greater levels of familiarity than most tourism products. Their findings identify an inverse relationship between importance ratings and performance changes, 'implying that interventions to improve performance of specific features are likely to decrease the importance of those features' (Sampson and Showalter, 1999, p. 18). The authors propose that attribute performance fills needs and, having fulfilled those needs, the attribute is no longer as important, which also reflects the work of Maslow (1987). The findings from Fallon and Schofield's (2006) investigation into UK visitors' pre- and post-holiday importance evaluations of Orlando provides further support for this theory within a destination-specific context. The authors identify statistically significant decreases between the pre- and post-visit importance ratings on three (14%) of 22 attributes used in the study. However, they also acknowledge the consistency in the ratings of the other 19 (86%) of attributes, explaining that this homogeneity may be due to UK visitors' high level of familiarity with Orlando. As such, similar studies at other destinations and/or with other populations may yield different results.

The second concern with importance relates to the rating system employed in the study; for example, the commonest method is for respondents to rate directly one attribute at a time within a multiple-attribute Likert-scale, which is likely to inflate importance ratings and subsequently restrict the variation in importance scores (Oh, 2001). Ceiling effects such as this one are especially likely because researchers use a selected set of keys, and therefore already important in their own right, attributes to measure importance (Martilla and James, 1977; Oh, 2001). Consequently, researchers adopt alternative techniques to this direct method in order to identify the relative importance of attributes. For example, researchers (e.g. Sampson and Showalter, 1999; Khan, 2004) correlate performance ratings with or regress them against an

overall measure of satisfaction in order to derive importance scores. As such, derived scores clearly represent the prominence of each attribute in the consumer's actual experience rather than front-end decision making.

Attribute expectations

Expectations represent a priori, or pre-consumption, perceptions of a product's attributes (Olson and Dover, 1979; Crompton and Love, 1995). Like importance, expectations are commonly elicited by asking respondents to indicate on a Likert-scale instrument some measure of how poor at one end of the scale to how good at the other they expect individual attributes to be. Their significance within tourism experiences, and on visitor satisfaction, has been appreciated for a long time (e.g. Pizam *et al.*, 1978; Crompton, 1979; Crompton and Love, 1995; Ryan, 1995; Weber, 1997; Yuksel and Rimmington, 1998; Laws, 2000; Moutinho, 2000; Yuksel and Yuksel, 2001a). Expectations have been used extensively in the measurement of destination images, which 'are essentially expectations since they a priori reflect the performance that respondents anticipate will be forthcoming from a vacation opportunity' and in positioning studies, on the basis that visitors rely on them to make pre-purchase decisions about whether to visit or not (Crompton and Love, 1995, p. 13). Clearly, managers also need to identify and understand the influences on expectations, including formal mechanisms such as promotional material and informal ones such as word of mouth recommendation as well as direct experience (Crompton and Love, 1995; Yuksel and Rimmington, 1998). For example, the tracking of expectations acts as an indicator of the effectiveness of promotional material (Parasuraman *et al.*, 1985; Rodriguez del Bosque *et al.*, 2006).

Since expectations represent pre-experience perceptions of the performance of a destination and its attributes (cf. Olson and Dover, 1979; Crompton and Love, 1995), they consequently provide a frame of reference for subsequent intra- and/or post-experience perceptions. It is on this basis that expectations have been used within the context of both general tourism

(e.g. Dorfman, 1979; Fick and Ritchie, 1991; Crompton and Love, 1995; Yuksel and Rimmington, 1998) and destination-specific satisfaction studies (e.g. Pizam *et al.*, 1978; Pizam and Milman, 1993; Weber, 1997; Tribe and Snaith, 1998). For example, Pizam *et al.* (1978, p. 315) advise that 'Visitor satisfaction is the result of the interactions between a visitor's experience at the destination area and the expectations he had about the destination.' As such, whenever expectations are not matched by performance, the likely result is dissatisfaction (Fakeye and Crompton, 1991; Chon, 1992). This disconfirmation of expectations' concept will be discussed in more detail later in the chapter.

Despite their prolific nature, researchers (e.g. Dorfman, 1979; Carman, 1990; Danaher and Mattsson, 1994; Crompton and Love, 1995; Weber, 1997; Yuksel and Rimmington, 1998; Ekinci *et al.*, 2000; Kozak, 2001b) have concerns regarding the use of expectations as a frame of reference. Clearly, managers need to be familiar with these concerns in terms of designing research instruments and contextualizing findings. The main issues relate to the meaning of expectations (i.e. what they actually represent), their validity in the absence of prior experience and the potential tendency for inflated expectations ratings. First, authors agree that the conceptualization of expectations is vague. Some researchers define them as predictions of future performance (Oliver, 1980), some as desires or goals (Spreng and Olshavsky, 1993) and others as norms based on past experiences (Cadotte *et al.*, 1987). Similarly, Crompton and Love (1995) and Ekinci *et al.* (2000) acknowledge the multidimensional nature of expectations by referring to Miller's (1977) delineation into: ideal (wished for); expected (predictive or probable, based on objective calculation of probability of performance); minimum tolerable (least acceptable); and deserved (should be, in the light of the sacrifice made). For example, the presumption is that visitors' ideal expectations would be for the maximum amount of each attribute possible (Dorfman, 1979). Admittedly, rather than being one or the other, an individual's expectations may represent a combination of some or all of these (Campbell, 1980). As with importance, a clear need exists for researchers to carefully articulate to respondents what

expectations represent within the context of the study (Oh, 2001). Predictive expectations are most commonly used in visitor satisfaction studies (Yuksel and Yuksel, 2001b).

Some authors (e.g. Woodruffe *et al.*, 1983; Carman, 1990; Cronin and Taylor, 1992) propose that studies base expectations on experience norms, which identifies prior experience, or visitation, as a key variable. Carman (1990, p. 49) posits that 'expectations change with familiarity', for example, lack of experience with a destination may cause expectations to be tentative or uncertain and, therefore, unsuitable as a base against which to compare performance judgements (Carman, 1990; Um and Crompton, 1990; Crompton and Love, 1995; Yuksel and Rimmington, 1998). Researchers should acknowledge the possibility of no prior experience, for example via the incorporation of a 'Don't Know' option into the Likert-scale (Orams and Page, 2000). Moutinho (2000) posits that expectations will be more clearly defined with strong rather than with weak brands, which suggests that visitor expectations of more popular or heavily promoted destinations will be more valid (Crompton and Love, 1995; Litvin and Ling, 2001). Alternatively, Kozak (2001b) suggests that visitors may be less capable of establishing accurate standards concerning either particular destinations or vacations overall due to the infrequency of consumption of holidays in comparison to other products. Furthermore, expectations of a certain destination may be contaminated by previous holiday experiences at other destinations (Crompton and Love, 1995; Kozak, 2001b; Phelps, 1986). The complex dynamic nature of expectations is further emphasized by visitors modifying their expectations specifically during a destination visit, or service encounter, because of their actual experiences on the visit (Danaher and Mattsson, 1994; Weber, 1997); for example, within a 2-week holiday, numerous opportunities exist for the visitor to become more experienced and familiar with the destination's offerings. Consequently, researchers may also consider the investigation of not only the extent of respondents' previous visitation but also the time elapsed since the last visit (Crompton and Love, 1995). Consideration of timescale is especially relevant in the case of recently augmented destinations, with Crompton and Love (1995, p. 21) positing that,

'[i]f the nature of expected attributes is altered so that they are perceived to be different from previous visits, the utility of expectations derived from former experience as measuring criteria is reduced and may be no greater than that of first-time visitors'.

The final concern with the expectations construct relates to the general tendency for high expectations scores (Dorfman, 1979; Parasuraman *et al.*, 1988; Fick and Ritchie, 1991; Yuksel and Rimmington, 1998), reflecting the high involvement nature of the holiday experience (Laws, 2000). For example, in Tribe and Snaith's (1998) study of UK visitor ratings of features of Varadero (Cuba), 32 of the 47 attributes were rated significantly higher in terms of visitors' expectations than their performance.

Attribute performance

Performance represents the subjective post-consumption perceptions of a product and its attributes (Zeithaml *et al.*, 1990; Crompton and Love, 1995; Yuksel and Rimmington, 1998). Dorfman (1979, p. 506) more specifically describes performance as 'the perception of the degree to which a valued source is present', or how well that source is provided by the supplier. In effect, performance evaluations identify the strengths and weaknesses of a product/service from the consumers' perspective. As such, and given the post-consumption evaluative nature of satisfaction (Oliver, 1980; Churchill and Surprenant, 1982; Westbrook and Oliver, 1991), a strong claim that performance is the key player in terms of customer satisfaction exists (Czepiel *et al.*, 1974; Dorfman, 1979; Churchill and Surprenant, 1982; Parasuraman *et al.*, 1994; Yuksel and Rimmington, 1998). For example, Yuksel and Rimmington (1998, p. 63) advise that '[p]erformance bears a pre-eminent role in the formation of customer satisfaction because it is the main feature of the consumption experience'. On balance, less debate exists surrounding this construct in comparison to expectations and importance, which suggests that performance is more straightforward in nature. Survey instruments usually request respondents to rate attributes on a Likert-scale anchored with some measure of 'good' and some measure

of 'poor' performance after they have experienced the product/service; Oppermann (1996) also suggests the inclusion of two open-ended questions requesting respondents to identify the features of the destination that they liked best and least in order to contextualize and validate the findings from these measured ratings. Some researchers (e.g. Kozak and Rimmington, 2000; Rittichainuwat *et al.*, 2002; Kozak, 2003; Khan, 2004) advocate the operationalization of this measure using satisfaction-based scales, such as terrible–delighted, to directly indicate levels of satisfaction with each attribute as opposed to performance measures where satisfaction is implicit. As such, they acknowledge that performance may be more hybrid in nature (Czepiel *et al.*, 1974; Dorfman, 1979; Mannell, 1989; Oliver, 1997), which is consistent with similar concerns relating to importance and expectations. Oliver (1997) provides support for this notion when he posits that performance ratings already factor in importance since customers tend to be more discriminating with regards to more important attributes, which also acknowledges the existence of a potentially complex relationship between importance and performance (cf. Duke and Persia, 1996; Sampson and Showalter, 1999). Additionally, a single performance measure may also take into account diversity within the performance and/or expectations of each attribute, and any subsequent shift in priorities, over the duration of the holiday experience. Consequently, Tribe and Snaith (1998) argue for the capture of performance within the experience to demonstrate the dynamic nature of the construct and/or to paint a fuller picture of the visitor experience. They propose the measurement of performance both intra- and post-holiday in order 'to not only control for immediacy effects, but also to be able to offer a view on the influence of reflective practices on holiday satisfaction' (Tribe and Snaith, 1998, p. 33). However, researchers tend not to implement such a double performance measurement, possibly due to the onerous nature of the research instrument. Additionally, Laws (1991) recognizes a further contaminant of performance in that visitors discuss their experiences with others not just when they return home but also while they are still on holiday.

A number of researchers (e.g. Kozak and Rimmington, 2000; Fallon and Schofield, 2003,

2004; Kozak, 2003) employ the performance ratings of destination attributes to identify a smaller number of destination dimensions (in terms of the performance of its features) using factor analysis. Subsequently, they use multiple regression to determine the aggregate impact of the factors (i.e. the independent variables) on an overall measure of satisfaction (i.e. the dependent variable). The regression 'demonstrates the strength of any variable in the overall model' (Kozak, 2003, p. 235), thereby determining the relative influence of each factor on overall satisfaction. The main finding from all three studies, which are discussed in more detail below, is that the major contributors to visitor satisfaction are not necessarily those features thought of as the prime determinants of destination attractiveness. Additionally, Kozak's (2003) and Fallon and Schofield's (2004) studies emphasize that managers need to evaluate visitor satisfaction for each market segment rather than on aggregate for the total visitor population (cf. Pizam and Milman, 1993; Crompton and Love, 1995; Vaske *et al.*, 1996; Litvin and Ling, 2001; Fuchs and Weiermair, 2003; Kozak *et al.*, 2004; Tyrell and Okrant, 2004). This review briefly discusses the main findings from the three studies.

Fallon and Schofield's (2003) study investigates the contribution of Orlando's (Florida) features to UK holidaymakers' overall satisfaction with the destination. Factor analysis identifies five factors from 22 attributes: facilitators; primary attractions; secondary attractions; tertiary attractions; and transport plus. Table 24.1 shows these factors.

The results of the regression analysis identify secondary attractions as the most influential factor affecting UK visitors' overall satisfaction with Orlando. The authors' subsequent (2004) study compares factor analyses of first-time and repeat visitors, as Tables 24.2 and 24.3 show.

In the cases of both segments, the analyses produced similar but not identical five-factor solutions, with six attributes (27%) loading on different factors for the two segments. Furthermore, different hierarchies of factors explained first-timers' and repeaters' overall satisfaction. For first-timers, facilitators followed by secondary and primary attractions contributed most to overall satisfaction. For repeaters, secondary attractions followed by primary attractions and

Table 24.1. Results of the factor analysis of Orlando's attribute performance ratings.

Orlando's attributes	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Communality
Factor 1: Facilitators						
Accommodation	0.80					0.68
Cleanliness	0.76					0.66
Pool	0.74					0.59
Safety	0.72					0.60
Customer service	0.72					0.63
Friendliness of locals	0.51					0.46
Factor 2: Secondary Attractions						
Goods at bargain prices		0.80				0.67
Shopping facilities		0.77				0.66
Restaurant VFM		0.75				0.67
Variety of restaurants		0.66				0.53
Opportunity for rest & relaxation		0.45				0.48
Factor 3: Tertiary Attractions						
Natural & wildlife attractions & trails			0.78			0.62
Cultural & historic attractions & trails			0.77			0.63
Sports facilities			0.62			0.47
Bus service			0.51			0.33
Nightlife			0.44			0.43
Factor 4: Primary Attractions						
Many things to see and do				0.80		0.73
Something for everyone				0.74		0.67
Theme parks				0.67		0.53
Factor 5: Transport Plus						
Car-hire service					0.81	0.69
Road signs that are easy to follow					0.40	0.38
Eigenvalue	6.244	2.007	1.686	1.434	1.067	
Variance (%)	28.381	9.123	7.664	6.520	4.851	
Cumulative variance (%)	28.381	37.504	45.168	51.688	56.539	
Cronbach's Alpha	0.85	0.78	0.78	0.73	0.52	
Number of items (Total = 21)	6	5	5	3	2	

Source: Fallon and Schofield (2003, p. 89).

facilitators carried the heaviest weights in repeaters' overall satisfaction.

In Kozak's (2003) study, the purpose was to compare the contributions of factors for British and German holidaymakers at two different destinations, Mallorca (Spain) and Mugla (Turkey).

This study identifies eight factors from 55 attributes: accommodation services; local transport services; hygiene, cleanliness and sanitation; hospitality and customer care; availability of facilities and activities; level of prices; language communication; and destination

Table 24.2. Factors derived from 'first-timer' performance ratings on Orlando's attributes.

Orlando's attributes	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Communality
Factor 1: Facilitators						
Customer service	0.79					0.70
Accommodation	0.79					0.69
Cleanliness	0.73					0.66
Pool	0.71					0.61
Safety	0.68					0.55
Friendliness of locals	0.57					0.47
Factor 2: Secondary Attractions						
Goods at bargain prices		0.80				0.71
Shopping facilities		0.77				0.66
Restaurant VFM		0.76				0.69
Variety of restaurants		0.65				0.50
Factor 3: Tertiary Attractions						
Cultural & historic attractions & trails			0.75			0.61
Natural & wildlife attractions & trails			0.74			0.67
Sports facilities			0.60			0.51
Nightlife			0.58			0.51
Opportunity for rest & relaxation			0.42			0.55
Factor 4: Primary Attractions						
Many things to see and do				0.84		0.77
Something for everyone				0.69		0.69
Theme parks				0.62		0.47
Factor 5: Transport Plus						
Car-hire service					0.71	0.61
Weather					0.68	0.51
Bus/trolley service					0.45	0.37
Eigenvalue	6.424	2.073	1.789	1.450	1.195	
Variance (%)	29.200	9.422	8.131	6.592	5.430	
Cumulative variance (%)	29.200	38.622	46.754	53.346	58.776	
Cronbach's Alpha	0.85	0.81	0.87	0.74	0.57	
Number of items (Total = 21)	6	4	5	3	3	

Source: Fallon and Schofield (2004, p. 208).

airport services. The authors identify significant differences between destinations and nationalities in terms of the contributions of the different factors to overall satisfaction. For example, the major contributors to satisfaction, that is the critical success factors in terms of satisfaction

for British holidaymakers, are hospitality and customer care and accommodation services in Mugla and hygiene, cleanliness and sanitation and level of prices in Mallorca. For German holidaymakers, the major contributors to satisfaction are level of prices and hospitality and

Table 24.3. Factors derived from 'repeater' performance ratings on Orlando's attributes.

Orlando's attributes	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Communality
Factor 1: Facilitators						
Accommodation	0.82					0.71
Cleanliness	0.76					0.66
Pool	0.76					0.59
Safety	0.72					0.61
Customer service	0.66					0.63
Factor 2: Secondary Attractions						
Goods at bargain prices		0.79				0.65
Shopping facilities		0.76				0.64
Restaurant VFM		0.73				0.64
Variety of restaurants		0.66				0.60
Opportunity for rest & relaxation		0.47				0.45
Factor 3: Tertiary Attractions						
Natural & wildlife attractions & trails			0.79			0.67
Cultural & historic attractions & trails			0.77			0.64
Sports facilities			0.60			0.51
Bus/trolley service			0.50			0.36
Factor 4: Primary Attractions						
Many things to see and do				0.77		0.71
Something for everyone				0.72		0.64
Theme parks				0.66		0.53
Factor 5: Transport Plus						
Car-hire service					0.76	0.61
Nightlife					0.51	0.48
Road signs that are easy to follow					0.48	0.41
Friendliness of locals					0.46	0.50
Eigenvalue	6.157	2.069	1.764	1.332	1.175	
Variance (%)	27.985	9.405	8.017	6.054	5.343	
Cumulative variance (%)	27.985	37.389	45.407	51.460	56.803	
Cronbach's Alpha	0.84	0.78	0.76	0.72	0.63	
Number of items (Total = 21)	5	5	4	3	4	

Source: Fallon and Schofield (2004, p. 209).

customer care in Mugla and hospitality and customer care and accommodation services in Mallorca.

Kozak and Rimmington's (2000) study solely investigates the contribution of Mallorca's features to British holidaymakers' overall satisfaction

levels with the destination. Factor analysis extracted four dimensions from 38 attributes: destination attractiveness, visitor attractions and facilities, availability of English language and facilities and services at the destination airport. Destination attractiveness (comprising 11 attributes

relating to accommodation, safety and cleanliness, customer service, atmosphere, value for money and natural environment) has the strongest impact on satisfaction, followed by visitor attractions and facilities (eight attributes relating to attractions and activities) and facilities and services at the destination airport (five attributes).

Overall satisfaction and behavioural intention

Overall measures of satisfaction and behavioural intention represent the third common component in visitor satisfaction studies, serving a number of purposes. Notwithstanding interrelationships between them, the satisfaction measure represents the significant overall outcome for the visitor after visiting the destination (Crompton and Love, 1995; Bateson and Hoffman, 1999; Crompton, 1999; Baker and Crompton, 2000; Schofield and Fallon, 2000; Kozak, 2001; Fallon and Schofield, 2003; Ryan and Cessford, 2003). Since managers need to contextualize visitors in terms of the long-term revenue they 'can generate for the destination through personal visits and through the visits of others whom that visitor has influenced' (Pitegoff, 1996, p. 525), measures of how likely the visitor is to both return and recommend represent potentially significant outcomes for the destination. Milman and Pizam (1995) also recommend educating how soon respondents intend to return in the survey instrument, although timescale may be difficult for respondents to articulate (cf. Ross, 1993).

Researchers (e.g. Dorfman, 1979; Fick and Ritchie, 1991; Pizam and Milman, 1993; Crompton and Love, 1995; Yuksel and Rimmington, 1998; Kozak and Rimmington, 2000; Fallon and Schofield, 2003, 2004; Kozak, 2003; Kozak *et al.*, 2004) incorporate these overall measures into a final summary set of questions towards the end of the study, again using Likert-scales to indicate the strength of the measurement.

Crucially, overall satisfaction enables the researchers to assess the convergent validity of the multiple-attribute scales and their conceptualizations in terms of satisfaction (Crompton

and Love, 1995; Yuksel and Rimmington, 1998), whilst the measures of behavioural intention enable assessment of the scale's discriminant and nomological validity (Yuksel and Rimmington, 1998). As already identified, researchers (e.g. Kozak and Rimmington, 2000; Fallon and Schofield, 2003, 2004; Kozak, 2003) use the overall measure of satisfaction in a multiple regression analysis technique in order to evaluate the contribution of destination features to overall satisfaction. Alternatively, other researchers (e.g. Mount, 1997; Sampson and Showalter, 1999; Khan, 2004) propose this technique for the identification of the derived importance of destination features.

Personal and situational variables

Researchers usually locate questions relating to personal and situational variables for the contextualization of the findings and the segmentation of respondents in the study sample at the end of the questionnaire (Orams and Page, 2000). For example, numerous authors (e.g. Pizam and Milman, 1993; Crompton and Love, 1995; Vaske *et al.*, 1996; Litvin and Ling, 2001; Fuchs and Weiermair, 2003; Kozak *et al.*, 2004; Tyrell and Okrant, 2004) recommend that visitor satisfaction should be considered separately for each market segment. Key means of segmenting the visitor market include prior experience (Gitelson and Crompton, 1984; Reid and Reid, 1993; Crompton and Love, 1995; Vaske *et al.*, 1996; Kozak and Rimmington, 2000; Litvin and Ling, 2001; Weaver and Lawton, 2002; Fuchs and Weiermair, 2003; Kozak *et al.*, 2004; Lau and Mc Kercher, 2004) and nationality or country of origin (Joppe *et al.*, 2001; Kozak, 2003; Korzay and Alvarez, 2005; O'Leary and Deegan, 2005).

With regards to prior experience, Kozak *et al.* (2004, p. 47) argue that a major shortfall in visitor satisfaction studies relates to the 'limited investigation into satisfaction by NR & RT [non-repeat and repeat tourism] in visitor destinations'. A number of reasons exist why destination managers should distinguish between first-time and repeat visitors in both general terms and specifically relating to satisfaction and future behavioural intention. First, the promotional

costs of attracting repeaters are substantially less than for first-timers (Pacific Asia Travel Association, 1997; Oppermann, 1998; Weaver and Lawton, 2002; Lau and McKercher, 2004). Second, a high level of repeat visitation acts as both an indicator of the destination's maturity and the quality of the offering for visitors (Oppermann, 2000; Kozak, 2001; Weaver and Lawton, 2002), since the destination has already satisfied repeaters on an earlier visit or visits (Gitelson and Crompton, 1984; Reid and Reid, 1993; Weaver and Lawton, 2002; Ryan and Cessford, 2003; Lau and McKercher, 2004). Finally, word of mouth recommendation is more powerful coming from visitors who have been back to the destination on many occasions (Reid and Reid, 1993), and such recommendation is especially influential on first-time travellers (Wong and Kwong, 2004).

Alternative Conceptualizations of Satisfaction

Researchers use three main conceptualizations of satisfaction, representing different combinations of the importance, expectations and/or performance constructs in the measurement of visitor satisfaction. These conceptualizations are expectations–performance, performance-only and importance–performance (Martilla and James, 1977; Dorfman, 1979; Fick and Ritchie, 1991; Crompton and Love, 1995; Duke and Persia, 1996; Tribe and Snaith, 1998; Yuksel and Rimmington, 1998; Kozak, 2001b; Fallon and Schofield, 2003; Li and Carr, 2004). Given the preceding discussion, these conceptualizations clearly have their own particular merits and contributions to make within a particular situation (Dorfman, 1979; Crompton and Love, 1995; Yuksel and Rimmington, 1998; Kozak, 2001b). The review considers each of these conceptualizations individually, acknowledging modifications and extensions to the original models.

Expectations–performance

The expectations–performance paradigm, derived from adaption level theory, has dominated

satisfaction research. According to this general theory, consumers purchase goods or services with pre-purchase, or pre-experience, expectations about anticipated performance; after purchase, or experience, actual performance is evaluated against these expectations (Czepiel *et al.*, 1974; Oliver, 1980). The original model identified four conditions for the categorization, and subsequent management action, of product attributes: high expectations–high performance, high expectations–low performance, low expectations–high performance and low expectations–low performance (Olshavsky and Miller, 1972). However, researchers more commonly operationalize analysis within a satisfaction context based on dis/confirmation of attributes. As such, when the perceived performance matches the expectation, confirmation occurs; difference between the perceived performance and expectation results in disconfirmation. Negative disconfirmation results when the perceived performance does not live up to expectation; positive disconfirmation occurs when the performance is better than expected (Oliver, 1980). Satisfaction is caused by confirmation or positive disconfirmation, whereas dissatisfaction is caused by negative disconfirmation (Pizam and Milman, 1993). Logically, therefore, managers can manipulate either of the independent variables (i.e. expectations or performance) in order to enhance satisfaction; for example, the reduction of customer expectations, notwithstanding potentially negative effects at the pre-consumption decision-making stage, increases the chances of satisfaction (Zeithaml *et al.*, 1990; Weber, 1997). Researchers (e.g. Barsky and Labagh, 1992; Pizam and Milman, 1993; Meyer and Westerbarkey, 1996) determine confirmation and disconfirmation of expectations using both inferred and direct methods. Inferred dis/confirmation occurs when researchers compare expectation scores with separate performance scores; the most famous exponent of the inferred method has been the SERVQUAL model (Zeithaml *et al.*, 1990). This approach represents a three-stage process. In the first two stages, respondents individually evaluate attributes on both expectations and performance scales. For the third stage, researchers subtract expectation scores from their performance counterparts. In contrast, researchers who employ the direct approach adopt a single measurement,

with respondents rating attributes as either 'better than' or 'worse than' expected (Carman, 1990; Crompton and Love, 1995; Yuksel and Rimmington, 1998); as such, the comparison takes place in the mind of the consumer (Bateson and Hoffman, 1999).

Given the widespread appreciation of the role of expectations within tourism decision making in general and on satisfaction in particular (e.g. Pizam *et al.*, 1978; Crompton, 1979; Fakeye and Crompton, 1991; Chon, 1992; Pizam and Milman, 1993; Ryan, 1995; Weber, 1997; Laws, 2000; Moutinho, 2000; Yuksel and Yuksel, 2001a; Rodriguez del Bosque *et al.*, 2006), the appeal of the expectations–performance model is understandable. For example, Chon (1992, p. 3) posits that 'the individual traveller's satisfaction/dissatisfaction with a travel purchase largely depends on his expectations about the destination, or a previously held destination image, and his perceived performance of the destination'. A number of researchers (e.g. Pizam *et al.*, 1978; Crompton and Mackay, 1989; Fick and Ritchie, 1991; Saleh and Ryan, 1992; Pizam and Milman, 1993; Tribe and Snaith, 1998; Akama and Kieti, 2003) have adopted the inferred approach for their destination and tourism-related studies. For example, Tribe and Snaith (1998) specifically propose the HOLSAT instrument for measuring visitor holiday satisfaction at Varadero.

However, despite an intuitive appeal and generally widespread use, considerable well-documented theoretical and operational criticism of the expectations–performance paradigm exists on a number of grounds (e.g. Carman, 1990; Hughes, 1991; Pearce, 1991; Cronin and Taylor, 1992, 1994; Teas, 1993, 1994; Crompton and Love, 1995; Ryan, 1995; Tribe and Snaith, 1998; Yuksel and Rimmington, 1998; Oh, 1999; Fallon and Schofield, 2003), many of which relate specifically to the expectations construct. First, authors are concerned regarding respondents' capability to articulate valid expectations (Carman, 1990; Crompton and Love, 1995; Yuksel and Rimmington, 1998). Yuksel and Rimmington (1998, p. 70) conclude that the approach 'presupposes that everyone has prior expectations about the service experience. Confirmation or disconfirmation of expectations cannot occur without such advance expectations. However, prior experience may not be

established clearly enough to serve as a basis for a comparison to an experience.' Consequently, Whipple and Thach (1988) suggest that first-time consumers' satisfaction depends solely on the performance of the service. Given the multi-faceted nature of the destination and the subsequent range of opportunities on offer, this potential weakness would seem to carry specific implications for satisfaction research at destination level, where visitors' expectations may be well-defined in terms of certain features but more uncertain regarding others. Whilst researchers can acknowledge this uncertainty by incorporating a 'Don't Know' option into the expectations scale, they clearly need to consider the effects of this option with the calculation of the inferred expectations–performance score. Second, authors (e.g. Miller, 1977; Dorfman, 1979; Carman, 1990; Danaher and Mattsson, 1994; Crompton and Love, 1995; Weber, 1997; Yuksel and Rimmington, 1998; Ekinici *et al.*, 2000; Kozak, 2001b) agree that the comparative expectations standard is vague.

A third criticism of the expectations–performance paradigm calls the timing of expectations measurement into question (Crompton and Love, 1995; Yuksel and Rimmington, 1998). For example, the original SERVQUAL model administers the expectations and performance batteries together at the post-experience stage (Parasuraman *et al.*, 1985). Carman (1990) and Getty and Thomson (1994) propose that instruments should elicit expectations ratings prior to experience in order to prevent contamination by the actual performance. While asking respondents to rate expectations and performance separately may not be practical in some service situations given their short duration, this procedure is feasible in tourism contexts given the duration of the experience (Crompton and Love, 1995). However, the question then arises as to when to elicit expectations; for example, expectations can change in the interim period between booking and taking a holiday, perhaps due to the receipt of further information, and especially in the case of a long delay between booking and taking the holiday (Boulding *et al.*, 1993). Ekinici *et al.* (2000) suggest that the purpose and timing of the measurement should determine which of Miller's (1977) delineations of expectations is chosen.

A fourth criticism centres on the use and interpretation of discrepancy scores in that they represent an inferred, or indirect, measurement because the researcher rather than the subject performs the comparison (Oh, 1999). However, overall the evidence is equivocal and researchers measuring satisfaction in a variety of fields are continuing to use difference scores (Dorfman, 1979; Crompton and Love, 1995), although no consensus exists as to what the difference score actually represents. Furthermore, since the expectations–performance model represents a conceptualization of both satisfaction and service quality (Tribe and Snaith, 1998), the difference score can represent either satisfaction or service quality despite fundamental differences between them (Crompton and Love, 1995; Baker and Crompton, 1999; Crompton, 1999). Interestingly, some authors (e.g. Hughes, 1991; Pearce, 1991; Yuksel and Rimmington, 1998) throw complete doubt on the disconfirmation approach, and particularly the validity of the difference score as an indicator of the level of quality or satisfaction; they argue that visitors may be satisfied even though the performance does not fulfil their expectations (i.e. negative disconfirmation). An inability to fulfil or exceed expectations is also understandable given the tendency for high expectations (Dorfman, 1979; Parasuraman *et al.*, 1988; Fick and Ritchie, 1991; Tribe and Snaith, 1998; Yuksel and Rimmington, 1998), notwithstanding the potential for skewed responses on the other scales incorporated in the study, such as performance and satisfaction (Peterson and Wilson, 1992; Ryan, 1995; Moutinho, 2000; Orams and Page, 2000; Tarrant and Smith, 2002).

Crompton and Love (1995) and Pearce (1988) suggest that one of the reasons for satisfaction despite fulfilment of expectations may be the fact that this conceptualization does not differentiate between the relative importance of individual attributes. For example, Pearce (1988, p. 25) states that ‘A visitor may have realistic expectations of a destination and those expectations may be satisfied by the travel experience. If, however, the visitor does not value these experiences or was not particularly motivated by them, there is no guarantee of satisfaction.’ Furthermore, Crompton and Love (1995, p. 21) point out that ‘the a priori importance attached to attributes at the expectations

stage may change after the experience, leading to attribute importance being evaluated from an entirely different perspective’. This dynamic is especially relevant within a holiday context given the longitudinal nature of the experience. Interestingly, Yuksel and Rimmington (1998) also call the inability of the model to distinguish between high and low evaluations despite different implications for managers. For example, a seven-point scale for expectations (E) and performance (P) yields six ways of producing a discrepancy score of -1 , including $E = 2$ and $P = 1$ or $E = 7$ and $P = 6$, however the two scenarios indicate a different combination of consumer expectations and product performance (Yuksel and Rimmington, 1998).

Operationally, implementing the inferred expectations–performance conceptualization is clearly onerous, especially if the study elicits expectations before the experience in order to prevent contamination by the actual performance (Carman, 1990; Getty and Thomson, 1994). Furthermore, Kozak and Nield (1998) recognize the difficulty in keeping the expectations and performance sample constant since respondents may not be willing or able to submit both components of the survey. Consequently, some researchers (e.g. Oliver, 1997; Yuksel and Rimmington, 1998; Yuksel and Yuksel, 2001b) advocate the use of multiple samples to compensate for this. Alternatively Weber (1997) adopts a single non-difference, or direct, measurement approach using summary-judgement scales to measure confirmation and disconfirmation. Whilst clearly eliminating some of the theoretical and practical problems identified with the difference approach, this technique is likely to produce a different result (Williams, 1988).

Performance-only

This approach directly challenges the expectations–performance combination by proposing that the sole influence on satisfaction is the performance of the destination features. For a number of reasons, some of which have been previously articulated, researchers (e.g. Churchill and Surprenant, 1982; Carman, 1990; Cronin and Taylor, 1992) now doubt the validity of disconfirmation theories and consider that

performance-only is a more effective method and indicator of satisfaction. First, Meyer and Westerbarkey (1996) posit that measurements of satisfaction that focus on perceptions of performance alone are more typical of consumers' cognitive processes. Second, authors refer to the amorphous nature of performance, based on an ability to factor in a wide range of personal and situational variables, including: visitor drives, motives, desires, needs and wants, and preferences (Czepiel *et al.*, 1974; Dorfman, 1979; Mannell, 1989); disposition, expectations, nationality and travelling companions (Ekinici *et al.*, 2000; Kozak, 2001b); attribute importance (Oliver, 1997); and the potential for the refinement of initial frames of reference over the duration of the holiday (Botterill, 1989; Laws, 1991; Danaher and Mattsson, 1994; Ryan, 1995; Duke and Persia, 1996; Weber, 1997; Tribe and Snaith, 1998). Moreover, given the arguably more complex nature of holiday experiences, for example in terms of the variety of variables and their scope for change, in comparison to other service encounters, this amorphous nature would seem to be more critical within tourism contexts. Finally, given the shared timing of the capture of both performance and satisfaction after the actual experience, the possibility of a halo effect between the two constructs exists (Fallon and Schofield, 2003).

These issues, individually and/or in combination, may help to explain why empirical comparisons of the reliability and validity of alternative satisfaction models (e.g. Dorfman, 1979; Churchill and Surprenant, 1982; Carman, 1990; Fick and Ritchie, 1991; Cronin and Taylor, 1992, 1994; Crompton and Love, 1995; Yuksel and Rimmington, 1998; Fallon and Schofield, 2003) have identified the performance-only conceptualization as the most valid and reliable predictor of satisfaction. Indeed, the performance-only paradigm is now regarded as the most effective construct for satisfaction measurement (Churchill and Surprenant, 1982; Cronin and Taylor, 1992). Clearly, from a practical perspective performance-only represents the simplest method for measuring satisfaction due to its single hit methodology, which may also make this model more appealing to both researchers measuring satisfaction (Fallon and Schofield, 2003) and respondents completing satisfaction surveys (Khan, 2004). However,

some researchers (e.g. Martilla and James, 1977; Parasuraman *et al.*, 1985; Crompton and Love, 1995; Duke and Persia, 1996; Yuksel and Rimmington, 1998; Crompton, 1999; Kozak, 2001b; Khan, 2004) share concerns regarding the diagnostic limitations of the performance-only conceptualization. For example, in terms of expectations, Parasuraman *et al.* (1985) claim that by using this approach it is impossible to track where expectations are higher, where perceptions are lower and how the former relates to the latter. Furthermore, in terms of importance, Duke and Persia (1996), Khan (2004), Martilla and James (1977) and Pizam and Milman (1993) voice concern regarding the inability of performance-only to inform managers in the optimization of resource allocation.

Importance–performance

Researchers adapt the importance–performance conceptualization of satisfaction from the expectation–importance (Fishbein, 1967) and expectations–performance approaches (Crompton and Love, 1995; Kozak, 2001b). Like expectations–performance, importance–performance represents a three-stage process. In the first two stages, respondents individually evaluate attributes on both importance and performance scales. However, for the third stage, and unlike the expectations–performance scenario, two alternative manipulations of the data are possible due to the dual origins of the model. In the first version, researchers multiply, or weight, the performance ratings by the importance ratings to give a sum score for each attribute (cf. Fishbein, 1967). Authors (e.g. Goodrich, 1978; Dorfman, 1979; Crompton and Love, 1995; Duke and Persia, 1996; Oh and Parks, 1998; Yuksel and Rimmington, 1998; Fallon and Schofield, 2003) use this in a variety of touristic contexts. In the second version, researchers (e.g. Shih, 1986; Crompton and Love, 1995; Yuksel and Rimmington, 1998) have subtracted performance scores from importance scores with the consequence that importance acts as a standard, or frame of reference, as in traditional expectations–performance.

Given the individual significance of both the importance and performance constructs,

the general importance–performance model has intuitive appeal. Despite this appeal, a number of concerns exist relating to the importance–performance conceptualization of satisfaction, some of which are not unexpected given the preceding discussion. First, authors (e.g. Martilla and James, 1977; Jaccard *et al.*, 1986; Oh, 2001) raise doubts about the validity of importance scores due to both potential ambiguity regarding the meaning of importance and the potential for inflated importance scores. A second concern acknowledges the different timings of importance measurement (i.e. before and/or after consumption). Notwithstanding the potential for confusion between ratings if they are captured at the same time (Kozak, 2001b), a number of studies (e.g. Duke and Persia, 1996; Sampson and Showalter, 1999; Fallon and Schofield, 2006) indicate that the actual performance of a product's attributes influences their importance. Consequently, researchers need to consider what the importance rating represents, and its subsequent value in decision making, in relation to the timing of its assessment. Some authors (e.g. Sampson and Showalter, 1999; Khan, 2004), therefore, use derived measures of importance, for example obtained by regression of performance ratings against overall satisfaction within the importance–performance framework. This approach simply requires researchers to elicit performance and overall satisfaction scores from subjects and thereby eliminates concerns relating to survey completion time (Khan, 2004), potential cross-contamination between scales, inflated importance ratings and restrictions in the variation in importance scores (Martilla and James, 1977; Oh, 2001). Due to their post-experience nature, such derived measures of importance are more relevant to satisfaction provision, rather than front-end decision making, in terms of their diagnostic value (cf. Duke and Persia, 1996).

Finally, and specifically relating to the multiplicative version of importance–performance, criticism exists regarding the weighting method because it does not distinguish between the relative contributions of the performance and importance scores and often produces results that do not resemble the original ratings from either the performance or importance scales (Crompton and Love, 1995; Duke and Persia, 1996; Kozak, 2001b). 'For instance, say that the

importance of accommodation is 6 and its perceived quality is 4. Similarly, say that the importance of food is 4 and its perceived quality is 6. The overall calculated attitude, according to the Fishbein model, will be 24 for both. Though they are equal in numerical value, the former attribute performs worse than the latter due to the negative gap between importance and perceived performance of the attribute' (Kozak, 2001b, p. 309). Clearly, the second version of importance–performance, where performance scores are subtracted from importance, overcomes this failing. Shih (1986) first used this version of importance–performance in order to assess the image of Pennsylvania but the approach has received limited exposure, notwithstanding incorporation into comparative analyses of the different conceptualizations of satisfaction (e.g. Crompton and Love, 1995; Yuksel and Rimmington, 1998; Fallon and Schofield, 2003). Two obvious and interrelated explanations exist for this shortcoming. First, as already identified with the expectations–performance model, researchers are concerned by the use of difference scores (cf. Oh, 1999). Second, researchers (e.g. Martilla and James, 1977; Mill, 1989; Fakeye and Crompton, 1991; Kozak and Nield, 1998; Schofield, 2000; Litvin and Ling, 2001; Tarrant and Smith, 2002; Fuchs and Weiermair, 2003; O'Leary and Deegan, 2005) recognize the optimization of the importance–performance conceptualization within the context of the more action-oriented importance–performance analysis (IPA) matrix, which explores the relationship between the individual levels of importance and performance of attributes. This IPA matrix will be reviewed in more detail shortly.

Comparative Analysis of the Alternative Conceptualizations of Satisfaction

A number of authors (e.g. Crompton and Love, 1995; Oh and Parks, 1997; Yuksel and Rimmington, 1998) acknowledge the paucity in the number of comparative analyses that are available to managers in order to inform them which solution is most appropriate for the measurement of satisfaction. For example, Yuksel

and Rimmington (1998, p. 60–61) bemoan that ‘Although several methods have been developed to provide information for managers, the literature (particularly in the area of hospitality and tourism) lacks empirical studies that compare measurement methods’ relative validity and reliability.’ However, a number of tourism-related studies have conducted comparative analyses of the different conceptualizations of satisfaction incorporating the importance, expectations and performance constructs: Dorfman (1979) in the context of campsites; Fick and Ritchie (1991) within the chain of distribution; Crompton and Love (1995) at a festival event; Crossley and Xu (1996) with guided tours; Yuksel and Rimmington (1998) with regards to diner satisfaction in restaurants; and Fallon and Schofield (2003) at a visitor destination. From a technical perspective, authors use two methods to measure the predictive validity of each of the five conceptualizations of satisfaction. Dorfman (1979), Crompton and Love (1995), Crossley and Xu (1996), Yuksel and Rimmington (1998) and Fallon and Schofield (2003) use the correlation procedure, whereby they compute Pearson product moment correlations between the alternative conceptualization values and the overall measure of satisfaction. Additionally, and as a further verification, Crompton and Love (1995), Yuksel and Rimmington (1998) and Fallon and Schofield (2003) also use the regression procedure, whereby the alternative conceptualization values are regressed on the overall measure of satisfaction.

The results of these comparative analyses are unequivocal in finding significant differences between the predictive validity of the different conceptualizations: performance-only emerges as the best predictor of satisfaction; acknowledgement of importance does not improve the predictive power of the performance measure; the expectations–performance model is the least valid. The results of these comparative studies suggest that, with regards to satisfaction measurement, performance-only represents the winning ticket. This finding also supports two empirical studies in the marketing literature (i.e. Churchill and Surprenant, 1982; Cronin and Taylor, 1992), which both report that a performance-only measure has explained more variation in satisfaction than discrepancy measures. The possible explanations for this have

already been acknowledged in the preceding discussion relating to the individual constructs and frameworks.

Modifications and Extensions to Importance–Performance

Reflecting the high regard in which researchers hold both the individual importance and performance constructs and the potential of the importance–performance framework, a number of studies (e.g. Martilla and James, 1977; Slack, 1994; Hammitt *et al.*, 1996; Vaske *et al.*, 1996; Sampson and Showalter, 1999; Chu and Choi, 2000; Litvin and Ling, 2001; Huan *et al.*, 2002; Tarrant and Smith, 2002; Tyrell and Okrant, 2004; Fallon and Schofield, 2006) specifically focus on investigating and developing the importance–performance conceptualization of satisfaction.

Importance–performance analysis (IPA)

Martilla and James (1977) developed IPA as a more action-oriented version of the importance–performance conceptualization of satisfaction, with the importance construct playing a leading analytical, rather than supportive, role that is equal to performance. Researchers use IPA widely as an analytical technique to identify critical factors in the management of customer satisfaction. As Fig. 24.2 shows, IPA incorporates a two-dimensional grid which identifies the perceived importance (y-axis) and performance (x-axis) of product attributes. Consequently, the model facilitates consideration of both the value that consumers place on product attributes and their performance (Tarrant and Smith, 2002). Within the traditional framework, each product attribute has an associated importance value, which, when taken with the performance value, prescribes an attribute improvement prioritization using four strategies: concentrate here (high importance/low performance), keep up the good work (high importance/high performance), low priority (low importance/low performance) and possible overkill (low importance/high performance) (Martilla and James, 1977).

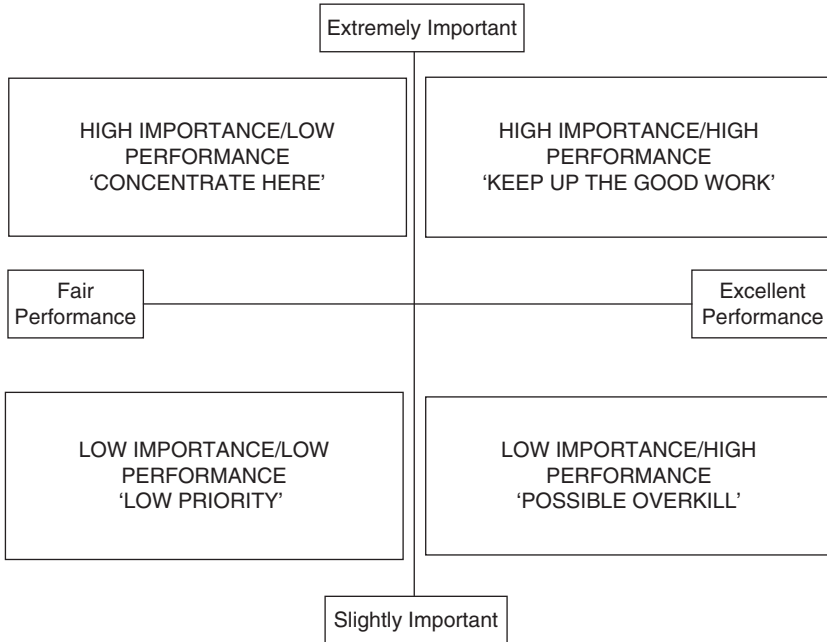


Fig. 24.2. The importance–performance analysis grid. Source: Martilla and James (1977, p. 78).

The crux of IPA is that customer perception is of limited value on its own (Crompton, 1979; Pizam and Milman, 1993; Litvin and Ling, 2001; Khan, 2004) and that it is the importance attached to the attribute that enables managers to make effective decisions (Kotler *et al.*, 1993; Litvin and Ling, 2001; Oh, 2001). From a management perspective, this maximizes the previously identified benefits offered by the individual importance and performance constructs and offers guidance into future decision-making-based priorities as well as strengths and weaknesses (cf. Kotler *et al.*, 1993). For example, and most critically, managers need to relocate high importance/low performance attributes into the area of critical strengths by improving associated services and products (Barsky and Labagh, 1992). In contrast, high importance/high performance attributes represent a priority for promotion (Khan, 2004). Martilla and James (1997) indicate that allocation of resources to the ‘concentrate here’ features produces the maximum results. Overall, the general popularity of IPA arises from benefits such as ease of use, visual display and the associated clear outcome strategies which facilitate management decision making (Yuksel and Rimmington, 1998; Chu

and Choi, 2000; Tarrant and Smith, 2002; Tyrell and Okrant, 2004). As identified earlier, managers need to contextualize decisions in terms of the nature of the importance ratings adopted.

Table 24.4 emphasizes the generalizability of the model via its application to visitor destination contexts, indicating a hierarchy of priority, or action, for destination managers, beginning with high importance/low performance.

IPA’s popularity in both consulting practice and the academic literature emphasizes the usefulness of the model in a wide variety of touristic settings and contexts (Tyrell and Okrant, 2004). Researchers employ IPA at both strategic and operational levels with respect to destinations, including: Fakeye and Crompton (1991) to determine an ideal winter destination; Fuchs and Weiermair (2003) to investigate visitor satisfaction in the Tyrol; Kozak and Nield (1998) to evaluate Romanian resorts with respect to cross-cultural differences; Litvin and Ling (2001) to evaluate an Indonesian resort and investigate gaps in the perceptions of different visitor groups; Mill (1989) to evaluate Colorado as a destination for British visitors; O’Leary and Deegan (2005) to measure French visitors’ perceptions of Ireland; Schofield (2000) to evaluate

Table 24.4. The relationship between levels of importance and performance of a destination.

Relationship	Comment/diagnosis
High Importance – Low Perception	Important attributes perceived not to be present in the destination Priority investment
Low Importance – Low Perception	Unimportant attributes perceived not to be present in the destination Low priority
High Importance – High Perception	Important attributes perceived to be present in the destination Keep up good work
Low Importance – High Perception	Unimportant attributes perceived to be present in the destination Monitor

Source: Adapted from Ryan (1995, p. 76) and Kozak and Nield (1998, p. 103).

visitor perceptions of a UK heritage attraction; and Tarrant and Smith (2002) to examine visitor satisfaction in outdoor recreation settings. These studies emphasize the model's generalizability. For example Tyrell and Okrant (2004) apply IPA at a strategic level in order to inform organizational goal-setting. Alternatively, Litvin and Ling (2001) and Fallon and Schofield (2006) identify how the model can be used to compare and contrast the perceptions of first-time and repeat visitor groups. Given that most destinations represent a mixed bag and that each destination does not have to emphasize all of its strengths or correct all of its weaknesses as not all are regarded as equally important (Kotler *et al.*, 1993), the benefits offered by IPA to destination managers are clear.

Since initial development in 1977, researchers (e.g. Slack, 1994; Hammitt *et al.*, 1996; Vaske *et al.*, 1996; Sampson and Showalter, 1999; Chu and Choi, 2000; Litvin and Ling, 2001; Huan *et al.*, 2002; Tarrant and Smith, 2002; Tyrell and Okrant, 2004; Fallon and Schofield, 2006) have voiced a number of concerns regarding the validity of the traditional IPA approach and subsequently provide modifications for and extensions to the original model. First, in acknowledgement of the debate surrounding the validity of importance scores (Sampson and Showalter, 1999; Khan, 2004), Matzler *et al.* (2003) compare implicitly derived with explicitly stated direct importance measures and demonstrate that the outcome of an IPA is sensitive to the importance measure used

since three quarters of the attributes incorporated in the study are subject to quadrant differences using the two different measures. This inconsistency is because the derived measure captures the satisfaction–importance relationship, that is the relative importance given the current level of attribute satisfaction, whereas the direct measure represents the importance of attributes relative to each other (Matzler *et al.*, 2003). The review will consider the satisfaction–importance relationship in more detail shortly.

Second, debate exists regarding the positioning of the cross-hairs on the grid. For example, Oh (2001) generally recommends adoption of the scale means, with the use of actual means, that is the overall means for each construct, in special cases. However, Martilla and James (1977) propose that researchers make their own judgement, since the value of IPA lies in identifying relative rather than absolute levels of importance and performance. Consequently, most authors (e.g. Martilla and James, 1977; Hollenhorst *et al.*, 1992; Fuchs and Weiermair, 2003; Janes and Wisnom, 2003; Matzler *et al.*, 2003; O'Leary and Deegan, 2005; Fallon and Schofield, 2006) use the actual mean values. Given the tendency for skewed ratings (Martilla and James, 1977; Oh, 2001; Ryan, 1995, 1997), this approach is logical and also consistent with Martilla and James' (1977, p. 79) recommendation that 'the absence of low importance and performance ratings may argue for moving the axes'.

A third concern with IPA exists because researchers typically use only the means of

consumers' importance and performance ratings (Havitz *et al.*, 1992). For example, Geva and Goldman (1991) identify the need to consider the variance in respondents' ratings in order to increase IPA's validity by distinguishing more accurately between attributes located in each of the four quadrants. Consequently, Tarrant and Smith (2002) use the standard error (SE) of consumer importance and performance ratings in addition to the mean score in order to sensitize the model to both the variance in response (by creating a confidence interval) and the number of respondents in the study. They identify significant and non-significant quadrant differences for borderline attributes and thereby improve the statistical confidence in the correct categorization of attributes into one of the four quadrants and the subsequent risk reduction of selecting an inappropriate strategy.

The fourth concern with the traditional IPA approach relates to a failure to acknowledge potential heterogeneity within the sample. Consequently, researchers (e.g. Vaske *et al.*, 1996; Chu and Choi, 2000; Litvin and Ling, 2001; Huan *et al.*, 2002; Tyrell and Okrant, 2004; O'Leary and Deegan, 2005; Fallon and Schofield, 2006) demonstrate the importance of segmentation prior to IPA analysis to avoid the risk of segment displacement and strategy application bias.

Acknowledging this group of concerns, Fallon and Schofield's (2006) destination-specific research with UK visitors to Orlando compares IPA outcomes for direct and derived importance measures, with and without standard error (SE) sensitization and for first-time and repeat visitor groups. Additionally, the study also compares both pre-visit and post-visit importance ratings. Table 24.5 shows the results of this study.

The authors identify quadrant differences with subsequent changes in prescribed outcome strategies based on the type of importance measure used, the inclusion of a variance measure, the segmentation of the sample and the timing of the importance rating. For example, quadrant differences exist for 14 attributes (64%) between direct and derived measures, which supports the findings of Matzler *et al.* (2003). Furthermore, comparative analysis of first-time and repeat visitor importance ratings with SE demonstrates the importance of segmentation

to avoid the risk of displacement and strategy application bias; on average (across all variable categories), significant differences in IPA strategic outcomes exist on approximately one fifth of the attributes (Fallon and Schofield, 2006).

A final criticism of traditional IPA is due to the conceptualization of attribute importance as a scalar independent of attribute performance. Research (e.g. Duke and Persia, 1996; Oliver, 1997; Vavra, 1997; Sampson and Showalter, 1999; Anderson and Mittal, 2000; Matzler and Sauerwein, 2002) shows that product attributes vary in their importance with respect to performance or consumer satisfaction. Wider acknowledgement of this dynamic relationship exists within the theories of Herzberg and Maslow (Balmer and Baum, 1993; Sampson and Showalter, 1999). For example, Maslow (1987) indicates that when a need is fulfilled, that need no longer represents a motivator. As such, within a product/service context, the performance of an individual attribute meets a need and that attribute assumes less importance upon fulfilment of the need. The management implication is that an increase in the performance of a feature is likely to reduce the importance of that feature (Sampson and Showalter, 1999). Similarly, in his satisfaction-specific research, Herzberg (1968) distinguishes between: (i) true motivators/satisfiers that create satisfaction; and (ii) hygiene factors that create dissatisfaction when not present but do not in themselves create satisfaction. As such, satisfaction and dissatisfaction are not simply opposing reactions to the same features (Balmer and Baum, 1993). Consequently, authors (e.g. Oliver, 1997; Vavra, 1997; Sampson and Showalter, 1999; Anderson and Mittal, 2000; Matzler and Sauerwein, 2002) recommend that IPA studies acknowledge the dynamic inverse relationship, known as the performance–importance response (PIR) function, that exists between importance and performance whereby performance results in a change in the importance of attributes (Sampson and Showalter, 1999).

The three-factor structure of satisfaction

Studies (e.g. Oliver, 1997; Vavra, 1997; Anderson and Mittal, 2000; Matzler and Sauerwein,

Table 24.5. Results of quadrant analysis of attributes by importance rating method.

	Traditional (Direct)				Derived	Traditional Pre		Traditional Post		Derived	
	Pre	Post	Pre with SE	Post with SE	Post with SE	First with SE	Rep with SE	First with SE	Rep with SE	First with SE	Rep with SE
Personal safety	IV	IV	IV	IV	III	IV	IV	IV	IV	III	IV
Cleanliness	IV	IV	IV	IV	IV	IV	IV	IV	IV	III	IV
Many things to see and do	IV	IV	IV	IV	III	IV	IV	IV	IV	III	III
Accommodation	I	I	I/IV	I/IV	I	IV	I	IV	I	IV	II
Something for everyone	IV	IV	IV	IV	I	IV	IV	IV	IV	III	IV
Theme parks	IV	IV	IV	IV	IV	IV	IV	IV	IV	IV	IV
Customer service	I	I	I	I	II	I/IV	I	I/IV	I	I/IV	I
Restaurants offering good VFM	I	I	I/II	I/IV	I	I	I/IV	I	I/IV	II	I/IV
Shopping facilities	IV	IV	IV	IV	III	IV	IV	IV	IV	III	III
Weather	IV	IV	IV	IV	III	IV	IV	IV	IV	III	III
Goods at bargain prices	I	I	I	I	I	I	I	I	I	I	II
Opportunity for R&R	I	I	I	I	I	I	I	I	I	I	II
Friendliness of the locals	IV	III	I/II/III	II/III	III	III	I	III	II	III	II
Variety of restaurants	IV	IV	III/IV	IV	III	IV	IV	IV	IV	III	III
Road signs that are easy to follow	I	I	I/II	I	II	I	I	I	I	II	II
Access to pool	IV	IV	III/IV	IV	III	III	IV	IV	IV	III	III
Car-hire service	III	IV	III	IV	III	III	III	IV	IV	IV	IV
Nightlife	II	II	II	II	I	II	II	II	II	II	I
Natural/wildlife attractions and trails	II	II	II	II	I	II	II	II	II	I	II
Local bus service	II	II	II	II	I	II	II	II	II	I	I
Cultural/historic attractions and trails	II	II	II	II	I	II	II	II	II	II	I
Sports facilities	II	II	II	II	II	II	II	II	II	I	I

Prescribed strategy outcomes: I (concentrate here/high importance/low performance); II (low priority/low importance/low performance); III (possible overkill/low importance/high performance); IV (keep up the good work/high importance/high performance).

Source: Fallon and Schofield (2006, p. 711).

2002) which acknowledge this PIR function identify three categories of features, or factors, that impact upon the formation of satisfaction: basic factors (dissatisfiers), excitement factors (satisfiers) and performance factors (hybrids). Basic factors are minimum requirements that cause dissatisfaction if unfulfilled but do not lead to satisfaction if fulfilled or exceeded. These basic factors, or dissatisfiers, are similar in nature to Herzberg's (1968) hygiene factors. The fulfilment of basic requirements is a necessary but not sufficient condition for satisfaction. Consequently, these features are essentials, representing a market entry threshold; customers take them for granted and, therefore, do not explicitly demand them. In contrast, performance factors result in satisfaction if fulfilled or exceeded but result in dissatisfaction if unfulfilled. Consequently, Matzler *et al.* (2003) identify these factors as hybrids since they can cause both satisfaction and dissatisfaction. Performance factors typically represent articulated customers' needs and desires; consequently, service providers should be competitive with regards to these (Matzler *et al.*, 2003). Finally, excitement factors increase satisfaction if fulfilled but do not cause dissatisfaction if unfulfilled; as such, customers do not expect them and, therefore, they represent the opportunity for a service provider to differentiate themselves from competitors (Matzler *et al.*, 2003).

The three-factor structure of satisfaction clearly also implies an importance hierarchy for managers: basic factors are of utmost importance if the operation delivers on them at an unsatisfactory level; performance factors both influence satisfaction and dissatisfaction depending upon their performance level; excitement factors can be of importance if the operation delivers on them. This hierarchy challenges the traditional view that a point estimate adequately represents the relative importance of product attributes. Instead, such a hierarchy accommodates the concept of change in the relative importance of attributes with change in attribute performance as a function of satisfaction (Slack, 1994; Sampson and Showalter, 1999; Matzler and Sauerwein, 2002; Matzler *et al.*, 2003) because it captures the satisfaction–importance relationship, that is relative importance given the current level of attribute satisfaction (Matzler *et al.*, 2003). In order to

capture this satisfaction–importance relationship, studies require an implicit, or derived, importance measure (Matzler *et al.*, 2003). Vavra (1997) and Matzler *et al.* (2003) combine directly stated with derived importance ratings in a two-dimensional importance grid to identify basic, performance and excitement satisfaction features. Figure 24.3 shows this grid. For example, attributes with low derived and high direct importance represent basic factors; these are the essential elements of a product or service since customers say that they are important but they do not affect overall satisfaction (Matzler *et al.*, 2003).

Attributes with high derived and high direct importance represent important performance factors representing explicit expectations and operations need to deliver on these attributes at least to the same level as the competition; in contrast, attributes with low derived and low direct importance represent unimportant performance factors. Excitement factors are those with high derived but low direct importance; whilst customers say that they are not that important, they enhance satisfaction if the operation delivers on them but do not cause dissatisfaction if undelivered. Matzler *et al.* (2003) also acknowledge that the classification of attributes is based on customer expectations, needs, experience and in/direct communication, which is consistent with existing general perspectives on satisfaction and its component parts (cf. Zeithaml *et al.*, 1990). Furthermore, Fuchs and Weiermair (2003, p. 10) posit that 'quality attributes are subject to temporal changes, providing the proposed approach with a strong dynamic nature. Hence, over time, excitement factors will turn into performance factors and later even basic factors.' The authors suggest that no general classification of these features can be made since categorization will differ from segment to segment, which suggests that destination managers should implement individual analysis based on different types of visitor. This recommendation is clearly consistent with the call for segmentation within both IPA specific (e.g. Vaske *et al.*, 1996; Chu and Choi, 2000; Litvin and Ling, 2001; Tyrell and Okrant, 2004; O'Leary and Deegan, 2005) and visitor destination satisfaction studies in general (e.g. Pizam and Milman, 1993; Crompton and Love, 1995; Vaske *et al.*, 1996; Litvin and Ling, 2001; Fuchs and Weiermair,

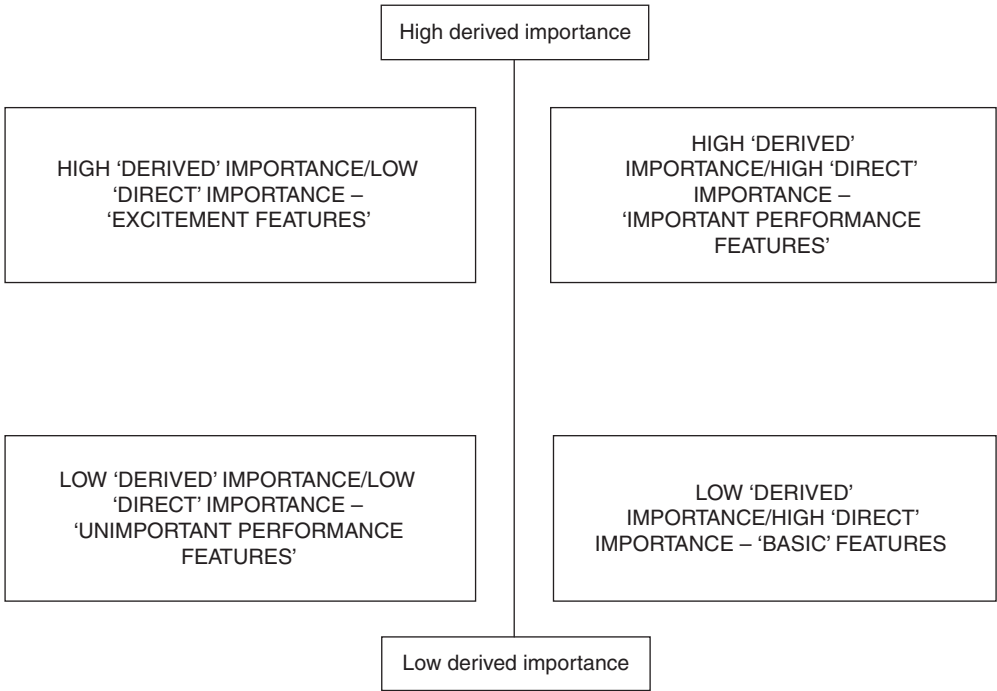


Fig. 24.3. The hierarchy of importance grid. After Vavra (1997, p. 385) and Matzler *et al.* (2003, p. 124).

2003; Kozak *et al.*, 2004; Tyrell and Okrant, 2004).

To date, two studies (Fuchs and Weiermair, 2003; Fallon and Schofield, 2006) have applied the three-factor structure concept to visitor destinations. Both studies clearly identify an importance hierarchy for destination managers and offer insights into the roles of individual attributes in visitor satisfaction. Fuchs and Weiermair's (2003) study of visitor satisfaction with the Tyrol identifies the importance hierarchy of 19 destination attributes. The authors identified eight basic factors, five performance factors, including both important performance factors and unimportant performance factors, and six excitement factors. The eight basic factors are: resort information, booking and reservation, traffic management, queue management, hiking trails, possibilities to relax, nostalgic atmosphere and customs and traditions. The important performance factors are: friendliness of personnel, hospitality of local people and landscape. The unimportant performance factors are: modernity of the destination and mobility within the destination. The excitement factors are: animation,

nightlife, service adaptability for visitors' families, all-inclusive cards, access to the internet and tourism services after departure. These findings emphasize the key role of traditional components of the Tyrolean product, such as hiking trails, as well as more basic management strategies developed, such as queue and traffic management, in the visitor experience. They also indicate where destination managers can add value to their product, especially in terms of augmented service features, through the Tyrol's excitement factors.

In contrast to Fuchs and Weiermair's (2003) work, and following recommendations by Tarrant and Smith (2002), Fallon and Schofield's (2006) study with UK visitors to Orlando also acknowledges the variance in the data using SE scores (Tarrant and Smith, 2002) and the need for segmentation in visitor satisfaction analysis (Pizam and Milman, 1993; Crompton and Love, 1995; Vaske *et al.*, 1996; Litvin and Ling, 2001; Fuchs and Weiermair, 2003; Kozak *et al.*, 2004; Tyrell and Okrant, 2004). Figure 24.4 shows the hierarchical factor distribution from this study. Incorporating the variance in the data results in the exclusion of eight attributes (36%) because

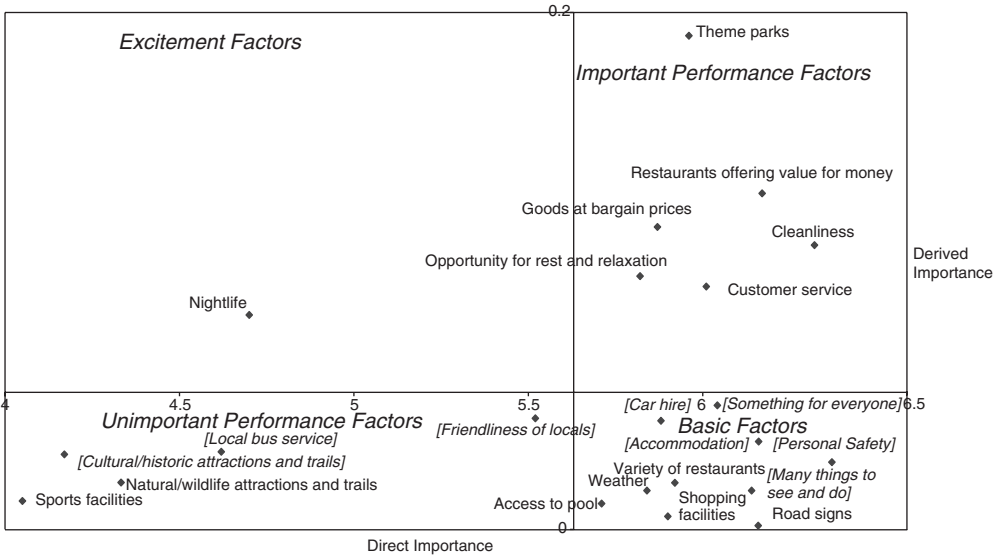


Fig. 24.4. Hierarchical classification of Orlando's importance attributes.

of their unreliability due to variance-related overlapping cross-points. Whilst the findings support those from the authors' previously cited investigations (i.e. Fallon and Schofield, 2003, 2004) in terms of the broader significance of Orlando's features to visitor satisfaction, they also offer more sophisticated insights at individual attribute level.

The basic factors are: access to pool, weather, variety of restaurants, shopping facilities and road signs that are easy to follow (with five exclusions). The high importance–performance factors are: theme parks, goods at bargain prices, restaurants offering value for money, opportunity for rest and relaxation, customer service and cleanliness (with no exclusions). The low importance–performance factors are: sports facilities and natural wildlife attractions and trails (with two exclusions). The only excitement factor to emerge from the analysis is nightlife (with no exclusions). Whilst these findings provide further support for a distinction to be drawn between the status of Orlando's attractions for the UK market (cf. Fallon and Schofield, 2003, 2004), they also warn destination management not to become complacent with regards to well-established pull features such as theme parks and restaurants offering value for money. Clearly, this may be different for other visitor groups.

The study also analyses first-time and repeat visitor segments, with the results again emphasizing the need for destination managers to carry out individual analysis based on different types of visitor at destination level. Figure 24.5 shows the hierarchical factor distribution across the four quadrants for first-time visitors. The analysis excludes 14 factors (64%) because of their unreliability due to variance-related overlapping cross-points. First-time visitors' basic factors are: weather, variety of restaurants, shopping facilities, restaurants offering value for money and road signs that are easy to follow (with six exclusions). The high importance–performance factors for this segment are: theme parks, goods at bargain prices and accommodation (with two exclusions). No low importance–performance factors emerged from the analysis; five were excluded from the classification due to overlapping cross-points. Similarly, the only excitement factor identified for first-time visitors was excluded due to its unreliability.

Figure 24.6 presents the hierarchical factor distribution for repeat visitors; 12 factors (55%) were unreliable and were excluded from the analysis. The basic factors for repeat visitors are: weather, variety of restaurants, shopping facilities, road signs that are easy to follow

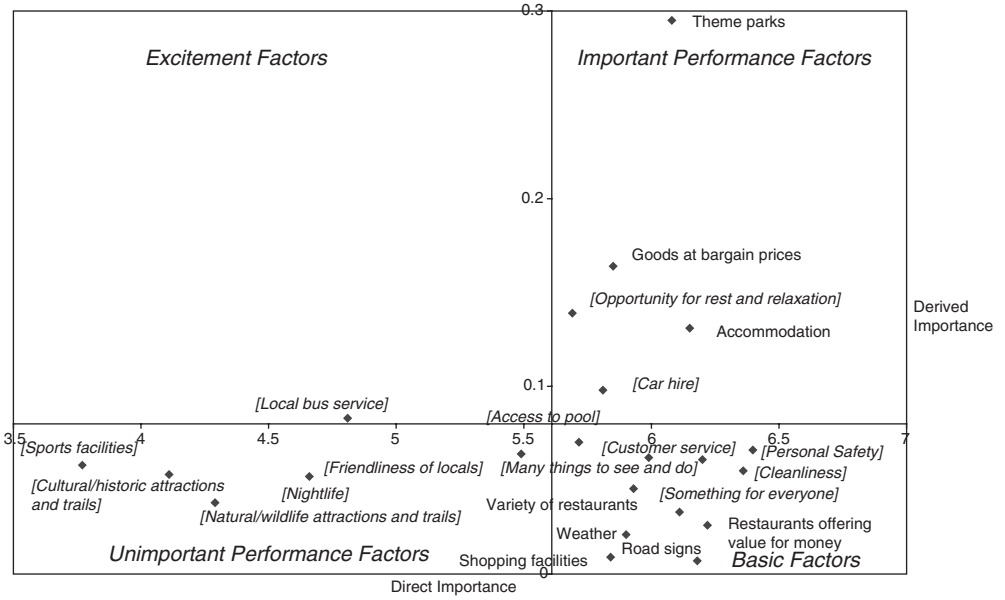


Fig. 24.5. Hierarchical classification of Orlando's importance attributes for first-time visitors. Source: Fallon and Schofield (2006, p. 712).

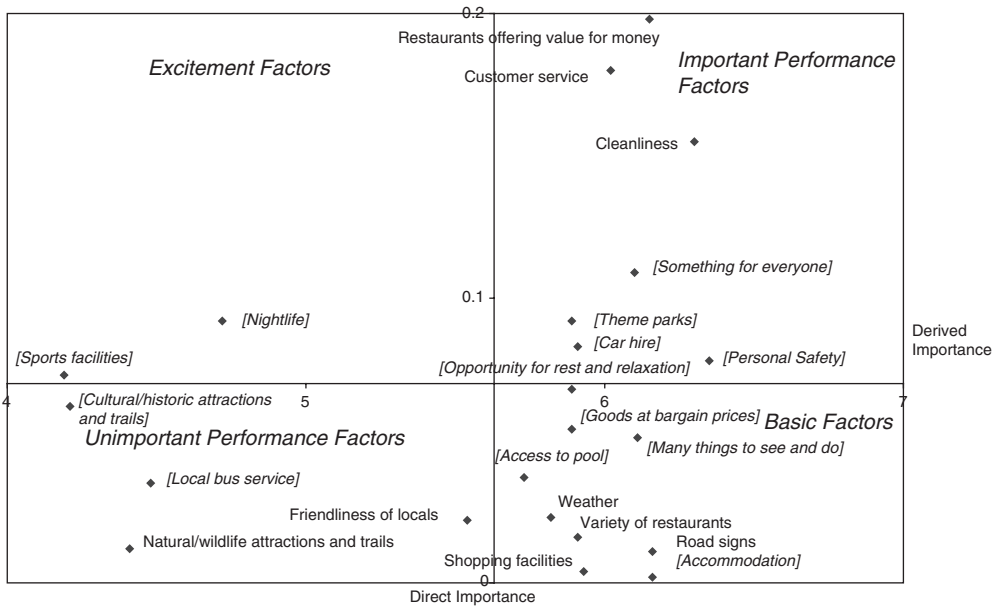


Fig. 24.6. Hierarchical classification of Orlando's importance attributes for repeat visitors. Source: Fallon and Schofield (2006, p. 712).

and accommodation (with four factors excluded). Interestingly, accommodation represents an important performance factor for first-time visitors but a basic factor for repeaters, which may reflect repeaters' greater familiarity and expectation with regards to this component. Repeaters' high importance–performance factors are: restaurants offering good value for money, customer service and cleanliness (with four factors excluded). The low importance–performance factors for repeat visitors are: natural/wildlife attractions and trails and friendliness of locals (with two factors excluded). No repeat visitor excitement factors were identified, although nightlife and sports facilities were unreliable and consequently excluded from the classification, which may reflect repeat visitors' greater familiarity with Orlando.

Summary

Managers acknowledge visitor satisfaction as one of the most important sources of competitive advantage and recognize that its accurate measurement is essential for the development of effective destination management strategies. However, implementation of satisfaction measurement represents a daunting task due to the large amount of literature and the number and nature of proposed frameworks; indeed, the size and complexity of the literature could be part of the problem. Not surprisingly, some managers might either ignore satisfaction measurement and/or rely on other indicators, such as levels of visitation, as a surrogate measure of a destination's success.

This review proposes that managers need to be familiar not only with each of these approaches but also with their strengths and weaknesses in terms of both their operationalization and potential for informing future strategies. Ultimately, managers must choose the most appropriate approach for the purpose(s) of their investigation.

Empirical studies to date identify the performance-only approach as the simplest and most effective indicator of satisfaction in a variety of touristic contexts. This finding indicates that managers can adopt a similar mechanism for satisfaction measurement at different aggregate

levels, that is at both individual destination component level, such as accommodation and attraction, as well as at overall destination level. However, Carman (1990, p. 49) states that 'All three variables, importance, perception (performance) and expectations, are material and play different roles... the users of these scales will need to collect information on all three variables, not just perceptions (performance) and expectations.'

Diagnostic merits exist for each of the individual constructs, including: pre-visit importance offers insights into what to promote (Duke and Persia, 1996; Khan, 2004), especially when considering new visitors; the expectations construct indicates how well promotional material is working (Parasuraman *et al.*, 1985); performance not only indicates whether the destination is delivering on its attributes at a satisfactory level, but can also offer insights into the level of visitor expectations set by promotional material (Kotler *et al.*, 1999); post-visit importance illuminates the features requiring management attention in order to improve the visitor experience (Duke and Persia, 1996). Additionally, inclusion of both importance and performance in a single satisfaction measurement instrument enables the identification of the destination's strengths, weaknesses and critical success factors via IPA and the three-factor structure of satisfaction. For example, empirical studies (e.g. Kozak and Rimmington, 2000; Fallon and Schofield, 2003, 2004, 2006; Kozak, 2003) indicate that the main contributors to satisfaction are not necessarily those that feature as the prime determinants of the destination's attractiveness. As such, a combination of two or three constructs clearly offers a potentially more powerful diagnostic tool to facilitate a more comprehensive understanding of visitor perceptions and experience. Clearly, managers need to incorporate a valid and up-to-date set of attributes in the satisfaction measurement instrument they choose.

This review also emphasizes the need for managers to evaluate visitor satisfaction for each market segment rather than on aggregate for the total visitor population. For example, managers need to distinguish between first-time and repeat visitors, and should also consider contextualizing their findings in terms of frequency of previous visitation and duration since last visit.

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25 Tourism's Economic Contribution versus Economic Impact Assessment: Differing Roles for Satellite Accounts and Economic Modelling

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Synopsis

Understanding tourism's economic contribution is essential for both practitioners and policy makers. Estimating tourism's economic contribution to a destination (nation or region) requires a different approach than assessing tourism's economic impacts on the destination. Tourism satellite accounts can estimate tourism's economic contribution to a destination. For economic impact estimation, however, to determine the effects on key economic variables in response to changes in tourism demand, an economic model is required. This chapter first provides a brief overview and discusses tourism satellite accounts' uses in estimating the economic contribution of tourism. Next, the chapter critically examines the validity of tourism satellite accounts. Do tourism satellite accounts provide realistic estimates of the economic impacts on the destination of shocks to tourism demand? The chapter argues that the preferred model for economic impact analysis is computable general equilibrium modelling rather than input-output modelling. To illustrate the two techniques' differences, a model of tourism shock compares the estimates of input-output models to a computable general equilibrium model. The results show TSA provides an important basis for CGE modelling to estimate the economic impacts of tourism shocks. Both the TSA, in their capacity to estimate the economic contribution of tourism, and CGE models, with their capacity to estimate economic impacts of tourism shocks, are important tools for policy making. Both techniques represent substantial advances in managing tourism.

Introduction

The tourism industry makes a substantial economic contribution to many country and regional destinations. Especially in developing countries, a primary motivation for self-promotion as a tourism destination is the expected economic improvement. An understanding of the economic contribution of tourism is essential for managing tourism and its impacts.

Although not generally recognized, estimating tourism's economic contribution to a

destination (nation or region) requires a different approach from that used when estimating tourism's economic impacts on the destination. A tourism satellite account (TSA) estimates the economic contribution of tourism to a destination. In order to estimate economic impact, an economic model is necessary to determine the effects on key economic variables in response to changes in tourism demand.

This chapter has three aims. First, the chapter provides a brief overview and discusses uses of TSA in estimating the economic

contribution of tourism. Second, the chapter discusses why, despite their usefulness in estimating the economic contribution of the tourism industry, TSAs cannot provide realistic estimates of the economic impacts on the destination of shocks to tourism demand. Third, the chapter indicates a preference for using computable general equilibrium modelling over outdated, standard input–output modelling. Recent modelling of a particular tourism shock, which compares the estimates of input–output models to computable general equilibrium modelling, serves to illustrate differences in the two techniques.

Tourism Satellite Accounts

A TSA is the tourism component of a set of national accounts. A TSA comprises a set of concepts, definitions, classifications and accounting rules designed to enable a country or region to properly understand and evaluate tourism's overall economic impact. This framework of monetary flows can be traced from the tourism consumer to the producing unit or supplier within the economy. In doing so, TSA defines and identifies the various tourism industries or groups of suppliers which produce or import the goods and services purchased by visitors (United Nations, 2001).

A country's national accounts provide the primary statistical framework for the measurement and consequent analysis of economic activity within that country. National accounts are established in broad accordance with an internationally agreed set of conventions laid out in the United Nations endorsed 'System of National Accounts' (SNA). Conventional industries, as defined in the SNA, are characterized by the existence of a clearly identifiable product and set of producers. Usually, SNAs can be measured, or accounted by the direct economic effects incurring in the production of product(s). However, estimating tourism's economic contribution is complicated by the wide range of goods and services involved and the highly fragmented nature of the suppliers of these goods and services which are spread across the economy generally.

Measuring tourism's economic significance is problematic because tourism spending does

not exist as a distinct sector in the standard system of national accounts (SNA). Many items tourists purchase are not normally regarded as tourism related products – for example clothing and footwear, ballpoint pens, groceries, telecommunications, books or cosmetics. As a consequence, a substantial amount of tourism-related consumption statistically is invisible and incorporated into measures for other industry sectors. To measure the economic impact, or value, of tourism activity in an economy, purchases of these items by tourists need to be identified and separated out. Unfortunately, this feature is not available in the standard national accounting framework. As a result, tracking tourism demand and expenditures is very difficult.

To compare tourism with industries identified in the SNA requires the construction of a composite or artificial tourism industry. The traditional SNA structure includes all components of tourism-related production (e.g. transport, accommodation, food and beverages and attractions), but the accounts are not aggregated and identified as a separate 'tourism' entity. Instead these component activities appear under separate classifications of their own. These classifications cannot be simply aggregated to identify the value of tourism production, because they often include non-tourism items. Before the advent of the TSA, either the components of tourism production, or the aggregate level of tourism production, could be identified in a reliable and officially sanctioned manner (Cockerell and Spurr, 2002).

The development of the satellite account attempts to provide a clearer view of tourism's relative importance as an economic activity and to trace tourism's interrelationship with traditional industry sectors contained within the national accounts (Spurr, 2006). The TSA's essential contribution is being the first method to identify aggregate official figures, within the national accounts, for a tourism industry. Without a TSA, tourism data are disbursed across a wide range of other industries from which they cannot readily be separated. The term satellite account describes the fact that these new accounts sit outside, or rather along-side, the mainstream SNA tables. Satellite accounts partition the data because most of the information they contain already exists within the SNA

under existing classifications. To simply add new tables would be double counting. For example, tourist expenditures on air travel or on meals consumed in restaurants will appear within the existing SNA classifications for Air Transportation and Take Away Meals and Restaurants. If tables measuring the value of 'tourism' simply were added into the SNA, tourist expenditures on these items would be counted twice in calculating overall national expenditures.

Increasing numbers of countries worldwide are developing TSAs that are broadly consistent with UNWTO guidelines (United Nations, 2001). The World Tourism Organization notes that the TSA is the only way to measure tourism's economic contribution that is consistent with the measurement of other sectors in the economy. TSAs represent the official methodology that enables tourism activity to be compared with other major industries in terms of size of value added, output and employment contributed to the national economy (OECD, 2000). TSAs also facilitate international comparisons of destination tourism industry performance.

The important contribution which TSAs play in the overall task of estimating tourism's contribution to the economy is summarized below (Spurr, 2006).

The TSA identifies a tourism industry

A TSA identifies which economic sectors comprise the tourism industry. This first step is critical to measuring the industry's economic contribution as well as a tool to strengthen industry identity. The TSA accomplishes this task through the concepts of Tourism Characteristic and Tourism Connected industries. Tourism Characteristic industries are 'industries' or sectors of the economy which are typical of tourism and would either cease to exist in their present form or would be significantly affected if tourism ceased. In the Australian TSA (ABS, 2000), Tourism Characteristic industries are defined as requiring at least 25% of the industry's output to be consumed by visitors. The list includes travel agency and tour operator services, taxi transport, air and water transport, motor vehicle hire, accommodation and cafes, restaurants and food outlets.

Tourism connected industries, on the other hand, are industries other than tourism characteristic industries, for which a tourism-related product is directly identifiable and where the products are consumed by visitors in volumes significant for the visitor and/or for the producer (WTO, 1999). These industries are wide ranging and include clubs, pubs, taverns and bars; rail transport; road transport (other than included as characteristic above); food manufacturing; automotive fuel retailing; retail trade; casinos and other gambling services; libraries; museums and arts; entertainment services and education (ABS, 2000). This definition makes answering questions such as the following possible:

- What are the main commodities purchased by visitors, what industries benefit directly from tourism demand?
- How are those benefits distributed?

TSAs measure the key economic variables

A TSA brings together basic data on the key economic variables relating to tourism and presents the information in a consistent and authoritative way using internationally endorsed concepts and definitions. This format includes information on tourism's contribution to and share of output, GDP, gross value added, employment, taxation revenues and exports.

As a consequence of the economic measurement problems, tourism industry stakeholders suggest that governments underestimate the benefits that tourism brings to their economies. In contrast, other industries such as manufacturing where the outputs are easier to observe and quantify are, for historical reasons, reflected accurately in governmental statistical collections. A TSA makes possible answering questions such as the following:

- How important is tourism demand for commodities produced by a country?
- How much direct and indirect value added is generated for the economy from satisfying tourism demand?
- How much in taxes does government recover from tourism; and how much employment depends on tourism?

TSA support inter-industry comparisons

Because the TSA development is consistent with the national accounting system as a whole, comparing tourism to other sectors of the economy and examining specific components are possible. A TSA enables the relationships between tourism and other economic activity to be explored within the national accounts framework, and thus tourism activity to be compared with other major industries in terms of size, economic performance, employment and contribution to the national economy. For example, tourism's share of GDP and employment, the relative importance of identified tourism components to overall tourism activity, and contribution to other non-tourism industries are all identifiable.

TSA measures tourism's interrelationships with other industries

TSA's identify the sources of gross value added generated across the economy in order to satisfy visitor demand. A TSA allows decision makers to examine the interrelationships between tourism and other industries, to answer questions such as which industries in the economy rely most heavily on tourism and to measure the extent to which specific industries rely on tourism.

A TSA gives credibility to estimates of the economic contribution of tourism

Because the TSA is derived from the overall System of National Accounts structure, tourism can be compared with other industries in the economy using consistent and accepted national accounting principles. The TSA serves as a medium for public information by raising awareness and understanding the contribution of tourism to national economies. A TSA helps to legitimize or to increase the tourism industry's credibility in the minds of politicians and the general public. Thus, a TSA can help to solicit and justify funding for tourism development and marketing (Cockerell and Spurr, 2002).

TSA's provide a tool for tourism research and policy analysis

Historically, tourism has not been served well in statistical and information terms. This problem impedes informed tourism policy analysis in both the public and private sectors. TSA's help policy makers understand tourism's contribution to the economy (Jones *et al.*, 2003). A TSA serves as a tool for enhanced strategic management and planning for the tourism industry. OECD (2000) describes the purpose of the TSA as being to 'improve the effectiveness of tourism policies and actions and to improve existing measures for evaluation of these policies in the context of a broader policy agenda'. TSA's provide a basic starting point, definitions and data sources in relation to the tourism sector of the economy for use in the development of analytical extensions such as employment/labour force modules and provincial or state TSA's and for application of further analytical tools such as economic impact and forecasting models. Additionally, TSA's provide a measure of the tourism capital investment size and a means to analyse the link between capital investment and tourism supply and demand.

Economic Contribution versus Economic Impacts

While the TSA allows estimation of key variables relating to the economic contribution of tourism to the economy, TSA's cannot be employed to estimate the impact on the economy (in terms of the addition to GDP, output, employment, etc.) generated by an increase in injected expenditure from inbound tourists (Dwyer *et al.*, 2007). TSA's cannot be used to estimate the economy-wide impacts of a boom in inbound tourism. The main problem is TSA's do not contain any behavioural equations specifying how each sector responds to external shocks, including shocks normally affecting the sector directly, and shocks transmitted through inter-sector linkages, via changes in prices, wages, exchange rates and other variables. TSA's take no account, for example, of the possible factor constraints that may present

barriers to tourism growth or the impacts that changing prices and wages might have on other (non-tourism) industries.

Suppose inbound international tourism increases. More tourists come to a locality or region, and add to tourism expenditure in that region. The local tourism industry expands to accommodate this expenditure increase. Estimating the partial equilibrium or first round impact on the tourism industry using information contained in the TSA is possible. The increase in tourism consumption increases the output of the industry, and also the value added in the industry and its employment. Output and employment also will increase in the various components of the industry, such as accommodation and local travel. Since the TSA represents a snapshot or description of the significance of direct tourism demand within an economy at a particular time, a TSA does not provide a measure of net impacts on the economy of change in tourism expenditures. A TSA does, however, enable estimates to be made of the direct effects of the expenditure shock on the economic contribution of the tourism industry. For example, the impacts of different types of tourists on the value added, operating surplus and employment of the Australian tourist industry have been estimated using the national TSA by Tourism Research Australia (Salma and Heaney, 2004).

Computable General Equilibrium Models

In contrast to TSAs which are sets of accounts, computable general equilibrium (CGE) models are simulation models. CGEs allow the whole economy to be analysed to examine the impacts of various changes affecting tourism expenditure. The term general equilibrium refers to an analytical approach where the economy is regarded as a complete system of interdependent components (e.g. different markets, industries, households) and all decisions are taken according to fully optimizing behaviour. Economic shocks affecting any one of these components may produce repercussions throughout the whole system. Assessing the effects of the shocks is done through

simulations (i.e. measuring the repercussions triggered by shocking the system in various ways – positively and negatively). The models are called computable in the sense that they can produce numerical results that are applicable to particular situations in particular destinations. To do so, the coefficients and parameters (elasticities) of the model are estimated using real world data (Kehoe and Kehoe, 1995; Harrison *et al.*, 2000).

CGE models can incorporate explicit assumptions about government policy settings and about economy-wide constraints on the supply side of the economy. CGE models allow for resource constraints, recognizing that an increase in one form of economic activity, such as tourism, will, at least to some extent, crowd out other forms of economic activity – something which input–output models ignore (Dwyer *et al.*, 2004). Since CGE represents the way the economy works, the model can be used to estimate the net economy-wide impacts of such changes on economic variables such as GDP or employment (Dwyer *et al.*, 2000).

Increasingly, CGE models are being adopted as the preferred tool to measure the impact of shocks or to change policy measures on economies. CGEs have been used to model options under the WTO Uruguay Round and the effects of economic development policies by international agencies such as the World Trade Organization (WTO), the World Bank and the Organization for Economic Cooperation and Development (OECD). Also, CGEs are used by government treasuries, economic think tanks and business and economic consultants in a range of developed countries including Australia, the USA, the UK and Canada (Dixon and Parmenter, 1996). Uses for CGEs include their application in modelling tourism-related economic shocks and policy options. Recent uses of CGE modelling in tourism have involved assessment of the economic impacts of government policies (Blake and Sinclair, 2003); economic impacts of changes in inbound tourism (Dwyer *et al.*, 2003, 2006a, b; Sugiyarto *et al.*, 2003; Narayan, 2004; Polo and Valle, 2006); and economic impacts of special events (Blake, 2005; Dwyer *et al.*, 2005, 2006a).

A CGE model can be developed to embody detailed tourism sectors as part of the structure. Such models essentially contain TSAs,

though the TSA may not be set out explicitly. A CGE model which incorporates a tourism sector contains a virtual TSA embedded within it (Blake *et al.*, 2001). The existence of a TSA greatly reduces the task of incorporating a defined and detailed tourism sector within a CGE model. The spread of national TSAs internationally simplifies CGE model development and improves understanding of tourism components. In particular, CGEs offer the opportunity for consistent definitions and data use with the TSA. Also, TSAs do much of the disaggregation of tourism-related sectors which would otherwise need to be done by the CGE modelers. Conversely, where a TSA does not exist, CGE models can provide some of the information on input and output relationships which can be used in building a TSA. When CGE models already incorporate a defined tourism industry or industries, then such models contain the information necessary for constructing a TSA.

Estimating Tourism's Economic Impacts

According to the TSA for Australia, international tourists consumed AUS\$17.1 billion in Australia in 2000–2001 (ABS, 2003). Suppose that there is a 10% increase in international

tourism to Australia (international tourism consumption increases by AUS\$1.7 billion). Also, suppose the increased tourism expenditure is allocated to the Australian states according to their existing market shares. What are the economic impacts of this positive shock? To provide estimates, the authors use a CGE model called M2RNSW, an adaptation of the standard Monash Multi-regional Forecasting (MMRF) model (for model details see Dwyer *et al.*, 2005). Table 25.1 highlights the effects of the additional international tourist expenditure on some key economic variables.

The economic impacts of assuming an increase in inbound tourism expenditure depend upon the types of factor constraints that operate within the economy, the extent of changes in the exchange rate and the nature of current government economic policy (Dwyer *et al.*, 2000).

(1) Factor supply constraints

Unless a significant excess capacity occurs in tourism-related industries, the primary effect of an economy-wide expansion in inbound tourism is to alter the industrial structure of the economy rather than to generate a large increase in aggregate economic activity. If any of the land, labour or capital resources required by an expanding tourism industry are

Table 25.1. Economic impacts of 10% increase in international tourism expenditure in Australia, short run.

Key economic variables	Effects assuming fixed real wages			Effects assuming flexible real wages		
	(1)	(2)	(3)	(1)	(2)	(3)
Change in real output (AUS\$m)	1934.9	2130.4	2237.8	1173.8	1154.3	1064.7
Change in real GDP (AUS\$m)	467.1	580.5	678.5	119.5	128.5	116.9
Change in employment (no. of jobs)	7301	9389	11795	24	-1	-18
Change in real balance of international trade (AUS\$m)	366.1	194.6	145.1	129.0	-45.3	-130.7
Change in real exchange rate (%)	0.181	0.213	0.217	0.230	0.263	0.277
Change in CPI (%)	0.196	0.245	0.234	0.247	0.292	0.295

Source: author simulations using M2RNSW. These short-run simulations assume that industry capital stocks are fixed and that there are changes in industry investment.

in limited supply, this shortage will change the balance of industry in the destination rather than act as a net addition to economic activity. If an economy is at or near to full employment, the increased tourism demand imposes cost pressures as the price of scarce resources are bid up. Since other industries employ the same resources, they face the same cost pressures. This constraint may particularly affect trade-exposed sectors that face world prices for their products and hence are unable to pass on cost increases without losing market share. Any loss of market share by domestic producers reduces the net gain to gross domestic product (GNP) and employment from additional tourism.

(2) Exchange rate appreciation

Exchange rate regime is a crucial determinant of the economic impacts of foreign inbound tourism (Dwyer and Forsyth, 1993; Skene, 1993). Under a flexible (nominal) exchange rate characterizing most of the world's economies, including Australia, the net impact on aggregate demand may be quite small or even have no effect. Tourism expands at the expense of other tradable industries, reducing the indirect effects on income and employment. Increased inbound tourism will strengthen the real exchange rate leading to a reduction in other exports and/or increase in demand for imports at the expense of the demand for domestic import competing commodities. The most obviously affected sectors in Australia and many other small, open economies will be the traditional export sectors – agriculture, mining, manufacturing – which suffer reduced competitiveness on world markets due to real exchange rate appreciation. Moreover, if the increased tourism demand leads to an increase in investment, the result is an increase in foreign borrowing and, possibly, foreign direct investment for a period, pushing the real exchange rate even higher and further reducing traditional exports and increasing imports.

(3) Government fiscal policy

The economic contribution of increased inbound tourism to a destination depends on the nature

of current government policy. When tourism demand increases, the government's budgetary position probably will change. Tourists buy goods and services that are taxed and this activity adds to government revenue. Other industries also will expand or contract and, depending on the tax rates in different industries, the result can be a positive or negative overall impact on government revenue.

Suppose an increase in tourism expenditure has a positive effect on revenue – the government will need to determine how to respond. Government action will affect economic activity. The government could allow the budget surplus (deficit) to increase or decrease. The government could increase expenditure, with consequent further impacts on economic activity. Alternatively, the government could cut tax rates, which also affect economic activity. In estimating the impacts of additional tourism expenditures, these different scenarios need to be examined.

The government economic policy stance will help to play a part in determining the size of the economic impacts from tourism growth. In most countries, tourism development is inescapably linked to the public sector. For example, tourism expansion implies increased demand for airport facilities, road and rail transport, utilities and other infrastructure. Many of these services are provided by government or semi-government authorities and may be financed wholly or partly through tax revenue. Linkages between private firms and public sector enterprises can have important implications for the patterns of growth. Further, the level and composition of taxes, the relative size of the public sector and the relative efficiency of resource use all have a substantial effect on the real impacts.

The economic simulations which form the basis of the results in Table 25.1 build on different assumptions as to the federal government fiscal policy stance. Flexibility exists in CGE modelling to allow government revenue and expenditure to change independently. The gap between aggregate revenue and expenditure is filled by a broad measure of public borrowing. By column assume: (i) flexible government budget deficit case (with fixed income and payroll tax rates); (ii) fixed government budget deficit case with variations in income

and payroll tax rates; and (iii) fixed government budget deficit case with variations in government spending (Dwyer *et al.*, 2005).

As Table 25.1 indicates, in a wage-setting environment of fixed real wages, the 10% increase in tourism expenditure to Australia generates, depending on the government fiscal policy stance, between 7301 and 11,795 jobs, between AUS\$1935 million and AUS\$2238 million in real output and between AUS\$467 million and AUS\$679 million in real GDP.

The projected increase in employment is explainable partly as a result of the terms of trade effect, which is caused by the demand increase, implying a rightward shift in Australia's export demand curve. Employment generation is generally greater where real wages are fixed, irrespective of the government's macroeconomic policy stance. The demand increase leads to an increase in the real exchange rate that also is equal to the increase in the price of domestic output, given the assumptions of fixed world prices of imports and nominal exchange rate. While the increase in the real exchange rate means an upward shift in the export supply curve, causing a decline in exports, the results imply that the positive demand effect dominated the negative supply effect, leading to an increase in international exports. As a result, the balance of international trade moves into surplus irrespective of the fiscal policy stance.

Real wages may be fixed if unemployment exists in the economy or if there are no shortages of labour with the skills necessary to serve the increased demand for tourism goods and services. The assumption of fixed real wages implies that the supply of labour to all industries is perfectly elastic. With labour prices constrained, most of the adjustment in the labour market occurs in the transfer of persons from unemployed, or outside the workforce, to employed. This assumption also implies that any initial price pressure reflected in the Consumer Price Index leads to wages increases to maintain constant real wages. In the simulations Table 25.1 shows, increases in the CPI range between 0.20% and 0.25%. This mechanism increases labour costs in all industries, reinforcing upward pressure on prices and spreading more widely the range of goods and services for which prices rise. The real exchange rate projection is to appreciate by between 0.18% and

0.22%. These feedback effects cause some reduction in the overall expansionary impacts of the increase in tourism expenditure.

The holding of real (pre-tax) wages at their base period levels is a key factor in these results. In an environment of fixed real wages, the largest gains in employment (11,800 jobs) and real GDP (AUS\$679 million) occur when the government fixes the budget deficit. With real government borrowing fixed, any projected changes in government revenue and expenditure have direct implications for rates of income and payroll taxes. Average tax rates are projected to fall, stimulating economic activity and generating employment. From the production side, the cut in the taxes on labour reduce the price of labour, leading to a further decrease in the product real wage. From the demand side, the cut in the income tax rates contributes to an increase in the household disposable income, leading to a larger increase in household real consumption and hence a larger expansion in employment.

The assumption of a perfectly elastic labour supply curve removes one mechanism by which expansion in one sector can drive up costs. Generally, through increased derived demands for the means of production, the result is a decline in crowding-out effects. The increase in real GDP, under the assumption of flexible real wages, ranges between AUS\$116 million and AUS\$128 million depending on the federal government policy stance. This range is much smaller than for the fixed real wages case. The increased real wages in tourism and other occupations, reflecting an upward sloping supply curve for these particular labour occupations, chokes off some of the additional demand for tourism related labour. Major contributing factors are the higher range of increases in the CPI (between 0.25% and 0.29%) and a greater appreciation of the real exchange rate (between 0.23% and 0.28%), adversely affecting the outputs of traditional export and import competing industries in Australia. For the flexible real wage case the effect on the real international trade balance surplus is much smaller, ranging between AUS\$45 million and AUS\$130 million, and thus with more adverse interactive effects on real GDP and the trade balance surplus. Further, in the flexible real wage case with fixed budget

deficits (cases 2 and 3), the increases in household consumption as a result of a decrease in income and payroll taxes (case 2) and in government spending (case 3) generate a further increase in real exchange rate. This produces a further decrease in exports. The simulation results show that the real balance of trade turns out to be negative in these cases.

Wage setting in Australia has traditionally maintained a certain degree of wage rigidity in terms of relative wages. In the simulations conducted, the nominal wage rate increased. If wage increases are constrained, and extra labour used that would otherwise have been unemployed, the types of crowding-out effects as noted above will be less substantial resulting in larger increases in real GDP. Since neither of the two labour force assumptions is entirely realistic, a midpoint between these extremes is a reasonable compromise (for further discussion, see Dwyer *et al.*, 2005).

The results also will differ according to other assumptions made about the economic environment. Blake *et al.* (2001) and Dwyer *et al.* (2005) explore the different types of assumptions that underpin the simulations. CGE models can vary the assumptions about how markets work, how taxes are levied, how production is structured and how consumers and governments behave as well as such exogenous variables as current unemployment levels and wage-fixing environments. The assumptions will be based on available empirical work, and they will be chosen to give the best practical representation of the economy. As noted above, one of the strengths of CGE analysis is many assumptions can be varied and their sensitivity can be tested.

Conclusions

The chapter distinguishes the different roles of TSA and CGE models. The information that a

TSA provides is static and descriptive. From the point of view of analysing the economic impacts of tourism, a TSA provides a useful tool, akin to the statistical data available for any area of industry analysis from a country's national accounting system. TSA also plays an extremely valuable role in standardizing definitions and assembling data in a manner which is comprehensive, internally consistent and balanced. In doing so, a TSA provides a consistent and credible basis on which to build further research and analysis.

While a TSA allows estimates of the economic contribution of tourism to the economy, CGE models are useful for estimating the total (direct plus indirect) effects of changes in tourism demand. CGE models can project the impact of changes in the overall economy, on the tourism sector and component parts, and estimate the economic effects of government policy changes. TSAs cannot be used for these purposes. Some results of the authors' CGE modelling illustrates the use of CGE models in estimating the impacts of a tourism shock using different assumptions about fiscal policy settings and changes in real wages.

Substantial scope remains for the use of TSAs as an input to macroeconomic modelling, forecasting, the development of indicators of tourism performance and for industry and destination benchmarking. The data and common definitions they provide are an invaluable aid to constructing economic impact models for analysis of tourism impacts and the effects of policy changes in a range of countries. In particular, TSAs provide an important basis for CGE modelling to estimate the economic impacts of tourism shocks. Both the TSA's capacity to estimate the economic contribution of tourism and CGE models' capacity to estimate economic impacts of tourism shocks are important tools for policy making. As such they represent substantial advances in managing tourism.

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26 Sustainability and Tourism Dynamics

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Synopsis

The concept of sustainable tourism remains subject to substantial confusion, both with regard to precise implications and the specific patterns of resource use the concept implies. This confusion is particularly evident with regard to specific tradeoffs, policies, actions or indicators that are consistent with notions of sustainable tourism. Operational definitions of tourism sustainability require details regarding what elements are to be sustained, the level at which these elements should be sustained, and the stakeholder groups whose benefits should be considered. Chapter 26 develops a dynamic model illustrating the interrelated behaviour of tourism-related economic and environmental conditions over time. Chapter 26 characterizes fundamental notions of sustainable tourism from the perspectives both of a profit-maximizing tourist industry and of permanent residents of a tourist community. The model illustrates key findings relevant to the search for sustainable outcomes, and characterizes the potential conflicts, hazards and tradeoffs implicit in the choice among different sustainable futures. For example, the model demonstrates that: (i) in all but the rarest of circumstances, there is no single, universal sustainable optimum; and (ii) a policy that maintains overly pristine environmental quality may be just as unsustainable as a policy that causes excessive environmental decay. Implications of the model are then discussed with regard to patterns of tourism found in a specific destination – the Okavango Delta of north-western Botswana. Through the contrast of the dynamic model and case-study evidence for this high-value tourist destination, we illustrate ways in which the theoretical model can help characterize and explain current patterns of tourism, as well as divergences between visions of sustainable tourism among different stakeholder groups.

What is Sustainable Tourism?

The concept of sustainable tourism is the subject of increasing discussion and debate among tourism researchers, industry participants and others. The growth of tourism in various locales influences this focus (Sharpley, 2000; Cohen, 2002). A review of the tourism literature (including the *Journal of Sustainable Tourism*), however, reveals a discourse dominated by case-study descriptions. Discussions of relationships between observed tourism patterns and principles of sustainable tourism are generally broad and non-quantitative, oriented around imprecise

conceptual ideals rather than the formal theoretical models common in other disciplines (Casagrandi and Rinaldi, 2002).

As a result, the concept of sustainable tourism remains subject to substantial confusion, both with regard to precise implications and the specific patterns of resource use the concept implies (Collins, 1999). This confusion is particularly evident with regard to specific tradeoffs, policies, actions or indicators that are consistent with notions of sustainable tourism, leading some to suggest that sustainability as a concept may represent more of a guiding fiction or commercial mantra than a meaningful

concept (Shumway, 1991; Clarke, 1997; Collins, 1999; McCool *et al.*, 2001). To a significant extent, this may reflect a broader lack of formalism in common definitions of sustainability (Chichilinsky, 1997; Cohen, 2002). As noted by Collins (1999, p. 99), '... much of the work [in sustainable tourism] seems not to be based on any explicit delineation of [sustainable development] principles'. Hence, despite the substantial literature addressing sustainability in recreation and tourism, there is 'no widely accepted definition of sustainable tourism' (Swarbrooke, 1998, p. 13), and tourism sustainability remains 'a vague concept, given to varying interpretations' (Cohen, 2002, p. 268).

While empirical analyses provide substantial information relevant to tourism planning in specific case studies, such work remains largely divorced from formal theoretical constructs of sustainable development (Collins, 1999). For example, empirical assessments provide myriad criteria to assess sustainability (e.g. Mak and Moncur, 1995; Ritchie, 1999; McCool *et al.*, 2001), while policies suggested to promote sustainable tourism are often found in the form of divergent lists of recommended actions (World Travel and Tourism Council, 1991; Conservation International, 1999). The literature includes examples of applied multi-criteria and linear programming optimization (e.g. Powers and Powers, 1977; Hill and Shecter, 1978; Kottke, 1987; Aylward, 2003), with objectives defined by case-study contexts. The literature also contains many empirical case studies oriented around varying and often broad concepts of tourism sustainability (e.g. Sharpley, 2003; Woods-Ballard *et al.*, 2003; Dolnicar, 2004; Mbaiwa, 2005). However, unlike other resource-intensive industries characterized by a search for sustainable outcomes subject to resource constraints and trade-offs among stakeholder groups (e.g. fisheries; Clark, 1990), the tourism literature has thus far provided no generally accepted, theoretical framework through which one may assess progress towards sustainability.

Progress is being made, however. Recent work by Casagrandi and Rinaldi (2002) and Johnston and Tyrrell (2005), for example, provides formal, theoretical treatments of tourism sustainability previously absent from the literature. Although some might view such formal theoretical models as little more than complex

mathematical abstractions, the minimal, abstract nature of these models allows for the provision of insights unavailable through empirical case studies (Collins, 2001; Casagrandi and Rinaldi, 2002). As stated by Henderson and Quandt (1971, p. 2): 'theories represent simplifications and generalizations of reality and therefore do not completely describe particular situations . . . general theories are fruitful because they contain statements which abstract from particulars and find elements which many situations have in common. Increased understanding is realized at the cost of sacrificed detail.' Hence, such tools should not be considered 'operational tools for managers', but rather mechanisms through which one may derive and illustrate more universal patterns related to sustainable and non-sustainable outcomes (Casagrandi and Rinaldi, 2002, p. 14).

The complementary roles of theoretical and empirical treatments of sustainability may be seen in the extensive renewable resource literature. For example, the fisheries literature complements a substantial body of empirical work with a theoretical literature illuminating the role of tradeoffs in optimal steady-state outcomes (e.g. Clark, 1990; Johnston and Sutinen, 1996). These formal mathematical models – often denoted bioeconomic models – assist in identifying tradeoffs associated with different variants of sustainability, assessing the optimality of different resource trajectories and identifying implications for stakeholder groups (e.g. Dasgupta and Heal, 1974; Reed, 1984; Clarke and Reed, 1994). While such models are often based on general notions of social outcomes (e.g. net economic benefits) and abstract specifications of natural phenomena (e.g. general mathematical specifications of growth functions and carrying capacity), such abstractions allow less-obscured focus on fundamental questions of interest.

This chapter draws on the prior work of Johnston and Tyrrell (2005) to illustrate a simple, dynamic model illustrating the interrelated behaviour and change of tourism-related economic and environmental conditions over time. A dynamic optimization model is developed for a region seeking to maximize sustainable benefits from tourism. Based on this model, we characterize and contrast fundamental notions of sustainable tourism from the perspectives of

two key stakeholder groups: a profit-maximizing tourist industry and permanent residents of the tourist community or region. The model illustrates key findings relevant to the search for sustainable outcomes, and characterizes the potential conflicts, hazards and tradeoffs implicit in the choice among different sustainable (or non-sustainable) futures. Implications of the model are then discussed with regard to patterns of tourism found in a specific destination – the Okavango Delta of north-western Botswana (Mbaiwa, 2005). Through the contrast of the dynamic model and case-study evidence for this high-value tourist destination, we illustrate ways in which the theoretical model can help characterize and explain current patterns of tourism, as well as divergences between visions of sustainable tourism among different stakeholder groups.

Operational Definitions of Tourism Sustainability

Formal analysis of sustainable tourism requires a functional definition of sustainability. The functional definition of sustainability applied here draws from the renewable resource literature, and is related to the concept of carrying capacity in the tourism literature (Brown *et al.*, 1997; Swarbrooke, 1998). Environmentally sustainable tourism may be thought of as a level of tourism that may be realized, based on a sustainable or steady-state environment. More specifically, we define an environmentally sustainable optimum as the maximum level of a desired outcome (e.g. economic profits, quality of life) that may be maintained in a steady-state solution, subject to constraints imposed by the environment. The goal of the analysis is to illustrate tradeoffs implicit in the search for sustainable, steady-state outcomes that are optimal for different user groups, and to illustrate implications for policies that seek universally optimal solutions for all groups.

The Brundtland Report (World Commission on Environment and Development, 1987) provides perhaps the most widely recognized definition of sustainable development: ‘. . . development that meets the needs of the present without compromising the ability of future generations

to meet their own needs.’ This definition suggests relatively undisputed social goals, and an ability to agree on policies that meet, for example, the needs of the present. However, there is general consensus among economists and others that nearly all public policies create both winners and losers; one of the primary challenges of policy formation is determining appropriate means to balance the gains and losses of different groups (Just *et al.*, 2004). There is rarely perfect agreement on those policies that are most appropriate for satisfying even the needs of the present, much less those that fulfil the complete Brundtland definition.

In contrast, the functional definition of sustainability applied here makes clear that the concept of sustainable tourism is consistent with a wide variety of outcomes for a tourist destination. This can lead to controversy regarding which version of sustainable tourism a region wishes to pursue. Conflicts with regard to the potential goals of sustainable tourism imply that the concept of sustainable tourism alone does not convey sufficient information to define a tourism policy. Operational definitions of tourism sustainability require details regarding what elements are to be sustained, the level at which these elements should be sustained and the stakeholder groups whose benefits should be considered (Pezzey, 1997). For example, one may seek to sustain the number of visitors, the size or growth of industry profits, the quality of some or all environmental resources, the quality of the tourist experience, the number of tourist jobs, the quality of life of local residents or some combination of these and other elements. It is unlikely that all may be sustained simultaneously.

Here, given the focus on environmentally sustainable tourism, primary emphasis is placed on maintaining a certain level of environmental quality, broadly defined, while secondary emphasis is placed on economic viability of the tourism industry. These emphases notwithstanding, environmentally sustainable tourism is impossible without both a sustainable environment and a viable tourism industry. Maintaining an appropriate and sustainable balance between benefits realized by the tourism industry and environmental quality, however, is complicated by the relationship between tourist visitors and environmental quality – while

visitors are often attracted by the environmental attributes of tourist destinations, these visitors can in turn degrade the environment (Hillery *et al.*, 2001; Briassoulis, 2002; Mbaiwa, 2005).

In addition to considering the potential sustainability of environmental quality and the viability of industry, a third element that must be addressed when considering sustainable policies is the social well-being of local residents – which may be either commensurate or in conflict with industry goals (Mason and Cheyne, 2000; Mbaiwa, 2005). While residents may benefit from tourism income, jobs and tax revenue (Haralambopolous and Pizam, 1996), they react negatively towards such factors as tourism-related congestion, environmental degradation and noise, as well as exclusion from the use of natural resources or infrastructure officially or *de facto* reserved for visitors (Mason and Cheyne, 2000; Cohen, 2002; Kaynak and Marandu, 2006). None the less, support of local residents may be critical to tourism sustainability, as conservation behaviour of residents may be necessary to sustaining the environmental resources that attract tourists.

While differences between the objectives of industry, native residents and other stakeholders are well-established (Cohen, 2002), the literature provides no formal definition or model that incorporates such differences into an operational concept of sustainable tourism (Swarbrooke, 1998; Collins, 1999). Indeed, one of the primary challenges of sustainable tourism is the large number of stakeholders involved, such that ‘it is not surprising that it is difficult to reach a consensus on what sustainable tourism means and how it can be achieved’ (Swarbrooke, 1998, p. 16).

A Theoretical Model of Sustainable Tourism

The optimization model that follows assists tourism planners in conceptualizing choices and tradeoffs implicit in various options for environmentally sustainable tourism, at a general level. For simplicity, the focus is on two stylized groups – industry and residents – although the presented models may be adapted easily to accommodate greater numbers of stakeholder groups. The formal mathematical structure of

the proposed model is analogous to that used in certain applications of optimal control theory to biological resources (Clark, 1990). Here, such models are adapted to address tourism in a stylized community, where the number of visitors depends, at least in part, on the quality of the local environment. The precise definition of a ‘community’ is not important – the area can be a village or an entire province. It is simply viewed as a group of people who affect each other by their actions and who have some collective decision-making authority. Within this community, assume that there are two groups with a primary interest in the existence and outcomes of tourism (although one may certainly develop a model in which more groups are considered) – local permanent residents and tourism industry planners. The benefits the two groups receive, however, may differ.

While theoretical dynamic optimization models in the renewable resource literature are often rich in potential solutions and policy implications (Cropper, 1976), they typically maintain a relatively high degree of abstraction to preserve generality and simplify analysis (Casagrandi and Rinaldi, 2002). We continue in this tradition; the basic model is kept simple to maintain a focus on the primary dynamics of interest and implications for tourism. For example, we abstract from issues such as the substitutability of natural and man-made capital (Collins, 1999).

Environmental quality and tourism: a simple specification

Renewable environmental resources such as fisheries and forests reproduce and grow, but are also subject to both natural mortality and human disturbance. If left undisturbed renewable resources are typically assumed to reach a maximum level where birth and growth exactly balance decay and death (Hartwick and Olewiler, 1986, pp. 247–250). This point, the natural carrying capacity of the resource, is sustainable (Clark, 1990). However, because the carrying capacity is only obtainable for resources left undisturbed by human use, sustaining resources at the carrying capacity is generally not a viable option for tourism. Moreover, difficulties with characterizing sustainable tourism based

on the concept of carrying capacity alone are well established (Lindberg *et al.*, 1997).

Although most tourism depends on multi-attribute bundles of environmental resources, we simplify the model by assuming that the condition of all renewable resources in the community may be appropriately measured by one composite index variable X , which we denote 'environmental quality'. This index consolidates the notions of resource quality and ecosystem productivity for all types of renewable resources into a single index. Also, for simplicity, we assume that all resources upon which tourism depends are renewable to some degree; non-renewable resources are not considered. Non-renewable resources in general do not support steady-state (sustainable) solutions, unless one allows for renewable 'backstop' resources that replace non-renewable resources once depletion is imminent, or substitution between natural and man-made capital (Hartwick and Olewiler, 1986). Hence, they are not addressed here. These simplifications allow us to emphasize the fundamental trade-off between visitors and environmental quality.

As a renewable resource, environmental quality gradually renews itself, or grows, in proportion to the underlying stock of the resource. The growth function – here specified using the simple function $h(X)$ – implies that natural renewal or growth of environmental quality is a mathematical function of X . Within the renewable resource literature, $h(X)$ is often assumed to follow a pattern similar to that shown in Fig. 26.1, based on an underlying logistic growth function (e.g. Hartwick and Olewiler, 1986, p. 250). That is, when environmental quality is highly degraded (i.e. small),

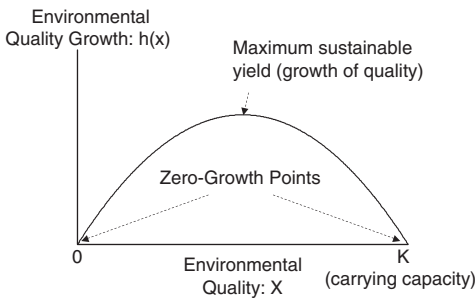


Fig. 26.1. Growth (or renewal) of environmental quality at a tourist site: growth as a function of the stock of environmental quality.

the natural improvement in quality, $h(X)$, will be relatively small. When environmental quality is pristine (at its maximum level or carrying capacity K) there can be no natural improvement; by definition $h(K) = 0$. Growth will be fastest at some point between 0 and K , peaking at a point of maximum sustainable yield.

Higher levels of environmental quality (X) attract tourist visitors. Visitors, however, also cause environmental quality to decline (Hillery *et al.*, 2001). In simple terms, each visitor consumes or degrades a small quantity of environmental quality during their visit. If not replaced by sufficient natural growth, the result will be a smaller stock of environmental quality remaining in the future. From another perspective, when visitors disturb the resource, some or all of its growth will be applied to recovery from this disturbance.

The number of visitors per period (e.g. per day, week or year) is given by V . For simplicity, we assume that each visitor uses up a constant m units of environmental quality per period. That is, V visitors will result in a loss of mV index-units of environmental quality per period. The simplest mathematical case for analysis is the case in which $m = 1$, or in which each visitor causes 1 index-unit of degradation per period. Hence, for mathematical simplification, we scale the environmental quality index such that $m = 1$. The result is that V visitors will cause exactly V index-units of environmental quality to be lost, per period. While this simplification may be easily relaxed, doing so does not alter fundamental aspects of the model. The model also imposes an assumption of constant technology, such that the model is autonomous and fixed steady-state solution exists. In reality, advances in technology over time (e.g. the addition of more advanced sewage treatment) might reduce the damage per visitor. The result would be that the optimal solution would change over time – a much more complex solution.

The equation describing the total per-period change in environmental quality combines the negative influence of visitors (V) and the positive influence of natural growth $h(X)$, such that:

$$\dot{X} = h(X) - V \tag{26.1}$$

where \dot{X} is the change in X during a time period. Formally, the dot (\cdot) represents a partial derivative

of X with respect to time. That is, \dot{X} indicates the *change* in environmental quality from period to period, which may be positive, negative or zero.

Sustainability of environmental quality occurs where $\dot{X} = 0$ (i.e. no change in environmental quality over time), and depends on finding a balance between natural growth and visitor damage. At the natural carrying capacity K , environmental quality is sustainable only if there is no use by visitors. At a level of X slightly less than this maximum, some growth could occur and some visits could be made without changing quality. In the middle of the range of environmental quality where the natural rate of growth is highest, the level of sustainable visitation is also highest. Sustainable environmental quality occurs where natural growth exactly offsets tourist-related degradation, or where $h(X) - V = 0$. Based on this mathematical relationship, Fig. 26.2 illustrates all sustainable levels of environmental quality and tourist visits.

Each point along the curve in Fig. 26.2 identifies a sustainable pair of visitation and environmental quality levels, based on natural environmental relationships. Points above the curve (e.g. point A) represent conditions in which visitor damage exceeds natural renewal – hence environmental quality will degrade over time. Points below the curve (e.g. point B) represent conditions in which natural renewal exceeds visitor damage – hence environmental quality will improve over time. Continuous positive changes in environmental quality, while perhaps desirable, cannot be sustained indefinitely since they will ultimately lead to the environmental

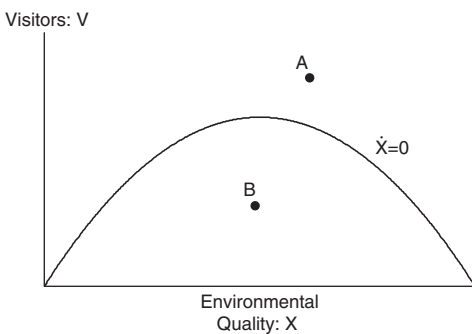


Fig. 26.2. Locus of sustainable environmental quality with regard to visitor numbers: visitor-quality pairs where quality remains constant.

carrying capacity where no further improvement is possible. Only along the illustrated curve does natural renewal exactly balance visitor damage over time – a sustainable condition.

The benefits of sustainable tourism

While Fig. 26.2 shows the loci of sustainability with regard to the natural environment, the model does not yet account for sustainability with regard to the economic viability or benefits of tourism. To introduce this aspect of the model, the model must incorporate the objectives of different groups – in this case the tourism industry and local residents. Assume that the goal of the tourism industry – as a collection of businesses – is profits. While this is a stylized representation of industry goals, this simplification allows us to retain a focus on the central aspects of the model. From year to year, the goal of the industry is to maintain and, if possible, increase net profits. This objective translates to a long-term goal of maximizing the sum of discounted profits over time.

To account for the time value of money, however, industry maximizes the sum of discounted profits. That is, while the primary goal of sustainability is to maintain the flow or stock of some variable(s) over the indefinite future, most individuals prefer benefits received in proximate time periods (i.e. close to the present), compared with identical nominal benefits received in the distant future (Just *et al.*, 2004, p. 572). Formally, the model assumes that profits are discounted when summing over time to account for the time value of money. Just as a bank recognizes the time value of money by charging borrowers interest, a long-term industry objective must recognize the cost of waiting for its profits by discounting those received in the future. This follows a long tradition of models addressing the dynamics of resource use and social benefits (Clark, 1990; Just *et al.*, 2004). Individuals' collective rate of time preference is indicated by the discount rate, denoted by the variable r . Although r may in theory vary between 0 and ∞ , practitioners often recommend rates from 0.01 to 0.04 (Freeman, 2003, p. 199).

Tourist industry profits may be represented as a general mathematical function of the number of visitors V and environmental quality X , given

by $\Pi(V, X)$. This matches the form of profit functions found in other theoretical assessments of optimal resource use (e.g. Clark, 1990; Johnston and Sutinen, 1996). Profits are increasing in both V and X , but these increases occur at decreasing rates for both variables. That is, profits increase as visitor numbers increase, holding all else constant, but each additional visitor adds a little less to industry profits, on the margin. Similarly, profits increase as environmental quality increases, holding all else constant, because visitors will pay more to visit higher-quality locations. However, each successive improvement to environmental quality results in a slightly smaller gain in industry profits – reflecting diminishing marginal returns. Although profits are influenced by other factors as well, including capital development and tourism infrastructure, we abstract from these features as they do not play a fundamental role in the model.

While this general specification of the profit function may seem unusual to those accustomed to structural definitions of profit functions incorporating explicit specifications of revenues and costs, the general form $\Pi(V, X)$ in fact subsumes more familiar structural specifications of profit functions. Mathematical relationships between such general functional forms and those that explicitly distinguish revenues and costs are illustrated by Clark (1990) for the case of bioeconomic fisheries models – analogous relationships apply here. (Consider, for example, the simple case in which revenues are a Cobb–Douglas function of V and X , such that $R(V, X) = \phi V^a X^\gamma$ represents revenues, and ϕ , a and γ are constant parameters. For illustration, assume that costs are quadratic in the number of visitors, so that $C(V) = \tau V + \nu V^2$ represents costs, where both τ and ν are constant parameters. As the constant parameters ϕ , a , γ , τ and ν are implicit in $R(V, X)$ and $C(V)$, they may be suppressed from the general functional specifications. Defining profits as revenues minus costs, one may specify the general profit function $\Pi(V, X) = [R(V, X) - C(V)] = \phi V^a X^\gamma - \tau V - \nu V^2$. Based on similar derivations, the general function $\Pi(V, X)$ may be shown to subsume an infinite number of explicit specifications of revenues and costs.) The general functional specification represents a wider range of outcomes than is typically possible given more highly constraining (and

cumbersome) functions which specify explicit functional forms. One could just as easily specify the model such that the industry would seek to maximize some broader measure of utility. The mathematics and fundamental model implications, however, would be unchanged.

The challenge facing the tourist industry is to find the location on the sustainable environmental locus (Fig. 26.2) that maximizes the sum of discounted profits, $\Pi(V, X)$, over time. Following standard notation, one may represent the sum of profits in continuous time units as $\int_0^\infty [\Pi(V, X)] e^{-rt} dt$. The use of continuous time (i.e. the continuous summation of an infinite number of very small time units) allows for simpler, more elegant mathematical results. Profits may be controlled directly through the number of visitors V , which may be manipulated through advertising, promotion, infrastructure development or direct government controls. Profits may also be controlled indirectly through environmental quality. Sustainable, profit maximizing solutions attain a balance between visitor numbers and environmental quality that results in the greatest sum of discounted net profits over time.

While the tourism industry seeks to maximize profits, local residents may have different goals (e.g. Askis *et al.*, 1996; Mason and Cheyne, 2000; Mbaiwa, 2004). These goals are likely myriad and heterogeneous (e.g. jobs, income, environmental quality, lack of congestion, etc.). A more complex model could assess heterogeneous objectives of different resident groups. However, this is not a necessary component of a basic model of tourism dynamics. In the simple model presented here, we follow standard neoclassical economic models and assume that permanent residents maximize utility, or well-being. Utility is positively related to tourism industry profits, $\Pi(V, X)$, due to the positive relationship between profits, jobs and resident income. (Moreover, if tourist business owners reside in the community, then they are also residents.) However, residents' utility is not determined solely by industry profits. Utility is also influenced by other factors directly related to tourist numbers, including congestion, traffic, environmental quality and other attributes (Askis *et al.*, 1996; Mason and Cheyne, 2000).

Additional structure is added to the model by assuming that residents' utility, $U(V, X)$,

may be specified as an additively separable function

$$U(V, X) = \Pi(V, X) + B(V, X) \quad (26.2)$$

where the function $B(V, X)$ represents the *difference* between industry profits and net utility (or quality of life) realized by local residents. Specifying utility as in Eqn (26.2) – while not necessary to the model – allows for greater specificity in the discussion of model results, as this specification provides a distinct element of the model ($B(V, X)$) that distinguishes industry profits and residents' utility. In general, we assume that $B(V, X)$ is positively influenced by environmental quality, and negatively influenced by the number of visitors. The negative influence of visitors on utility can derive from a number of sources, including congestion, nuisance and the competition for public infrastructure or services that is often associated with larger visitor numbers (Kaynak and Marandu, 2006). Hence, compared to industry, residents receive a relatively greater benefit from increases in environmental quality, and a relatively lower benefit from increases in visitor numbers.

Optimal Dynamic Solutions

The control variable – or the variable over which policy makers are assumed to have influence – is the number of visitors. The resulting number of visitors, in turn, influences environmental quality. This specification simplifies the common situation in which the industry or government seeks to manipulate the number of tourists in different market segments through advertising, capacity controls, fees or direct investment in the resource and its protection. Bermuda, for example, established a strict limit on the number and arrival times of cruise ships in order to preserve environmental quality (Riley, 1991). The model currently allows only a single control variable representing the total number of visitors, but may be extended to allow multiple visitor types, each with a distinct effect on environmental quality, as well as on tourism benefits and costs (e.g. see Perdue, 2003). More elaborate models also could be specified to allow for additional policy controls

such as the allocation of promotional budgets to different target markets, restrictions aimed at specific tourist activities and/or education aimed at reducing the environmental impact per visitor. Although such extensions would not require fundamentally new quantitative methods, they would significantly add to the complexity of the mathematical presentation. Hence, such extensions – while clearly relevant to tourism development – are left for future work.

The optimal steady-state solution to the model (or optimal control solution) specifies a point or set of points that maximizes the objective function for any particular group given the requirement that environmental quality remains sustainable. In other words, the solution provides a sustainable path of visitor levels that maximizes an objective (profits or utility) over time, while accounting for indirect changes in environmental quality.

Optimal solutions, paths and interpretations

The following section formalizes the objectives of industry and residents, and illustrates implications for optimal steady-state (or sustainable) tourism. For the tourism industry, the model maximizes the sum of discounted profits,

$$\int_0^{\infty} [\Pi(V, X)] e^{-rt} dt, \quad (26.3)$$

with respect to the number of visitors V . That is, industry wishes to choose the number of visitors in each time period to maximize the sum of discounted profits over time. The choice of visitors will also, indirectly, determine the level of environmental quality in each time period, based on Eqn. (26.1) above. To simplify the model, we ignore potential environmental damage caused by residents themselves. Such issues are discussed by Briassoulis (2002). The integral represents the sum of net profits over all time periods from time 0 (today) to infinity, given a continuous concept of time (i.e. time periods are allowed to become infinitesimally small). The discounting term (e^{-rt}) accounts for the continuous, gradual discounting of profits as one moves further into the future, where e is the exponential operator, t is the time period and r is the discount rate.

The maximization problem is solved using optimal control theory (Chiang, 1992). Formally, we maximize the profit function Eqn. (26.3) subject to Eqn. (26.1), which specifies constraints related to the natural renewal of environmental quality. To minimize mathematical notation – and to maintain clarity for those unfamiliar with such methods – we suppress the full set of necessary and sufficient conditions for a maximum. Instead, we move directly to the equations characterizing implications for the optimal number of visitors and environmental quality over time. More complete mathematics characterizing the optimal solution – for those more familiar with dynamic optimization – are presented in a Technical Appendix.

The equation characterizing the change in visitors over time consistent with the maximization of tourism industry profits is given by

$$\dot{V} = \frac{(\Pi_V)(r - h_X) - \Pi_X}{\Pi_{VV}} \tag{26.4}$$

Following standard mathematical notation, subscripts denote partial derivatives. (Partial derivatives measure the marginal change in a variable caused by a one unit change in another variable evaluated at a specific point.) For example, Π_X represents the partial derivative of profits with respect to changes in environmental quality, Π_V represents the partial derivative of profits with respect to changes in the number of visitors and h_X represents the partial derivative of the environmental growth or renewal function with respect to changes in baseline environmental quality. The dot ($\dot{\cdot}$) represents a change with respect to time (or a change over time), such that \dot{V} is the change in visitors in each time period.

Equation (26.4) shows the change in visitors consistent with maximization of the present value of net profits for the tourism industry. This equation reflects mathematically how the number of visitors would be ideally changed (i.e. in a way that maximizes the discounted sum of profits) by the tourism industry at any point in time, given specific baseline combinations of visitation and environmental quality. In more formal terms, Eqn (26.4) characterizes changes along an *optimal path* with regard to the number of visitors in each time period, from the perspective of the tourism industry. Equation (26.4) does not, however, give the

path; an integration is required to transform changes in visitors into numbers of visitors at any point in time.

In contrast to the optimal industry solution, permanent residents seek to maximize

$$\int_0^{\infty} [U(V, X)]e^{-rt} dt \tag{26.5}$$

$$= \int_0^{\infty} [\Pi(V, X) + B(V, X)]e^{-rt} dt$$

based on Eqn (26.2) above. Note that if we set $B(V, X) = 0$ in Eqn. (26.5) the only benefits remaining are the profits earned by the tourism industry, $\Pi(V, X)$. Analogous to the optimal solution for industry, the benefit function for residents Eqn. (26.5) is maximized subject to Eqn (26.1), which specifies constraints related to the natural renewal of environmental quality. The discount rate is the same for both industry and residents (although a more elaborate model might use different rates). Technical details are shown in the Appendix.

The optimal control solution characterizes the change in visitors over time consistent with the maximization of residents' quality of life (or utility), and is given by

$$\dot{V} = \frac{[(\Pi_V + B_V)(r - h_X)] - [\Pi_X + B_X]}{\Pi_{VV} + B_{VV}} \tag{26.6}$$

Equation (26.6) is analogous to (26.4) above, except that the former characterizes the optimal path of visitors from the perspective of local residents. Again, the subscripts denote partial derivatives, such that B_V represents the partial derivative of $B(V, X)$ with respect to changes in the number of visitors, and B_{VV} represents the second derivative of $B(V, X)$ with respect to changes in the number of visitors. (Note that Eqn (26.4) may also be obtained by setting all partial derivatives of $B(V, X)$ in Eqn (26.6) equal to zero, because by definition $B(V, X) = 0$ for industry.)

Sustainable solutions are characterized by zero changes over time in both environmental quality (X) and the number of tourist visitors (V) – that is, solutions where both $\dot{X} = 0$ and $\dot{V} = 0$ based on Eqns (26.1), (26.5) and (26.6). Figure 26.2 above characterizes the points in which $\dot{X} = 0$. Figure 26.3 combines this sustainable environmental locus (curve) with additional benefit-maximizing

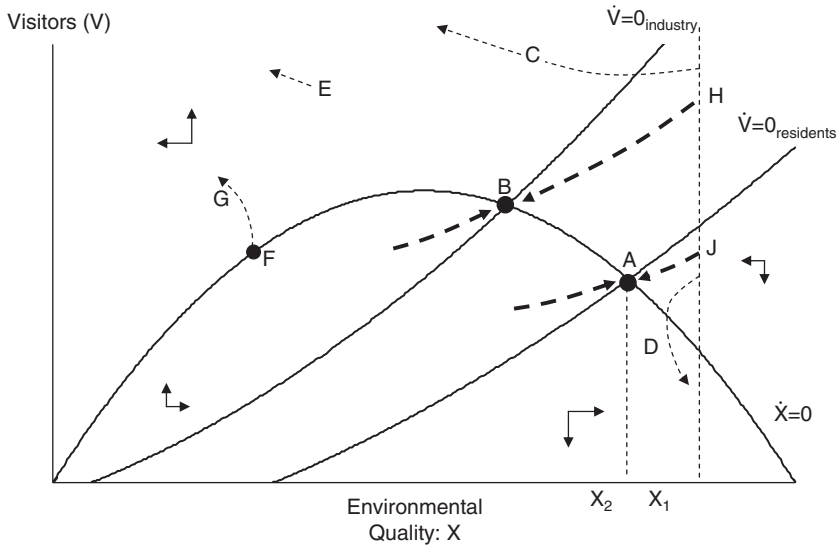


Fig. 26.3. Phase diagram for environmentally sustainable tourism: steady states and optimal paths (A = resident sustainable optimum; B = industry sustainable optimum).

visitation loci characterizing $\dot{V} = 0$ for both local residents and for industry. The residential visitation locus represents points that maximize utility to local residents, given the constraint that the number of visitors does not change over time, based on Eqn (26.6). This locus is labelled $\dot{V} = 0_{\text{residents}}$. To the left of this locus, maximization of utility requires increasing visitors over time. To the right of this locus, maximization requires decreasing visitors over time. The industry visitation locus represents points that maximize profits to the tourism industry, given the constraint that the number of visitors does not change over time. This locus is labelled $\dot{V} = 0_{\text{industry}}$. To the left of this locus, maximization of profits requires increasing visitors over time. To the right of this locus, maximization requires decreasing visitors over time.

The points where these two visitation loci cross the locus of environmental sustainability ($\dot{X} = 0$ as described above) represent two different steady-state, sustainable solutions for tourism. For example, the intersection of $\dot{V} = 0_{\text{residents}}$ and $\dot{X} = 0$ (point A, Fig. 26.3) represents the point at which the present value of net benefits for local residents is at a maximum level over time, given the constraint that both the number of visitors and environmental quality are sustained at a fixed level indefinitely. In contrast,

the intersection of $\dot{V} = 0_{\text{industry}}$ and $\dot{X} = 0$ (point B, Fig. 26.3) represents the point at which the present value of tourism industry profits is at its maximum possible level over time, given the constraint that both the number of visitors and environmental quality are sustained at a fixed level indefinitely. Hence, unlike less formal presentations of sustainability, the dynamic model presented here allows one to identify feasible, sustainable solutions that maximize benefits to either industry or local residents.

Although Fig. 26.3 may seem unfamiliar to some, phase diagrams are a common means to illustrate an infinite variety of optimal solutions to dynamic problems. One may think of this diagram as a road map. Each point on the map lies on some optimal route that might be taken between places. The differences between the routes are the initial locations where each path leads. In terms of environmental quality and tourism, we are given the former (X -axis) and are allowed to choose the latter (V -axis). Ideally one would specify the entire path as part of a tourism plan, with the goal of ultimately reaching a particular sustainable (steady-state) end-point. One may also choose a starting point for V on a path that does *not* lead to a steady-state, sustainable point. The optimal control apparatus will provide guidance about such paths

as well. Such alternate paths may produce long-term discounted net benefits nearly equal to those of the path to the steady state, or perhaps greater in the short term. However, these paths will also lead to the long-term destruction of the industry or environment.

Implications for Sustainable Tourism

Even in the simplified form presented above, the model offers numerous insights relevant to sustainable tourism development. If one accepts the assumptions upon which the model is built, these implications follow necessarily; they are not contingent upon conditions present in a particular region or empirical case study. The capacity to transcend limited case-study evidence and provide general results applicable over a wide range of conditions is one of the primary strengths of such models.

Perhaps the most fundamental model result is that many environmentally sustainable outcomes are feasible for tourism. For example, zero visitors is an environmentally sustainable outcome – however, this is a largely trivial result. Sustainable outcomes that maximize discounted benefits to different user groups are fewer, however, and indeed may be unique. Perhaps more importantly, model results also indicate that sustainable solutions that are most desirable for the tourism industry will not, in general, be the same as those that are most desirable for local residents. Given that the most desirable sustainable outcomes differ across groups, the search for sustainable tourism outcomes must combine the search for environmentally sustainable outcomes (which are many) with socially acceptable compromise solutions that lie somewhere between the optima for each distinct group.

Put another way, the model demonstrates that in nearly every case, there is no single, universal sustainable optimum for visitor numbers. No amount of searching, bargaining or stakeholder education will reveal a single sustainable solution that maximizes profits to industry and utility to residents; even in the fairly general case presented here, such a solution does not exist. The search for sustainability implies that at least one group will be worse off, compared to their most preferred environmentally sustainable outcome. Hence, even if a tourist

destination is at an environmentally sustainable, optimal solution from the perspective of one group (e.g. industry at point B), there may none the less be political pressure from other groups (e.g. residents) to depart from that point.

A second significant result of the model is that a policy that maintains an overly pristine level of environmental quality may be just as unsustainable – from the perspective of either the tourism industry or local residents – as a policy that causes excessive environmental decay. For example, a policy that forces a community to maintain an environmental quality of X_1 (shown in Fig. 26.3) may result in a long-term loss of social benefits to both the industry and utility to local residents, compared to that which could be achieved were industry allowed to follow a more optimal path (e.g. to either point A or point B). Hence, compared to that which is maintained in optimal sustainable solutions, environmental quality can be either *too high* or *too low*. The careful balance that must be achieved in both sustaining the environment and sustaining a viable tourism industry (and local population) is one of the key illustrations of the model.

Approach paths to sustainable outcomes

The optimal paths to the steady-state solutions are given by the bold dashed arrows in Fig. 26.3. These paths show approaches to the optimal, sustainable tourism solutions that maximize either residents' utility or industry profits, from any given level of environmental quality to the steady-state, sustainable level. In some instances, the profit (or utility) maximizing paths may be unexpected, and counter to practices often encountered in tourism development. Of course, on the optimal approaches to the sustainable, steady-state optima (A or B), both environmental quality and visitors (and consequent benefits to residents and industry) change. Hence, one only reaches a truly steady-state situation once points A or B are reached.

For example, beginning at a high level of environmental quality (e.g. X_1 in Fig. 26.3), the profit maximizing path for industry begins with a relatively high number of visitors (e.g. point H), which then declines gradually over time as environmental quality declines. This continues

until point B is reached, at which point the profit maximizing strategy is to maintain that level of visitors and environmental quality indefinitely – the optimal sustainable outcome. For residents beginning at the same level of environmental quality, the most desirable path starts with a lower number of visitors (e.g. point J), falling gradually to point A. This sustainable point is characterized by fewer visitors and a higher environmental quality than is optimal for industry. The general finding is that optimal paths differ for industry and residents. For example, a typical situation in many tourist destinations would be a current (or starting) point that lies somewhere above the $\dot{V} = 0_{\text{residents}}$ locus and below the $\dot{V} = 0_{\text{industry}}$ locus, such that residents strive for fewer tourists and industry seeks to obtain more.

Despite these differences, the optimal strategy from a starting point of high environmental quality is qualitatively similar for both groups. This strategy begins with a relatively large number of visitors, with reductions in visitor numbers over time. This might reflect, for example, the almost instantaneous development of a large resort in a previously pristine environment, with very large numbers of initial visitors slowly declining to a more sustainable level. This stands in contrast to slow-growth tourism patterns characterized by the initial stage of the rise of a tourist destination (Plog, 1974), and the standard life cycle of tourism in which tourism grows at an increasing rate then stagnates after reaching an unsustainable peak (Butler, 1980). While results here suggest that slow-but-escalating tourism growth patterns may not be optimal given a pristine environmental starting point, they may be unavoidable in some instances, given the time required to develop necessary tourism infrastructure. These results also suggest, however, that standard industry growth patterns may not be particularly conducive to sustainable tourism.

Myopia and sustainable tourism

As shown in Fig. 26.3, the two optimal steady states (A and B) require the maintenance of relatively high levels of environmental quality. This finding reflects the fact that environmental quality influences profits-per-visitor (visitors are

willing to pay more to visit pristine locations) and residents' utility. The tourism industry controls profits directly through its influence on visitor numbers, and indirectly through the influence of tourism on environmental quality. However, the tradeoff between visitor numbers and environmental quality may lead to numerous traps, in which a myopic goal of short-term profits will render unattainable sustainable benefits that would otherwise be greater in the long term.

A myopic industry, for example, may not realize the importance of maintaining environmental quality, and may view changes in visitor numbers as the sole or primary means to improve profitability. In such cases, industry may follow paths that will increase short-term profits in an unsustainable manner. For example, beginning at a quality level X_1 , the tourism industry might seek to increase visitors too quickly in pursuit of short-term profits. The dashed curve labelled C might result, characterized by ever-larger numbers of lower-paying tourists, and a long-term decline of industry profits. Ultimately, this path leads to total degradation of environmental quality and collapse of the tourism industry, representing a case in which 'human shortsightedness [renders] sustainability an unattainable goal' (Casagrandi and Rinaldi, 2002, p. 14).

Different myopic and unsustainable paths may be chosen by those representing local residents. Beginning at the same quality level X_1 , residents may react to declining environmental quality by seeking to decrease visitor numbers too rapidly. The result is rapidly declining visitor numbers and a concurrent decline in industry profits – and with those profits long-term income and jobs for residents. While environmental quality improves over time, the benefits lost due to losses in jobs and local income more than offset gains in quality of life due to changes in environmental quality. Such a path is represented by the dashed line labelled D. Like C above, paths such as D may be chosen based on the best of short-term intentions, but none the less result in non-sustainable, dynamically unstable changes in tourism and environmental quality. Paths represented by C and D are optimal in the sense that they produce the greatest long-term profits from any starting point along their paths. However, these paths do not lead to a steady-state, sustainable solution.

Non-sustainable tourism and the role of government

Tourism planners may also attempt to maintain points that are distinct from either point A or point B above. However, such points will necessarily be inferior by at least one measure. For example, planners seeking to sustain point E will find that environmental damage due to tourism exceeds the natural capacity of the environment to renew itself. The resulting decline in environmental quality implies that an increasing number of visitors is required to sustain industry profitability – still further exacerbating the decline in the environment in a dynamically unstable path away from this initial point (the dashed line).

Even some points that are environmentally sustainable (i.e. on the $\dot{X}=0$ locus) may be unsustainable from a social perspective (industry or resident), unless these points also fall along one of the $\dot{V}=0$ loci. For example, point F represents a point at which environmental damage due to visitation exactly offsets natural renewal – an environmentally sustainable outcome. None the less, at this point both profits and residents' quality of life may be improved by increases in visitation at this point (unlike optimal points A and B, where increases in long-term benefits to one group will necessarily diminish those of the other group). This potential for increased benefits leads to pressure to increase visitation on the non-sustainable path G, characterized by long-term declines in the environment and increases in ever lower-paying visitors. Hence, point F is environmentally sustainable but not consistent with the maximization of benefits to either stakeholder group.

Similarly, certain profit target levels may require combinations of visitors and environmental quality that are unsustainable in the long run. For example, profits attainable at point H – a point of very high visitation and environmental quality – may not be sustained regardless of the efforts of tourism planners. At this point, environmental quality will decline sharply due to the large number of visitors, and there will be associated pressure from industry to reduce visitor numbers, leading to the maximum sustainable level found at point B. Short-term efforts to

maintain profits above this level will only further diminish the benefits of tourism in the long-run.

Despite these many constraints, government officials may in some cases encourage more beneficial long-term tourism by imposing minimum environmental standards. Care must be taken when establishing this standard, however, because as discussed above most pairs of environmental quality and visitor numbers are unsustainable from either a natural ($\dot{X}=0$) or social ($\dot{V}=0$) perspective. None the less, if government sets a minimum level of environmental quality near X_2 , for example, and the starting point is one of high quality (e.g. X_1) the optimal steady-state solution for industry (B) will be approached simply as a result of short-term attempts to maximize profits. Such possibilities illustrate that, given the careful use of environmental standards, government may be able to create situations in which short-term incentives facing the industry lead to sustainable long-term outcomes. However, inappropriate standards may have the opposite effect – encouraging unsustainable behaviour and an ultimate decline of tourism.

Theoretical Predictions and Empirical Patterns: the Okavango Delta, Botswana

The simplified, abstract nature of the dynamic model suppresses many policy-relevant details. However, the model can also provide broad insight into the potential for sustainable tourism, the trajectory of the tourist industry, the goals of industry and residents and the role of government in fostering sustainability. Useful insights may be gained even in the stylized, general case presented here, where parameterized mathematical functions are not available. To illustrate such uses of the model, we draw from the example of the Okavango Delta in north-western Botswana.

The Okavango Delta is one of the world's premier ecotourism and safari destinations, as a result of rich ecological resources and the government's official high-cost, low-volume tourism policies (Mbaiwa *et al.*, 2002; McIntyre, 2003; Kaynak and Marandu, 2006). The Delta has some of Africa's best wildlife

areas, most of which remain in pristine condition (McIntyre, 2003, p. 68). Although tourism provides substantial economic returns to the region, the current tourism capacity (e.g. beds in lodges and camps) of the Delta remains small compared to alternative safari destinations such as Kenya and Tanzania. As of 2001 there were 63 lodges, camps and hotels in the Delta region, with total visitation averaging 50,000 tourists per year, including visitors to high-cost lodges, independent campers and clients of mobile safari operators (Mbaiwa *et al.*, 2002; Mbaiwa, 2004).

Tourism in the Okavango Delta occurs in two primary settings – public parks such as the Moremi Game Reserve and surrounding wildlife management areas (WMAs). Tourist numbers at commercial safari operations in WMAs (i.e. private concessions) are typically limited through constraints imposed by licences and long-term resource use leases through which safari operators gain often exclusive rights to operate in specified areas. Licences typically limit, for example, both the number of camps and lodges in specific WMAs, as well as the number of beds per facility (Mbaiwa, 2005). Tourist densities vary from areas in the south-eastern Delta that are sanctioned for a higher concentration of tourist facilities to more remote areas in the north-western Delta in which a relatively small number of visitors is permitted (Mbaiwa *et al.*, 2002).

The tourism industry in the Okavango Delta 'is young and has prospects for sustainability', with many areas in near-pristine condition (Mbaiwa, 2005, p. 218). The government's official tourism policy (Republic of Botswana, 1990) mandates that tourism be carried out on a sustainable basis and provide direct and indirect benefits to local communities (Kaynak and Marandu, 2006). None the less, recent trends are towards an increase in visitor numbers, with 90% of tourists targeting either the Okavango Delta or the nearby Chobe-Kasane National Park region (Republic of Botswana, 1999, p. 28; Kaynak and Marandu, 2006). (Exceptions to this growth trend occurred in 2001 and 2002, largely as a result of the decline in US tourists in the wake of the September 2001 terrorist attacks.) As a result, while the ecological integrity of the Delta remains largely intact, and environmental damage thus far remains on a small

scale compared to that in many alternative safari destinations, the region is subject to increasing human pressures which jeopardize its sustainability as a tourist destination (Mbaiwa, 2005; UNDP, 2005; Kaynak and Marandu, 2006).

Potential pressures on the sustainability of the Okavango Delta are more notable in southern areas that are accessible by roads year round and experience greater tourist numbers. Moreover, there are signs that goals for a sustainable future differ between industry and local residents, with tourism providing greater benefits to the (often expatriate-dominated) industry than to local populations (e.g. Mbaiwa, 2003; Kaynak and Marandu, 2006). Although there has been significant discussion of prospects for sustainable tourism in this area of Botswana, and some analysis of empirical data (Mbaiwa *et al.*, 2002; Mbaiwa, 2003, 2004, 2005; Kaynak and Marandu, 2006), the debate thus far draws on the same non-quantitative and often ambiguous concepts of sustainability that pervade the tourism literature in general.

To illustrate the general application of a more formal model of tourism dynamics to the Okavango Delta, consider two general areas, as shown in the stylized phase diagram of Fig. 26.4. The hypothesized locations of each area on the phase diagram are illustrated by large grey ovals, suggesting the general region of the phase diagram in which each area is likely to fall, given current observations regarding levels and changes in visitor numbers and environmental quality indicators. More specific, quantitative modelling – or pinpointing of these areas on the phase diagram – would require a more complex model, as well as extensive empirical research to quantify the relationships between particular vectors of tourism and indicators of environmental quality.

The first area is the south-east Delta, exemplified by such areas as the Xakanaxa area in the Moremi Game Reserve (Mbaiwa *et al.*, 2002). Compared to other areas on the Delta, such areas are home to a relatively 'intense concentration of tourist facilities', with impacts including illegal tracks (roads), tourist congestion and waste disposal issues (Mbaiwa *et al.*, 2002). The Xakanaxa area supports both high-end tourists arriving in exclusive camps by air and low-end tourists arriving by road. The second area is broadly characterized as the 'north-west

finding mirrored by in-person interviews by the authors in the Jao reserve. Interviews with managers in the Jao reserve also reveal a clear concern for minimizing environmental impacts, even at the cost of denying some visitor requests.

Even using the stylized phase-diagram of Fig. 26.4, the model none the less provides insights into the likely future of these regions, if trajectories are unaltered by exogenous events (e.g. changes in government regulations). The hypothesized general location of Xakanaxa on the phase diagram, for example, suggests that profit maximizing goals of industry will tend to encourage greater numbers of (lower-paying) visitors and reduced environmental quality – an unsustainable trajectory moving towards the top left quadrant of the diagram along a path such as D. Evidence suggests that this may already be occurring – albeit slowly. Camps in Xakanaxa already accommodate greater visitor numbers than either the Jao or the Vumbura reserves, and per-day room revenues per visitor are approximately 20–30% less even in high-end camps (Mbaiwa *et al.*, 2002). Areas such as Xakanaxa – while currently perceived by visitors as having good to excellent environmental quality – may be on a long-term unsustainable trajectory despite official government policies promoting sustainable tourism (Mbaiwa *et al.*, 2002).

In contrast, the long-term trajectory for Jao and Vumbura is less clear, but more optimistic. These areas are clearly more pristine at the current time, and likely have greater promise for sustainable tourism. As shown by the hypothesized location of these areas on the phase diagram (Fig. 26.4), optimal trajectories could involve either increases or decreases in visitor numbers, with consequent changes on environmental quality. In all likelihood, however, these remote reserves remain in a region of the phase diagram where trajectories towards sustainable optima (from the perspective of either residents or industry) are still attainable, particularly with appropriate government oversight.

While sustainable optima may be possible for these reserves, however, recent changes in visitor numbers suggest that current dynamic paths are towards visitor increases. For example, the Vumbura reserve accommodated 26 visitors in 2001 (Mbaiwa *et al.*, 2002); the reserve now accommodates over 40 visitors

(Wilderness Safaris, 2006). This pattern implies either myopia on the part of tourism planners (sacrificing long-term benefits for short-term gains), or that the tourism industry is following an optimal path in the cross-hatched region of Fig. 26.4. If this is occurring in the *lower* area of this region where $\dot{X} > 0$, this could imply that industry is on a path (such as E) to its optimal steady-state B – a sustainable outcome.

In contrast, if industry is increasing visitors in the *upper* area of the cross-hatched region where $\dot{X} < 0$, the profit-maximizing trajectory is ultimately unsustainable and will lead to a long-term degradation of environmental quality, such as that illustrated by path C. Were this action to occur, one would expect that these near-pristine reserves would eventually begin to struggle with the same trajectories of visitors and environmental quality now experienced in areas such as Xakanaxa. We emphasize, however, that these trajectories do *not* explicitly account for current government restrictions on the number of beds in each reserve, which could eliminate or minimize the possibility for such visitor increases. Hence, given current restrictions, paths such as C may be infeasible for the more remote Delta reserves. More extensive theoretical models could incorporate such constraints explicitly, but adding conditions would result in much greater mathematical complexity. Even without added complexity, however, findings from the current model highlight the potentially critical role of government restrictions (e.g. limits on the number of camps and beds) in avoiding what otherwise might become unsustainable trajectories of visitor numbers and environmental quality.

The theoretical model also helps explain patterns of industry and resident satisfaction with the growth and status of tourism in the Delta. For example, Mbaiwa (2005, p. 203) argues that the tourism industry in the Okavango Delta does not ‘significantly take into consideration the sociocultural, economic, and environmental needs of the host economy’, reflecting concerns of regional residents with the negative impacts of tourism. Similarly, Kaynak and Marandu (2006) comment on tourism’s diminishing benefit to Botswana residents. The model presented here clearly abstracts from a large number of complex issues related to tourism impacts on local residents, but none the

less suggests that some degree of conflict is unavoidable. As noted in the general discussion above, trajectories (or steady-state outcomes) viewed as optimal from the perspective of industry will differ from those viewed as optimal by local residents, and vice versa. As in the general case, no single sustainable solution maximizes profits to industry and benefits to local residents. The search for a sustainable steady-state optimum implies that at least one group will be worse off, compared to their most preferred environmentally sustainable outcome. The findings of Mbaiwa (2005) for the Okavango Delta, if accurate, suggest that the current trajectories may favour the benefits of industry over those of residents (i.e. may be closer to B than to A in Fig. 26.4). Government actions to address this imbalance likely exist, but may not be favoured by industry as a whole, reflecting the absence of a 'perfect' sustainable solution that suits all stakeholders equally.

Conclusions

Chapter 26 presents a formal optimal control model of tourism dynamics, based on similar models found in the renewable resource literature. The model shown here is not the sole way that such analytic tools may be applied to sustainable tourism issues. Rather, the current approach is presented as a template – an alternative mechanism that may be added to the toolbox available to those assessing tradeoffs in sustainable tourism. The model conceptualizes tradeoffs implicit in the search for sustainable tourism outcomes, and provides greater understanding of that which is necessarily implied – and not implied – by environmentally sustainable tourism. As such, the model is meant to provide a preliminary step towards greater structure and clarity in the discussion of tourism sustainability – a concept that has been subject to considerable ambiguity in the prior literature.

While theoretical results such as those presented here do not provide quantitative formulas that communities may use to determine specific tourism targets, such models none the less provide insight into concepts and tradeoffs associated with sustainable tourism. The

illustrated example from the Okavango Delta illustrates that although the model abstracts from a great many practical details relevant to tourism planning, the model also helps explain past and potentially future trajectories for tourism growth, as well as providing insight into observed divergence between the goals of industry and residents. The example illustrates ways in which such dynamic models can help tourism planners to predict future outcomes, as well as better understand currently observed patterns.

Of particular relevance here – from both theoretical and practical perspectives – is the conclusion that the dual goals of sustaining visitor numbers together with sustaining quality of the environment are feasible, and may also be designed so as to maximize social benefits (either profits or quality of life). None the less, environmentally sustainable solutions that are considered optimal will likely vary across stakeholder groups, unless the objective functions of these groups are identical. Hence, a null set is the likely result of a search for a universal, sustainable optimum. Moreover, other goals, such as sustainable growth in profits or quality of life, may not be compatible with environmental sustainability and are probably non-attainable – at least given fixed technology. Further, target levels of visitation, environmental quality or profits must be chosen carefully, as many target levels are also unsustainable.

Aside from the fundamental finding that the optimal point of tourism sustainability is not the same for residents and industry, the model finds that the myopic paths of each group may react to identical levels of initial environmental quality in opposing directions – with residents maintaining visitors at a lower-than-optimal level and industry seeking to increase visitors too rapidly. In both cases, the result is a diminution of net social benefits and unsustainable tourism. Similar loss of profits may result from well-intended constraints on environmental quality that might be imposed by government.

In some instances, insights into optimal policy provided by optimal control models may run contrary to common wisdom. For example, solutions shown above illustrate that pristine levels of environmental quality may be just as unsustainable as overly degraded levels, with regard to the optimization of social benefits

to either residents or industry. Other findings may be more intuitive, such as the finding that myopic policies may reduce industry profits in the long run. However, even in such cases, dynamic models may provide useful insights – for example when and how environmental quality standards may encourage sustainable outcomes that maximize social benefits, and when such policies may hinder the search for sustainability.

Finally, and perhaps most importantly, the model suggests research needs that are critical to improved understanding of sustainable tourism. While the specific functional forms and assumptions of the illustrated model may be subject to revision, the fundamental relationship between tourism, environmental quality and the benefits realized by different stakeholder groups will almost certainly be central to any formal treatment of tourism sustainability. Among other needs, operational treatments of tourism sustainability will require appropriate, mathematically formal measures of the short- and long-term benefits (and costs) of tourism, as related to operational measures of tourism development or visitation. Such measures extend beyond simple measures of economic activity commonly reported in the tourism literature. Also needed is an improved understanding of the dynamic relationships between environmental quality, visitor numbers and tourism benefits.

Such research needs are substantial. As a result, a full and comprehensive application of dynamic optimization models to tourism development will likely remain impractical for many tourist destinations. None the less, exploration of such models may provide tourism researchers and practitioners with improved tools for the conceptualization of tradeoffs implicit in tourism sustainability, and a means to incorporate guiding structure to an area of debate often characterized by a lack of theoretical and conceptual clarity.

Technical Appendix

The following section characterizes the optimal steady-state solution and paths for both the tourism industry and local residents. It is meant for readers more familiar with technical aspects

of dynamic optimization, and is not necessary for comprehension of the main text. We begin with the more general resident case, from which the industry case may be derived by setting $B(V, X) = 0$. As above, the optimal solution for residents maximizes (26.5) subject to (26.1), with respect to the number of visitors per period. Maximization is conducted using a standard Hamiltonian (Chiang, 1992). The necessary conditions defining optimal visitor numbers include

$$\lambda = (\Pi_V + B_V) e^{-rt}, \quad (A1)$$

$$-\dot{\lambda} = (\Pi_X + B_X) e^{-rt} + \lambda(h_X), \quad (A2)$$

where the subscripts represent partial derivatives with respect to V and X , λ is the co-state variable and subscripts denote partial derivatives with respect to the variable in question. Following standard notation, r represents the discount rate, t the time period and e is the exponential operator. The dot ($\dot{\cdot}$) represents a partial derivative with respect to time. The steady-state solution is found by solving (26.1) and (A2) when $\dot{X} = \dot{\lambda} = \dot{V} = 0$. The steady-state is characterized by $\dot{X} = 0$ and

$$[(\Pi_V + B_V)(r - h_X)] - [\Pi_X + B_X] = 0 \quad (A3)$$

The optimal approach paths to the steady state are characterized by (26.1) and (26.6) above. These conditions are shown in the phase diagram for the optimal solution (Fig. 26.3).

The optimal solution for the tourism industry maximizes Eqn (26.3) subject to (26.1), with respect to the number of visitors per period, given the constraint that $B(V, X) = 0$. The necessary conditions defining optimal visitor numbers include

$$\lambda = (\Pi_V) e^{-rt}, \quad (A4)$$

$$-\dot{\lambda} = (\Pi_X) e^{-rt} + \lambda(h_X) \quad (A5)$$

where the subscripts represent partial derivatives with respect to V and X , and λ is again the co-state variable. The steady-state solution is found by solving Eqn (26.1) and (A5) when $\dot{X} = \dot{\lambda} = \dot{V} = 0$. The steady-state is characterized by $\dot{X} = 0$ and

$$\Pi_V (r - h_X) - \Pi_X = 0 \quad (A6)$$

The optimal approach paths to the steady state are characterized by (26.1) and (26.5) above. These conditions are also shown in the phase diagram for the optimal solution (Fig. 26.3).

Following standard economic conventions, we assume that profits are increasing at a decreasing rate with respect to both visitors and environmental quality, such that $\Pi_V > 0$, $\Pi_X > 0$, $\Pi_{VV} < 0$, $\Pi_{XX} < 0$. We assume that additional benefits to local residents (i.e. those not related to industry profits or employment) are increasing at a decreasing rate with respect to environmental quality, but decreasing at a decreasing rate with respect to increases in visitors, such that $B_V < 0$, $B_X > 0$, $B_{VV} < 0$, $B_{XX} < 0$. In the region of the phase plane where the steady-state solutions lie, $h_X < 0$.

Comparing (A3) and (A6), and given the above assumptions, h_X must be *more negative* within the solution characterizing the steady state for local residents. Accordingly, compared to the optimal steady state for the tourism industry, the steady state for residents is characterized by a *greater* sustainable stock of environmental quality, and a *lower* sustainable number of visitors. The optimal steady state for industry is characterized by a *lower* sustainable stock of environmental quality, and a *greater* sustainable number of visitors.

Training Exercise 1: Tourism Sustainability

1. Operational definitions of tourism sustainability require decisions regarding which of the following?
 - a. What elements are to be sustained.
 - b. The level at which certain elements should be sustained.
 - c. Stakeholder groups whose benefits should be considered.
 - d. All of the above.
2. Optimal sustainable tourism outcomes will probably differ across different stakeholder groups because:
 - a. Visitors tend to degrade the environment of tourist destinations.
 - b. The benefits and costs of tourism differ across stakeholder groups.

c. The tourism industry is commonly short-sighted.

d. All of the above.

3. The Brundtland Report:

a. Provides a detailed template for sustainable tourism.

b. Demonstrates that it is possible to find a single sustainable solution that maximizes benefits to a wide range of stakeholder groups.

c. Provides definitions of sustainability that imply relatively undisputed social goals.

d. Demonstrates why it is practically impossible to obtain environmentally sustainable tourism.

4. Which of the following could be considered an *environmentally sustainable optimum* for tourism?

a. Maximum steady-state industry profits that are consistent with maintaining a chosen level of environmental quality.

b. Maximum steady-state quality of life for local residents that is consistent with maintaining a chosen level of environmental quality.

c. Maximum steady-state number of tourism jobs that is consistent with maintaining a chosen level of environmental quality.

d. All of the above, but it is unlikely that all may be sustained simultaneously.

5. **Advanced training exercise.** Renewable resources are those that renew themselves or grow over time (e.g. fish, forests, etc.). Non-renewable resources do not renew themselves over time (e.g. copper in a mine). Does the above discussion of sustainability imply that environmental resources (i.e. that are degraded by tourist visitors) are *renewable* or *non-renewable*? Explain your answer in a brief paragraph of 4–6 sentences.

Training Exercise 2: Phase Diagrams and Tourism Dynamics

1. Which of the following statements is supported by the phase diagram in Fig. 26.5?

a. Choices made by a profit-maximizing industry planner will never lead to sustainable environmental outcomes.

b. Choices made by a profit-maximizing industry planner will always lead to a decline in environmental quality over time.

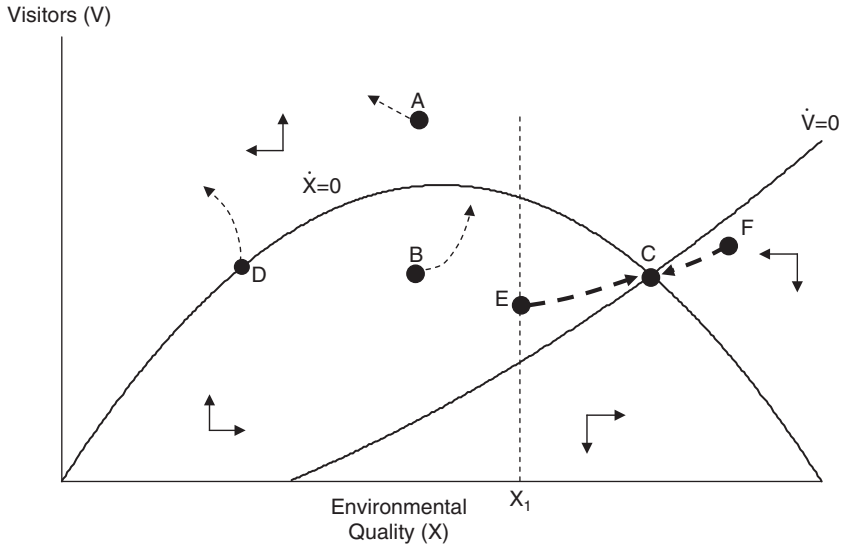


Fig. 26.5. Phase diagram for environmentally sustainable tourism: steady state and optimal paths.

c. Choices made by a profit-maximizing industry planner can lead to sustainable outcomes, depending on initial levels of visitors and environmental quality.

d. There is always an economic incentive for a profit-maximizing industry planner to increase the number of visitors.

2. Based on patterns shown in the phase diagram (Fig. 26.5), what will happen if one starts at point E?

a. Initially, visitors will increase and environmental quality will increase.

b. Initially, visitors will increase and environmental quality will decrease.

c. Initially, visitors will decrease and environmental quality will decrease.

d. Initially, visitors will decrease and environmental quality will increase.

3. Which one of the following starting points of visitors and environmental quality leads to a sustainable, steady-state outcome?

a. A

b. B

c. D

d. F

4. The phase diagram predicts that incentives for immediate decreases in visitors and environmental quality will occur in which quadrant of the graph?

a. Upper left hand quadrant

b. Upper right hand quadrant

c. Lower left hand quadrant

d. Lower right hand quadrant

5. **Advanced training exercise.** Assume that environmental quality begins at level X_1 on the phase diagram in Figure 26.5. In a short paragraph (3–6 sentences), describe the path of visitors and environmental quality that will both maximize benefits and lead to a sustainable, steady-state outcome.

Answers to exercise 1

1. d

2. b

3. c

4. d

5. The above discussion assumes that the resources upon which tourism depends are renewable to some degree. Non-renewable resources in general do not support steady-state (sustainable) solutions. This is because non-renewable resources, if used at all, are eventually depleted, such that 'sustainable' use of non-renewable resources is not possible. Sustainable outcomes can occur if one allows for renewable 'backstop' resources that replace

non-renewable resources once depletion is imminent, or if there is substitution between natural and man-made capital. These cases, however, do not involve sustainable use of the original resource, but replacement of the resource as it diminishes with renewable resources or capital.

Answers to exercise 2

1. c
2. a

3. d
4. b
5. Starting at environmental quality X_1 , the optimal starting point for visitors is at point E. Subsequent periods are characterized by a gradual increase in both visitor numbers and environmental quality along the dashed line, until point C is reached. Point C is a steady-state optimum, at which the benefit-maximizing strategy is zero change in visitors and environmental quality over time.

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27 Employee Empowerment: a Key to Tourism Success

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Synopsis

Organizations that profitably cater to the needs of customers better than the competition are more likely able to sustain competitive advantage over time. Catering to customer needs is paramount to delivering desirable levels of customer satisfaction in the tourism industry. The formula for executing this task is particularly fragile in tourism because of the heterogeneous and simultaneous nature of service production and consumption. Tourism experiences are rarely, if ever, delivered without in-depth employee–customer interactions. Thus, tourism experiences are people-intensive on both sides of the service fence. Additionally, tourists tend to have higher expectations for hospitality and overall levels of service quality because their context is typically more emotionally charged. An empowered workforce is a secret to success in this unique realm: employees who are inspired and enabled to make meaningful and appropriate decisions close to customers in order to take care of important customer needs.

Keywords: empowerment, tourism, service encounter.

Introduction

The concept of ‘empowerment’ has considerable currency as a management strategy in tourism. However, Lucas (1996), reviewing the Workplace Industrial Relations Survey of Great Britain, observes that implementation of employee empowerment is not widespread and that employees rarely have a say in workplace issues compared to other industries. Similarly, the International Labor Organization (2001) notes that consequential decision making on the part of employees in the tourism industry is uncommon and primarily aimed at improving day-to-day business operations. A 4-year longitudinal study of one five-star hotel concludes that management had reversed the trend,

becoming ‘less consultative and more autocratic’ (Deery and Jago, 2001, p. 325).

This neglect of employee empowerment is unfortunate since the practice of empowerment is particularly appropriate in the unique environment of tourism. The environment under consideration is one in which service is occasionally unavailable or unreasonably slow, customers have special needs or requests and the behaviour of others disrupts enjoyment of the service in some way. On these occasions front-line employees are in a position to decisively remedy the problem and restore enjoyment of the tourism experience.

The following discussion highlights the role and practice of empowerment in methodical service creation, production and delivery.

Focusing the Concept of Empowerment

Pinning down the specific meaning of the term is one of the difficulties in dealing with the subject of empowerment. Everyone knows what empowerment means in general, but reaching accord on the scope and emphasis of the term is more problematic. When beginning to speak about empowerment, agreement generally can be reached around the definition 'to give faculties or abilities to enable' (Grove, 1971, p. 744). The real questions are how to enable empowerment and to what result.

Empowerment is conceptually complex. Significant differences exist between the discussion of empowerment as a philosophy and empowerment in practice (Lashley, 1997; Christensen, 1999). The problem is not only trying to focus discussion, but also the confusion and cynicism that can arise from implementation of empowerment strategies when people use the same word, but have drastically different objectives in mind (Christensen, 1999). One author notes that empowerment is 'easy to define in its absence – alienation, powerless, helplessness – but difficult to define positively because it takes on a different form in different people and contexts' (Zimmerman, 1990, p. 169).

So what is empowerment? Caudron (1995) articulates empowerment as 'when employees "own" their jobs; when they are able to measure and influence their individual success as well as the success of their departments and their companies' (p. 28). Ettore (1997) defines empowerment as 'employees having autonomous decision-making capabilities and acting as partners in the business, all with an eye to the bottom-line' (p. 1). Quinn and Spreitzer (1997, p. 40) propose 'Empowered people have a sense of competence . . . a sense of impact.'

From a different perspective, Gandz (1990, p. 75) proposes empowerment as 'a set of shared values . . . beliefs about the way things should be done, the standards of behavior that are appropriate, the ethics of organizational actions. Such values compel and propel behavior.' However, Fox (1998) suggests that empowerment is a process of becoming, not a task or end result in and of itself. Just as with continuous improvement, no organization is

ever finished with empowerment implementation; no person is ever completely empowered.

At a basic level, empowerment is a power-sharing strategy. Brymer (1991, p. 59) defines empowerment as 'the process of decentralized decision-making whereby managers give more discretion and autonomy to front-line employees'.

Empowerment within a service environment like tourism demands that employees have responsibility and authority that allows them to tailor service production as service complications and/or service opportunities arise. Management empowered organizational members that have the directive, responsibility and authority to provide superior customer service are more likely to provide high levels of quality service (Heskett, 1987; Gronroos, 1990). Empowered employees are able to make important decisions 'close to the customer'. In other words, important decisions can be made on the spot instead of employees having to obtain management permission up the ladder.

Embedded within the popular definitions of empowerment is a tension between the objectives of the organization, as management and stakeholder interests reflect, and those created by customer desires and demands. In view of the definition's ambiguity, this chapter creates a working definition of empowerment.

For the purposes of this chapter, empowerment is both in terms of the impact on the employee and the results for the organization. Empowerment is defined in terms of how the employee is made to feel, coupled with the productive actions that this power-sharing leads them to perform. Therefore, empowerment in use here applies the management-initiated treatment of employees which emboldens and enables them to perform independently, within the bounds of organizational policy, to behave proactively and with personal integrity on behalf of the organization and its customers.

Background and Perspectives

The consumer experiences a tourism service collapse when the service fails to match expectations and the consumer becomes dissatisfied. Tourism's vulnerability to service failure arises from a number of sources. First, the delivery of service typically relies on contributions from a

number of parties which coordinate to deliver the tourist experience. The number of organizations involved and the challenges of coordination can increase the potential for failure. Also, tourism is a people-based service. Heavy dependence on humans, with all their vagaries, coupled with the fact that the customers who are reacting to these service deliverers have their own set of peculiarities, multiplies the potential for service failure and dissatisfaction. In addition, factors outside a single organization's control influence the tourism industry heavily, such as overcrowding, delays, weather and damage (Ennew and Schoefer, 2004).

A variety of expert viewpoints can be found concerning the ideal attributes for an empowered environment. However, a review of the empowerment literature reveals two common themes.

- Implementation of an empowerment programme results in a role change for management . . . from bureaucrat to coach.
- Information sharing is a significant manifestation of an organizational culture that fosters empowerment.

This chapter examines these two points in some detail along with some additional factors that influence the empowerment process.

Role Change: Servant Leadership

In empowered organizations, managers and supervisors take on different roles from those that they usually would. Empowered leaders are servant-leaders. They actually walk the talk. They direct and manage their organizations by setting conspicuous service examples rather than simply dictating policy for the organization and its employees (Albrecht and Zemke, 1985; Gronroos, 1990; Schlesinger and Heskett, 1991). These leaders continually participate in service teaching and training exercises; they personally serve and care for employees and customers; and they personally investigate and solve customer problems. Thus, servant-leaders motivate the entire workforce, especially front-line employees, by setting service examples to be followed which reinforces higher levels of empowerment by all employees.

The sharing of power and authority is one aspect of this servant-leader role change. Shipper

and Manz (1992) conclude that observing cultural manifestations provides evidence of the organization's commitment to empowerment. Examples of this evidence include employees without position titles, sponsors who act as coaches and mentors and a compensation structure that rewards creative solutions. The manager as disciplinarian gives way to the manager as mentor, communicator and coach (Sharp, 1991). Gandz (1990, p. 77) states 'Managers need to be willing and capable of changing their roles from supervisors and work directors to visionaries and coaches.' Coaching is defined as 'teaching and practice focused on taking action, with celebration when things go well and supportive redirection when things go wrong, while all the time creating excitement and challenge for those being coached' (Blanchard and Bowles, 1998, p. 159).

Also important to empowerment is the importance of employees' senses of their own abilities. Among the coaching strategies that address this area of empowerment are

- (a) expressing confidence in subordinates accompanied by high performance expectations,
- (b) fostering opportunities for subordinates to participate in decision making,
- (c) providing autonomy from bureaucratic constraint, and
- (d) setting inspirational and/or meaningful goals (Conger and Kanungo, 1988, p. 478).

Recent consulting efforts studied the concept of empowerment with nearly 1000 employees in a complex, service-intensive industry: banking. This work includes discovering that employees who experienced low levels of empowerment felt: (i) unappreciated; (ii) unimportant; (iii) uninformed; (iv) under educated; (v) under praised; and (vi) often belittled when corrected by an autocratic manager in front of customers (Lytle, unpublished).

Thus, empowerment building within an organizational context begins with servant-leadership training at the supervisory level most closely associated with front-line employees. Subsequent training throughout the organization must follow quickly.

Information Sharing

Information is the gatekeeper to power. Every writer on this subject stresses a need for increased

information sharing to facilitate empowerment. People without information cannot act responsibly (Bowen and Lawler, 1995; Blanchard *et al.*, 1996). Communication and information are the lifeblood of empowerment (Ginnodo, 1997). In the absence of information employees cannot comprehend the ramifications of their actions and therefore cannot be fully responsible for behaviour appropriate to the situation.

Caudron (1995, p. 20) indicates 'empowerment programmes fail because HR initiates the process the wrong way. Empowerment isn't something you do to people, rather it is developed by creating an empowering environment – one in which employees are given goals, information, feedback.' Conger *et al.* (1988) insist that for employee empowerment to work, not only should employees be given information about their own work, but information about the business and how their work fits into the organizational whole (Mohrman, 1997).

Caudron (1995, p. 28) urges managers to give employees ongoing feedback on how they are to meet goals. This proposal includes setting clear boundaries which tell people what they are authorized to do (Ginnodo, 1997, p. 12). Block (1987) advises 'Share as much information as possible. Most supervisors think part of their role is to shield their subordinates from bad news coming from above.' Rather they should receive effective communication about the organization's plans, successes and failures (Byham, 1997).

Specifically, in a service-intensive organization, management must communicate clear standards of service quality so that employees are more fully empowered to meet and exceed the service expectations of the organization and customer. Empowered employees understand how the organization measures good or bad service and they understand internal service standards set by management, competitors and customers.

Structural changes that go along with empowerment include quality circles, open door policies, management by walking around, employee surveys, task force groups and sensing groups (Beer *et al.*, 1985). These mechanisms have considerable overlap with those advocated as part of participative management and employee programmes (Lashley, 1997).

Other Related Factors

VISION. Vision is perhaps the most visible component of organizational culture. Vision provides employees with that sense of 'what do we do next' which inspires creativity. Bowen and Lawler (1995, p. 75) describe vision as 'Awareness of the context'. Gandz (1990, p. 75) answers the question of what vision to instil: 'There are many appealing visions such as the provision of excellent customer service, that are the precursors of profit, productivity and market share growth; but they must be articulated as such for them to be compelling.' Employees must understand and share the organization's vision if employees are to be truly empowered.

SELECTION. Empowerment calls for employees with certain attitudes and behaviours; those who exercise initiative, take risks, embrace innovation and deal comfortably with uncertainty (Spreitzer, 1995). 'You must hire hard to be able to work easily, meaning time spent up-front in selecting the "right" employee is a sound investment that yields tremendous dividends for customers downstream' (Spreitzer, 1995).

Hiring for empowerment is what Coleman (1997) calls 'emotional intelligence' (EQ). EQ represents deeply ingrained traits which create a spark between customers and front-line staff. EQ is characterized by a strong sense of self-empowerment and self-regulation, a positive outlook, empathy with others and an ability to tap into selfless motives (Beaujean *et al.*, 2006).

TRAINING AND REWARDS. Employees must be competent in order to implement employee empowerment. Competency goes beyond developing job-task specific knowledge. Bowen and Lawler (1995, p. 80) cite the importance of 'training in which employees are familiarized with how their jobs fit into upstream and downstream activities'. Empowering employees to make decisions or approve and initiate action fails to make sense if they are not trained in the skills that help them reach organizational goals (Gandz, 1990). Therefore, training should occur in creating meaning and clarity of purpose and in improving capabilities, especially mind-sets (Beaujean *et al.*, 2006).

Training is expensive. Empowered organizations need to both pay the direct training costs (e.g. training materials and facilitators) and release employees from regular work duties to attend. However, training responsibility goes beyond the responsibilities of the training department and supervisors. Procedures and occasions for empowered individuals and teams to learn from each other also are necessary (Bowen and Lawler, 1995).

Additionally, employees must be rewarded for engaging in empowered behaviour. If employees are making decisions close to the customer, exhibiting appropriate empowered behaviour, they should receive both monetary and psychological rewards.

PEER-COACHING. In an empowered environment experienced employees tend to take a more active role in intervening in the actions of newer employees and offering feedback regarding culture-consistent behaviours (Mallak and Kurstedt, 1996). Seasoned participants empower their associates by sharing success stories and helping one another diagnose situations to develop appropriate coping strategies (Quinn and Spreitzer, 1997). Evidence suggests that stories are useful in making information easier to remember and more believable (Morgan and Dennehy, 1997). Freedman (1998) reports that the US marines have institutionalized organizational storytelling as a valid way to pass on learning and recognition of problem patterns.

CHALLENGES. According to Ward (1996), empowering coaches 'keep giving employees responsibilities which move them along the capability continuum, eventually reaching "fully capable of the task"'. This pushing the envelope leads to cognitive dissonance. This experience is good because, at the point of cognitive dissonance, people are ready to learn a new way of coping or to develop a new understanding of the way things are. This point is the teachable moment. At the point of cognitive dissonance, employees will be most receptive to learning something new.

Caudron (1995, p. 30) indicates 'The best way to empower team members is gradually and systematically.' Responsibilities for self-management and decision making should be turned over to employees on an as-ready basis.

PSYCHOLOGICAL EMPOWERMENT. In contrast with the power-sharing perspectives discussed, empowerment also has been positioned as an internal belief-state (Conger *et al.*, 1988) that is associated with the need for self-determination (Deci, 1975) and self-efficacy (Bandura, 1977). Thomas and Velthouse (1990) discuss 'psychological empowerment' in terms of the feelings of self-efficacy, meaning, self-determination and impact. According to their study, empowerment is positively linked with personal effectiveness, innovative behaviours and with subordinate perceptions of supervisor innovation, influence and inspiration.

SERVICE TECHNOLOGY. Empowered employees should have access to cutting-edge technology, enabling them to meet customer needs in an efficient and effective manner. For example, hotel employees desiring to provide instant account updates for customers must have access to the appropriate technology to access, analyse and print account information as per customer requests. Empowering organizations invest in and leverage employee technology to enable employees to act on the organization's strategic desires to provide a service advantage for the customer.

All the preceding related factors are obviously part of management's coaching role and involve sharing crucial pieces of information with employees. The coach must selectively recruit members of the team, train them for empowerment, cast a compelling vision, arrange for peer-coaching among employees, present inciting challenges that appeal to their need to grow and provide a sense of well-being with respect to acting on empowerment principles. In many ways, observations about empowerment are similar to reflections on responsible autonomy (Friedman, 1977), which involves giving workers status, authority and responsibility.

Empowerment in Practice

In enlightened organizations, employee empowerment wells up from the depths of an organization's cultural orientation. One organizational orientation that relates highly with employee empowerment is an organizational service

orientation (Lytle *et al.*, 1998). An organizational service orientation is best conceptualized as an organizational predisposition. In other words, service orientation is a strategic organizational affinity or preference for service excellence.

Service-oriented organizations value service excellence. They plan, pro-actively engage in and reward service-giving practices, processes and procedures that reflect the belief that service excellence is a strategic priority. Also, service-oriented organizations understand that service significantly affects the creation of superior value, customer satisfaction, competitive advantage, growth and profitability. A service orientation can be thought of as a strategic response to market intelligence in the tourism industry – a distinctive way of implementing the marketing concept (creating customer value) within tourism: competing with outstanding service to enhance competitive advantage and customer value.

Research supports the proposition that important organizational outcomes such as profit, growth, customer satisfaction and loyalty result directly from a service orientation (Albrecht and Zemke, 1985; Henkoff, 1994; O'Connor and Shewchuk, 1995; Sasser and Jones, 1995; Schneider and Bowen, 1995; Johnson, 1996; Rust *et al.*, 1996; Heskett *et al.*, 1997). These studies parallel findings from the PIMS studies which suggest that some components of a service orientation, such as attention to product quality and service recovery, both driven by empowered employees, correlate highly and directly with desirable outcomes such as stronger customer loyalty, more repeat purchases, lower price sensitivity and, perhaps most significantly, greater profitability. The findings support the proposition that organizations should identify, understand and measure a service orientation that supports and rewards employee empowerment practices – a requisite to the production and delivery of great service (Hallowell *et al.*, 1996).

In his book, *Setting the Table* (2006), Danny Meyer posits enlightened hospitality as the necessary extension or expression of service for which customers are hungry. He concludes that hospitality is produced by empowered employees who feel free to discourse with customers and pre-empt or resolve their concerns. In Meyer's business model, the

customer comes second. To be successful, organizations first must meet the needs of employees. Empowered employees deliver the best service to customers.

One characteristic of the empowerment environment is the relationship switch of employee and guest/customer from service to hospitality. An empowered service environment tends to be a strategically planned monologue, whereas hospitality is a dialogue in which the marketer listens, comprehends and responds to customer needs and concerns. Kotler (2004) agrees that one of the 'deadly sins' of marketing is not listening to and understanding customers. Baier-Stein and MacAaron (2005) contend that marketing relationships will be strengthened by extending the hospitality of engaging the customers in conversation, especially if employees are empowered to action on the facts learned in these exchanges.

Several studies explore aspects of service orientation (e.g. Berry *et al.*, 1991; Schneider *et al.*, 1992; Dabholkar *et al.*, 1996), but few deal with the core of the matter, which focuses on the forms or practices that good service takes in the employee–customer encounter. Lytle *et al.* (1998) develops and validates an organizational service orientation scale known as SERV*OR. This scale measures key organizational practices, procedures and routines indicative of an organizational service orientation. SERV*OR has now been applied to over 400 organizational units covering 5000+ participants. The findings indicate that employee empowerment comes in dead last when employee's perceptions of their work environment are measured.

The sections that follow define and expand on the role of an organizational service orientation as related to employee empowerment. The discussion delineates specific dimensions that constitute the best service practices. This discussion outlines specifics of implementing empowerment practices, and the need for a post-implementation audit.

An Empowerment Culture as the Source of Service Excellence

Any number of efforts address management's role in fostering a service orientation within

the organization (e.g. Albrecht and Zemke, 1985; Berry *et al.*, 1985; Donnelly *et al.*, 1985; Albrecht, 1988; Donnelly, 1992). Without exception these works bring the discussion around to management's role in creating a culture that fosters a service attitude in which employee empowerment plays a pivotal role.

An Empowerment Climate

Employees' perceptions of the events, practices and procedures as well as their perceptions of the behaviours that are rewarded, supported and expected constitute the climate of the organization's work setting (Schneider *et al.*, 1992, p. 705). This line of thinking suggests that climate (culture) is created by thousands of everyday policies, practices and procedures that create the feel, predisposition or orientation of the organization (Schein, 1985; Deshpande and Webster, 1989; Hofstede *et al.*, 1990; Schneider *et al.*, 1992, 1996; Schneider and Bowen, 1993, 1995).

Empowerment Measured

As a climate, empowerment is best assessed by organizational members' perceptual inferences. An organization's empowerment orientation, to a large extent, is what the employees perceive. Research suggests that employee inferences typically are centred around: (i) how the organization goes about its daily business; and (ii) what goals the organization pursues. Inferences that employees make are 'based on the policies, practices, procedures and routines that they are subject to, as well as on the kinds of behaviors that are expected and that get rewarded and supported' (Schneider *et al.*, 1996, pp. 6–7). These employee perceptions and inferences increasingly are important to studying empowerment because these opinions are linked to service performance (Schneider and Bowen, 1995; Benoy, 1996; Hallowell *et al.*, 1996; Johnson, 1996). Empirical findings suggest that when employees perceive their organization as having a strong service orientation and they feel empowered to deliver tailored customer service, customers report more

positive service experiences (Schneider and Bowen, 1993; Heskett *et al.*, 1997).

Practices of empowered organizations reflect the belief that service excellence is a strategic priority. These organizations know that service quality significantly influences the creation of superior value, customer satisfaction, competitive advantage, growth and profitability. Research suggests that empowerment is related positively to several performance indicators. For example, one study reports that empowerment improves worker satisfaction and quality of work life (Bowen and Lawler, 1995, p. 75).

Best Practices and Procedures

SERV*OR, an instrument that measures organizational service orientation (Lytle *et al.*, 1998), suggests that four themes constitute the dimensions of a service orientation. These groupings are sequenced according to the order in which they ought to be addressed chronologically within the organization. The categories include service leadership (the starting point for all serious change), human resource management (in support of the leadership vision), service systems (institutionalizing the vision with the resources provided) and the service encounter (the interface between the organization and customers). In addition to the preceding elements, the service encounter is critical for success.

Service Encounter

Service encounters are employee interactions with customers. These encounters are moments of truth – opportunities for an organization to define itself in the mind of customers (Carlzon, 1987). Service encounters are important within the service orientation paradigm because often brief encounters with customers form the basis of important customer service quality evaluations (Parasuraman *et al.*, 1988; Zeithaml *et al.*, 1996; Rust *et al.*, 1997).

Measures of actual customer treatment practices and measures of employee empowerment are two important dimensions within the service orientation model (see Fig. 27.1, Level 4).

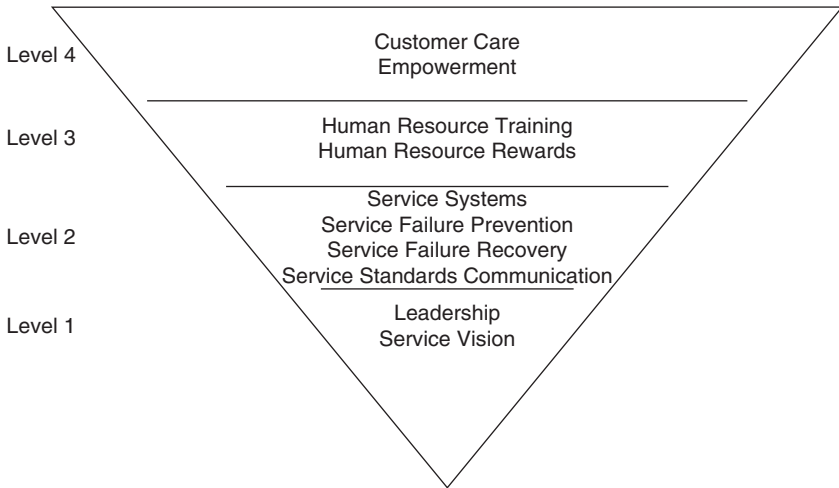


Fig. 27.1. SERV*OR dimensions.

These dimensions are natural extensions of the concept of hospitality. In the customer-treatment dimension, the employee acts as host to a guest (customer), extending the attention, cordiality, graciousness and listening characteristic of all considerate hosts. With regard to the employee empowerment dimension, like a good host, the employee puts the guests' needs first and is prepared to respond to discomfort, disconfirmed expectancy or complaint in a reasonable way.

CUSTOMER TREATMENT. At the most basic level service treatment is service quality. The definition, meaning and evaluation of service quality exist in the mind of the customer (Parasuraman *et al.*, 1988; Heskett *et al.*, 1990; Bitner, 1990; Chase and Bowen, 1991). How customers are treated directly affects their perceptions of service performance and customer satisfaction (Bitner, 1990, 1992; Bitner *et al.*, 1990; Schneider *et al.*, 1992; Berry *et al.*, 1994; Jones and Sasser, 1995). Thus, organizations must engage consistently in practices reflecting 'enlightened hospitality' during service encounters. This behaviour creates positive customer perceptions of service performance thereby enhancing customer satisfaction, loyalty and organizational profitability (Parasuraman *et al.*, 1988; Bitner *et al.*, 1990; Heskett *et al.*, 1990).

EMPLOYEE EMPOWERMENT. Empowered employees have the responsibility and authority to meet customers' needs as quickly and effectively as possible. Empowerment refers to a situation in which the manager gives employees the discretion to make day-to-day decisions about job-related activities (Conger *et al.*, 1988; Bowen and Lawler, 1992). By allowing employees to make these decisions, the manager relinquishes control over many aspects of the service delivery process. Empowerment is necessary because employees need the flexibility to make on-the-spot decisions to completely satisfy customers (Hartline and Ferrell, 1996, p. 56).

This responsiveness relates significantly and positively with customer perceptions of service quality and satisfaction (Albrecht and Zemke, 1985; Heskett *et al.*, 1990, 1997; Sasser and Jones, 1995). Empowerment advocates claim that employees will: (i) be more responsive as service providers; (ii) have higher levels of productivity; (iii) deal with customer complaints more quickly; (iv) be better motivated; and (v) provide higher levels of service quality (Lashley, 1995).

Two collateral factors affecting service encounter practices include service failure recovery and service rewards (see Fig. 27.1, Levels 2 and 3). A marketer's best opportunity to show hospitality to a customer is when something has gone wrong. Whether this occasion is

a cancelled flight, a damaged piece of clothing or misdirected investment advice that led to an unfortunate outcome, courtesy and cordiality in addressing the problem are appreciated during this time of frustration. In fact, service recovery represents a prime opportunity to seal future customer loyalty. Employers are rewarded when they convincingly convey to employees the importance of specific service acts or a pattern of empowerment.

SERVICE FAILURE RECOVERY. If organizations immediately respond to service failure, they can retain up to 95% of their dissatisfied customers (Albrecht and Zemke, 1985). Additionally, these system-driven processes and procedures, when in place, are shown to be closely related to customer perceptions of organizational passion relating to service performance (Schneider *et al.*, 1992).

EMPOWERMENT REWARDS. The link between employee compensation/reward and service performance is an important service quality element (Heskett *et al.*, 1990; Roach, 1991; Schlesinger and Heskett, 1991; Berry *et al.*, 1994; Schneider and Bowen, 1995). Service-related employee behaviour results from conspicuous and specific compensation reward practices and programmes (O'Connor and Shewchuk, 1995; Benoy, 1996; Hartline and Ferrell, 1996). Research finds that employee rewards and recognition relate significantly and positively to levels of customer satisfaction (Johnson, 1996). Schneider and Bowen (1993) underscores the importance of recognition, reward and compensation to service quality, customer satisfaction and a passion for service.

Applications to Tourism Management

Cone (1989, p. 97) reports 'The long-term health of companies depends on empowering front-line workers to exceed expectations.' Key to an understanding of how to implement and to cultivate an empowerment orientation within the tourism industry is the comprehension that a culture does not exist for its own sake. An empowerment orientation results in positive, productive practices that lead to a rewarding

customer experience. In the case of a service-oriented culture, fostering certain customer-focused practices is both the goal and the key to effective coordination and control.

The following section highlights a variety of service practices garnered from the previous literature review and that fit within select SERV*OR dimensions. These practices can assess key themes, practices, policies and procedures the research has found to distinguish successful customer service organizations from less successful ones. The initial service audit provides an understanding of how service-oriented the organization really is.

The process of implementing an effective empowerment approach to service begins with hiring the right people. Meyer (2006) calls these people *hospitalitarians*; people who are naturally kind, empathetic and curious, along with a willingness to make decisions, use sound judgement and take calculated risks. In an Accenture study (2005), 43% of respondents complained of service representatives who were not personable. While it is easy to train in, and measure for, the hard service factors, it is more difficult for the soft factors such as staff attitudes, seeing things from the customer's viewpoint and the predisposition to search out remedies for guests.

Placing the right people in jobs that involve direct contact with the target market is the key to ensuring proper customer-treatment practices. While training can help someone who has the aptitude for empowerment, finding employees who have an instinct for using power properly is best. The overarching concern to do the right thing well is something that is not easy to train for. The best option is to hire people that possess this personality trait. Meyer (2006) recommends that organizations hire people with optimistic warmth (genuine kindness and thoughtfulness) and empathy (an awareness of, and care for, how your actions make others feel). Once the right people are on board, empowerment training can sharpen those propensities in the context of the organization's interface with customers, resulting in significant dividends.

Next, the employee must be empowered to take action when customers are in need. One major frustration reported by 69% of informants is 'the inability of representatives to solve problems' (Accenture, 2005). Although some

of this inability may be the result of constraints beyond the control of the organization, a major portion is judged to be from the sense that the employee is not authorized to take the necessary action to solve the problem.

Supervisors control access to resources in many organizations. To implement employee empowerment successfully, those controls must be removed and resources placed under empowered employees' control. 'Resources include items such as funding, access to support staff, or experts who have knowledge on which the employee can draw' (Ward, 1996, p. 22). Typically, access restriction to resources is in place to avoid employee abuse. However, if information is shared with employees about costs and the effect that procurement of resources has on the bottom line, empowered employees are not likely to abuse these resources. The Ritz-Carlton, the first tourism company to win the Malcolm Baldrige Quality award (MacDonald, 1993), empowers employees to spend up to \$2000 daily to resolve a guest's complaint.

Meyer's (2006) business model intentionally inverts the norm and targets employees as the primary market of the organization. 'If you are devoted to your staff and can promise them much more than a paycheck, something to believe in,' he says, 'you will then get the best service for customers.' In the long run, excellent customer service equates to the best return to investors. Part of this inversion occurs when employers recognize the power of the employee to be the organization's eyes and ears and to make on-the-spot adjustments to the customer experience that results in customer loyalty and lasting relationships.

Executives should encourage customers to complain and employees to be empowered to respond. This tact is in the best interests of all (Davidow and Dacin, 1997). Satisfaction levels after complaint handling can be higher than previous levels of satisfaction, indicating that effective complaint-handling can lead to higher levels of customers' loyalty (Goodwin *et al.*, 1995). This relationship seems paradoxical – encouraging consumers to complain may be in the best interest of organizations, then responding appropriately to the complaint behaviour (Davidow and Dacin, 1997).

Customers who do not complain following a service failure tend to engage in activities

such as negative word-of-mouth and brand switching (TARP, 1986). Thus, organizations miss out on the opportunity to undertake service recovery because they do not know that a failure has occurred. The relative complexity and expense of tourism products means that consumers are more likely to complain about dissatisfying experiences, or the results of their non-action will have greater consequences for the tourist organization. Previous studies report that complainers occupy higher socio-economic levels in society, the very segment that makes up much of tourism's affluent market (Zaltman *et al.*, 1978; Moyer, 1984; Warland *et al.*, 1984; Singh, 1990).

Bitner (1990) finds that the service failure does not necessarily lead to customer dissatisfaction, since most customers accept that things can go wrong. Often, failure is due to the organization's response (or lack thereof) to the complaint. Intentional and clear provisions should exist to make employees feel empowered to handle service failure and exceptions in the tourism industry.

Finally, managers should communicate their commitment to high levels of service achieved through empowerment by meaningfully rewarding consistent acts of hospitality. Leaders should model empowerment themselves, especially in their dealings with employees. Leaders need to celebrate with the organization when it organically and systemically manifests service-through-empowerment toward its customers.

These specific practices form the basis for concrete empowerment implementation. Employees need to know exactly what behaviour is expected of them, how they will be supported in these practices, what authority they have to act, how their performance will be measured and what rewards are to follow.

Once the empowerment programme has been active for a reasonable period of time, the organization is ready for a post-implementation audit to measure success. This audit can use the SERV*OR instrument, conducting gap analysis to measure success to more nearly achieve the organization's ideal service profile.

Also, support can take the form of 'recognizing and rewarding improvement efforts and success' (Ginnodo, 1997, p. 8). 'Reward and recognition systems . . . build pride and

self-esteem' (Byham, 1997, p. 27.) Blanchard and Bowles (1998) note 'Congratulations are affirmations that who people are and what they do matter, and that they are making a valuable contribution toward achieving the shared mission' (p. 174). 'Spontaneous, individual, specific, and unique' (p. 175) congratulations are most effective.

Barriers to Empowerment Implementation

Despite the need for empowerment in the tourism industry, there are several barriers that work against successfully accomplishing the transition. Among these barriers are a sense of being asked to do more with less, a latent distrust of employees by management, a reluctance to reward for empowerment successes and a fixation on near-term economic goals, life-cycle misalignments and impatience.

FEAR. Initially, one barrier to implementing an empowerment strategy is management's fear of letting employees make decisions. Kanter (1979, p. 74), who is often cited as providing evidence of the effectiveness of empowerment, notes that scepticism about employee abilities is high on the list of reasons for management opposition to the practice. As a result, many empowerment programmes fail from lack of commitment on the part of senior management (Keating and Harrington, 2003).

MORE WORK. Job restructuring that sometimes accompanies attempts at empowerment can take the form of job enrichment; however, the result also can be job enlargement (Herzberg *et al.*, 1959). Interestingly, strategies of job enlargement and job enrichment in the hospitality industry often have been accompanied by organizational downsizing, particularly at the middle-management level (Hughes, 2003). At one Ritz-Carlton property, empowerment changes resulted in a 22% drop in turnover as well as a significant reduction in the manager-to-employee ratio (Enz and Siguaw, 2000). Many empowerment programmes are initiated with the assumption that employees will welcome the new way of working, making

empowerment a euphemism for work intensification (Hymen and Mason, 1995).

When employees are given more power without other requisite changes to the work environment (e.g. training, resources, role clarity, rewards, etc.), results tend to be disappointing. 'Some employees view job enlargement as just adding more routine, boring tasks to their already full job' (Hellriegel *et al.*, 1992, p. 570). Gandz (1990) suggests that managers could get around this problem by emphasizing goals that appeal to employees (e.g. product quality and innovation).

FINANCIAL GOALS. One major barrier to successful empowerment implementation in the tourism industry is the preoccupation with short-term financial targets, the bonuses managers receive for achieving them and an ingrained results-oriented culture. The tourism industry has had limited success at implementing empowerment strategies. Empowerment programmes will have to overcome some deeply entrenched traditions, the most significant of those being a short-term, cost-focused orientation.

LIFE CYCLE. A power-sharing empowerment strategy is not appropriate for a business in all stages of the industry life cycle. This strategy is appropriate for a mature business, as long as the organization avoids the temptation to focus only on cost reduction. Some investments in training, resources and rewards are necessary. If the process is new for the organization, empowerment can be built into formal programmes and begun by empowering one or two trusted employees at the beginning. The programme can grow as evidence of success follows.

REWARDS. An organization's structure and reward systems should be examined before implementing an empowerment strategy. Those systems need to be brought into alignment with the purposes of an empowerment strategy to serve both as incentives and as confirmation of commitment to the approach. If the organization's culture is not thoughtfully examined for consistency between expectations and rewards, the new structures likely will reflect old assumptions and ways of treating employees which may be out of synch with an empowerment orientation.

TIME. Finally, implementing an empowerment programme is an extensive process. Often, years pass before the organization sees the benefits of empowerment. Several authors echo this sentiment. Caudron (1995) advises that 'empowerment doesn't provide immediate gratification . . . the length of the learning curve is the greatest challenge to most empowerment programmes' (p. 28). Another author (Gandz, 1990) indicates that employee empowerment is a process which must be implemented in stages.

Conclusions

Organizations that provide service excellence through empowered employees gain a substantial competitive advantage in a marketplace characterized by mediocrity. This high-quality service must start with top management and spread into the structure and operation of the organization, especially to the front-line employees who are primarily responsible for making service a reality for customers.

Great things can happen to organizations that empower and turn the whole organization to the mission of service, and commit the whole organization to the concept of managing the customer's expectations of service. Delivering service value to the customer is a marketing imperative. This marketing imperative requires an approach that permits employees to be involved vitally in bringing service excellence to the customer. Employee empowerment is a practice that facilitates excellence in the tourism industry.

Training Exercise Questions

1. Alpine Airlines has a history of involving front-line ticket agents, gate agents and flight attendants in customer problem-solving activities as part of the airline's general commitment to employee empowerment. Specific acts are not spelled out, but the agent is left to use resourceful good judgement in resolving traveller difficulties. Each of the following situations can be trying for travellers and tricky for airline personnel. As a gate agent, suggest solutions for each of the following customer

situations that will create a win-win situation for the customer and the company. Indicate the pros and cons of the choice and your rationale for specific recommendations.

a. A distraught traveller is flying home in first class to Europe, having just received news of the unexpected death of her father. She mentions to the agent that she has just noticed a good friend flying alone in coach. The first class compartment is only one-third full for this flight.

b. Robert, a hardware dealer from Tyler, Texas, bought a round-trip ticket in March from Alpine Airlines for a business trip to San Diego in May. The flight involved a plane change in Dallas. Later, he learned that his niece was to be married in Birmingham just 2 days before the San Diego trip's departure date. Robert proceeded to purchase a second round-trip ticket on Alpine from Tyler to Birmingham, also with a plane change in Dallas. Since the timing of his tickets do not allow him to return to Tyler in time to make connections, Robert reasons that he can return through Dallas and switch to the San Diego flight. However, on the weekend of the two flights, Robert is informed in Dallas that airline policy does not permit in-route changes, but that he does have the option of purchasing a new ticket to San Diego for an amount roughly four times the original fare.

c. A student is departing on the first leg of a study abroad programme. After checking in, he is instructed to hand-carry his checked luggage to the TSA security agent. On arriving at the baggage security scan, the student is informed that he may wish to remove any film to prevent accidental exposure. The student digs through the stuffed bags to locate the various disposable cameras he has tucked away in convenient voids. After leaving his bags with TSA personnel, he proceeds to security check-in for the passenger waiting lounge. The student realizes he no longer has his boarding passes. After a hasty search, he concludes that his boarding passes were dropped inside one of the open bags while retrieving the film. Normally, bags that have been processed through security and passed on to the airline baggage crew cannot be accessed. Reissuing the ticket will cost the student another \$1200. The student turns to the ticket agent in desperation.

d. An automotive executive boards an airplane headed for Detroit in preparation for an important 1-day meeting with a major OEM (original equipment manufacturer). While sitting down in business class, he snags and significantly tears his only suit pants across the thigh on an exposed sharp edge on the seatback. His schedule will be very tight in Detroit, so he has no time to visit a tailor or clothing store before the meeting. This meeting could make or break next year's budget goals.

e. A frequent flyer of Alpine Airlines (350,000+ miles) made advanced travel arrangements for his wife to go home and care for her mother subsequent to a scheduled major surgery. The mother-in-law's hospital stay was to be 5 days, so he made travel arrangements coinciding with the expected hospital release date. Two days prior to the ticketed departure, doctors extended the mother-in-law's planned hospital stay, delaying the date for which post-hospital care would be necessary. While trying to make late changes to the reservation, he discovered that the airline would not allow a reservation change for less than \$850 according to policy. The original ticket was purchased for \$300. He tried to explain that the change was necessary due to the changing health condition of his mother-in-law who might have cancer. Also, his wife could only be away for a limited number of days, having her own children to care for at home. Given his allegiance to the airline for many years, he reasoned that there must be a way for the airline to help him.

2. Even though Alpine Airlines has made a genuine effort to implement an employee empowerment programme, management's non-supportive actions seem to drag the company back time after time causing personnel to be gun-shy and hesitant in taking independent action. One such instance is when, according to company policy, gate agents have to deny a customer request. However, when the customer demands to see a member of management, a supervisor readily overrides the agent's objection in front of the customer, an action which leaves the agent feeling undermined. Evaluate the following approaches to handling the problem once the supervisor is called on the scene.

a. In the presence of both the gate agent and the customer, to make an irate traveller happy

the supervisor readily reverses the action of the agent, indicating that the policy and/or the agent's action were ill-advised.

b. The supervisor takes the agent aside, with the customer waiting, and tells the agent never to drag him into the middle of a disagreeable situation again.

c. The supervisor appears, listens to a succinct description of the situation by the agent and then asks if the customer has anything to add. If the agent's determination seems reasonable, the supervisor commends the agent to the customer, indicating that he has been doing his job exactly as prescribed by the airline for the benefit of all concerned. Having affirmed the agent publicly, the supervisor then proceeds to make whatever supervisory determination she feels is proper under the circumstances.

d. A member of 'management' is not readily available. In fact, most supervisors are usually too busy to respond to such customer requests and/or problems. The agent simply uses his best judgement, hoping that management will be pleased.

Answers to exercise questions

1. A number of creative solutions to these real-to-life problems can be generated. Two things to keep in mind in each instance is that: (i) responses have a way of becoming precedents. At the same time (ii) reasonable, but satisfying, solutions to the customer's difficulty may very likely win the airline high marks for responsiveness and seal customer loyalty. With respect to precedent, it is important to have a rationale for exceptions, otherwise customers that become aware of the exception will be tempted to constantly plague the organization with special requests. Nevertheless, minor actions taken to delight the customer that have little or no cost to the organization pay tremendous dividends in terms of loyalty and positive word-of-mouth. Following are some considerations for each situation.

a. The natural response would be to arrange for the friend in coach to join her friend in first-class to provide consolation. The humanitarian justification is obvious and any minor costs to the airline will easily be off-set by the goodwill created on the part of both travellers.

b. Some travellers work the fare structure of the airline to take advantage of incentive prices to remote destinations with the aim of intentionally skipping a leg of the flight. This practice is categorically discouraged by the airlines. However, in this case, the traveller seems to be operating out of ignorance rather than a desire to defraud the carrier. This is one of those occasions when the ticket agent needs to make a judgement about intent and whether penalizing the customers will create needless ill will. After all, the tickets have already been purchased and the intent was not apparently malicious.

c. The student in this case is probably an inexperienced and harried traveller who made a mistake in the excitement and confusion of the moment. If there is sufficient time and it is within the power of the agent to recall the bag, he should by all means do so.

d. This is a difficult situation with few easy answers. First, the flight attendant should apologize. Second, the passenger should be moved to another seat. Third, the jagged edge on the seat in question should be fixed and/or flagged, showing it is inoperable. This visible response will speak powerfully to those watching (all airline passengers will watch like hawks to see how the customer is treated). If a sewing kit is on board the aircraft, it could be made available for repair work. Or, there might be a way to have some help in having the customer's luggage brought out as a priority upon landing. Other ideas might be helpful as well. The key is to react in such a way that the organization is going beyond customer expectations. Remember, customer satisfaction is a result of expectations versus experiences.

e. Employees must be trained to analyse and understand the value of the customer to Alpine and the truth/reality of the customer's situation. This is no easy task. However, the analysis must be conducted and a strategy for resolution must be provided. For starters, this faithful Alpine traveller has been a frequent flyer for

more than 20 years. Second, the customer's records indicate no 'exceptional' requests over the last 2 years. Third, most customers today expect to pay some reasonable fee for a last-minute change. At issue here is providing a solution that goes beyond customer expectations. Thus, the logical and prudent response for the airline is to move beyond the \$850 fee and either switch the wife into a bereavement fare or charge a customary \$100 change fee and make the change. The airline should not add to the traveller's grief and frustration over a situation that is clearly exceptional and beyond the traveller's control. The airline should work with the customer, especially in view of his frequent flyer status, to adjust the dates of the trip.

2. Frankly, scenario d is most likely. Not only do supervisors usually have little time to respond individually to every customer's concern but also, in a truly empowered organization, employees would be expected to take care of most situations themselves.

However, occasions do arise in which the customers will not be put off by the front-line employee, in which case scenario c represents the optimal response. If the customer's will not be put off in his demand for a supervisor, then the supervisor should do everything in her power to affirm the agent's position. The key here is that 'the customer comes second'. That is, for empowerment to be successful, management must first meet the needs of employees. If employees are happy and affirmed in their work, they will feel empowered to take care of customers well.

Scenarios a and b both represent situations in which management actually, though perhaps inadvertently, contributes to the 'un-empowerment' of the employee. By allowing the agent to be caught in a dilemma in which he is not able to do what the company or customer wants, over time he will be drained of his self-esteem and rendered ineffectual at taking independent action.

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