Identifying resort tourism market segments based on visitor demographics: a study

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Abstract

This paper reports the findings of a study conducted in Goa, India, with the objective of segmenting resort visitors based on demographics. Four distinguishable segments are identified: relaxing regulars, tasters, honeymooners and exploring novices. Noticeably, these segments also provide vital insights into resort tourist motivation. Differences among the segments are identified and recommendations for resort marketing are provided.

Key words: Resort tourism, motivation, segmentation, marketing, India
1 Introduction

By the early 2000s, resort tourism had become a major form of tourism for many countries and destination areas (Agarwal, 2002). Resorts are not merely accommodation units but also attractions in themselves. While resorts resemble the traditional starred hotels in certain aspects, they differ markedly in their product and service offerings, observes Mill (2008). Resorts are often self-contained, and the recreation-rejuvenation opportunities that they offer are alone enough to attract visitors. Such opportunities tend to be unique in nature since they are normally developed based on the destination’s characteristics (Lee, 2010). Resorts are constructed to provide tourists glimpses of the destination’s exotic nature and culture while at the same time promising them safety, security, and comfort.

Tourists value verdant landscapes, easy access, and service quality while visiting resort destinations (Lee, 2009). It is generally accepted that tourist recreational behavior is conditioned by personal preferences for location and resort characteristics, personal and social factors, and preferred level of involvement in guest activity programs offered (Kyle et al., 2004). Resort visitor satisfaction levels are strongly linked with the resort product’s variety and the quality of locational ambience available on-site (Beard & Ragheb, 1980; Manning, 1986; Fornell, 1992).

Tourism researchers have studied various dimensions of resort tourism. Of these, resort destination area life cycle is probably the most extensively examined (Agarwal, 2002; Butler, 1980; Di Benedetto & Bojanic, 1993; Tooman, 1997; Twining, Ward, & Baum, 1998). Yet life cycle studies constitute an area of hot disagreement among researchers. For example, an analysis by Prideaux (2000) highlighted several limitations of Butler’s resort life cycle model. Cole (2009) transformed the traditional resort life cycle model into a chaotic model by means of a discrete logistic equation (DLE), which led him to suggest that tourism exhibits quite different dynamics from those captured by traditional growth models or localised demand-supply models. A quick survey of the literature reveals that diverse topics such as capacity management (Palmer and Mathel, 2010), ecosophic strategies to revive resort destinations threatened by climate change (Varley & Medway, 2010), resort design (Ayala, 1997), guest satisfaction (Sperdin & Peters, 2009), gender differences, and travel values of resort destination visitors (Meng and Uysal, 2008) have also been studied in the context of resort tourism.

Most of these studies use the term *resort* to mean resort destinations as a whole rather than particular resort hotels, although a few do use it to refer to specific properties such as resort hotels. Since *resort destination* is a more heterogeneous entity than particular resort hotels, analysis of the former often focuses on the macro level. Different tourism stakeholders within a single destination attract different types of tourists and, therefore, a singular segmentation model for the resort destination as a whole may turn out to be ineffective. Similarly, Tkaczynski, Rundle-Thiele, and Beaumont (2009) observed that the segments used by destination marketing organizations failed to describe tourist groups in terms of the services provided by tourism stakeholders in a destination area. In addition, resorts are no longer restricted to traditional resort tourism destinations: this makes it even more important to treat particular resort properties as the unit of analysis. In the present paper, we follow the latter approach.

2 Resort tourist segmentation

Segmenting tourists is a practically useful way of conceiving, designing, developing, and delivering tourism products to various clientele groups (Dodd and Bigotte, 1997; Snepenger, 1987). Segmentation informs the marketer what the customer wants and, therefore, is a key component of customer relationship management as well. Segmentation has been successfully employed at times as a basis for demarketing of tourism destinations, as in the case of Cyprus (Clements, 1989). Researchers like Haywood (1986) consider segmentation as a means of giving predictive power to resort area life cycle models, which are generally criticized as mere descriptive models.

The major marketing focus of many resorts all over the world is to increase the repeat visitation of patrons. Several tourism segmentation studies have based their
clusters on different combinations of variables. For example, Kotler (1991), in his seminal study, arrayed 14 variables into four dominant categories, such as demographic, geographic, psychographic and behavioural. While previous studies (Dodd & Bigotte, 1997; Field, 1999; Jeffrey & Xie, 1995; Kim et al., 2003) used demographics as their clustering base, a large number of tourism researchers have preferred to segment their samples based on other categories (see Jackson et al., 2003). In Morrison et al. (1996) patron differences among four types of resorts (viz: casino; beachside; mountain ski; and regional resort) were highlighted. In this study, a priori segmentation procedure was used, highlighting the behavior/destination nexus in the selection of resorts between the comparative groups. Significant statistical differences were noted in this research between resort clientele on the basis of their demographic, behavioural and psychographic characteristics. Demographic segmentation has the unique advantage of ease of segment identification and targeting from a managerial perspective, notes Inbakaran et al. (2005). Given this, the present study aims to segment resort tourists based on visitor demographics.

3 The study

3.1 Location

The study was conducted in Goa, India. Despite its small size, Goa boasts many resorts: a Google local search conducted by us identified at least ten tourist resorts. However, only a couple of these are of the all-inclusive type. Goa is the smallest state of India in terms of area (3,702 km²/ 1,429.4 sq mi) but richest in terms of per capita income. Goa still exhibits the cultural influence of the Portuguese, who first landed in the early 16th century as merchants, and conquered it soon thereafter. The Portuguese overseas territory of Portuguese India existed for about 450 years, until it was annexed by India in 1961.

Renowned for its beaches, places of worship and world heritage architecture, Goa is visited by large numbers of international and domestic tourists each year (George, 2005). It also has rich flora and fauna, owing to its location on the Western Ghats range, which is classified as a biodiversity hotspot. Despite the occurrence of many ill effects of tourism (McCabe & Stocks, 1998), Goans, especially the majority Roman Catholic community, have wholeheartedly welcomed international inbound tourism development, since it gives them a unique opportunity to empathize or identify with their own colonial past (Newman, 1998). However, strains are evident in the community related to tourism development, and according to Wilson (1997), the Goan tourism scenario is a “plethora of paradoxes”.

3.2 Data collection

Data for the present study were gathered from various resort front offices using self-administered questionnaires: given the difficulty of finding willing respondents, the convenience sampling technique was adopted. Research assistants waited at the resort front offices and asked respondents if they would participate in the study as they walked by. This sample of 286 individuals who participated in the study was dominated by males, who constituted 71.3 percent of the sample. The average age was 32.6 years, with a range of 18 to over 70 years. The sample had an average education level, with 59.1 percent having attained a tertiary qualification. About one-quarter of respondents were single, with couples equally distributed across all stages of the life cycle (from those with no children to those with adult children no longer living at home). About one-third of respondents were international visitors and nearly three-quarters were visiting resorts for the first time.

3.3 Research instrument

Based on an extensive review of the literature, industry expert opinions, and qualitative interactions with many resort tourists, a preliminary research questionnaire was developed with six well-delineated sections. The first five sections focused on resort visitors’ reasons for resort selection, individual levels of satisfaction, opinion about resort vacationing, clientele preference on resort, and clientele preference for tourist behaviors. In these five sections, the statements were associated with a five-point Likert scale (from strongly agree to strongly disagree). The sixth section focused
on the personal information of the clientele, including demographics and reasons for the current visit.

In the first part, titled *Reasons for selection*, item statements were provided to ascertain respondents’ primary motivation for selecting a resort. Statements in this section included:

*I have chosen this resort to holiday for its affordability.*

*I have chosen this resort to holiday as it suited my family needs.*

*I have chosen this resort to holiday due to its tourist product variety.*

In the second part, titled *Levels of satisfaction*, the item statements included were designed to gauge resort visitors’ level of satisfaction towards resort location, products, and services. The statements probed differences between visitors who appreciated the resort environment versus those who were keen about available guest activities that could keep them busily occupied during the stay. Some examples are given below:

*This resort experience was totally novel and refreshing.*

*The resort guest activities were very imaginatively organized.*

*It was felt that the resort was infused with the spirit of its surroundings.*

In the third part, titled *Resort opinions*, item statements were provided to allow the visitors to express their views about resorts. Examples of these statements include:

*Coastal resorts are better suited to families with children and the elderly.*

*Resorts should not only focus on the affordable and the affluent.*

*Authentic resort experiences are possible only in remote and secluded resort locations.*

In the fourth part, titled *Resort preferences*, resort visitors were given the opportunity to express preferences for various tourist resort activities. This involved statements that reflected the basic psychographics of visitors and included the following statements:

*I would like to see more family oriented activities in resorts.*

*I would like to see more accommodation made available during peak seasons.*

*I would like to see resorts provide more opportunities for the visitors to mingle with local communities.*

In the fifth part, titled *Behavior preferences*, preferences regarding tourist behaviors were explored. The items explored the basic psychographics among the resort visitors. It is normally construed that psychocentrics value safety and security, accommodation including facilities, and rest and relaxation. Allocentrics, on the other hand, prefer to engage in many recreational activities, being adventurous and meeting locals. Examples of statements determining psychographic type include:

*I am adventurous and like to explore.*

*I seek novel and different destinations before others have been there.*

*I prefer familiar and known tourist destinations.*

In the sixth and final section, questions were asked with a view to gathering essential demographic information as well as reasons for the current visit. The personal details of resort visitors were based on the following categories: gender (male, female); age (18–29, 30–39, 40–49, 50–59, 60–69 and 70 above); education level (completed primary, secondary, or tertiary); life cycle categories (young single, young couple/no children, young family (youngest child below 6 years), middle family (children aged 6–15 years), mature family, older couple/no children at home and mature single); country of origin; and whether patronage was a first visit or a revisit.

### 4 Data analysis

The collected data were coded into an SPSS data file for segmentation using a K-means cluster analysis (see Coakes & Steed, 1999). K-means quick cluster was chosen over hierarchical cluster because the sample
was large (N < 200 cases) and the results were intended for practical applications (Coakes & Steed, 1999). The clustering base included gender, age, education, life cycle, domestic versus international origin of the visitor, duration of resort patronage, and reasons for destination choice. A four-cluster solution appeared to be the most appropriate one (see table 1). This solution provided good separation among the groups on the clustering base variables (10 statistically significant group differences out of 13), acceptable cluster sizes (range 13.6%–43%), and allowed a meaningful and consistent interpretation. Cluster group differences were compared using Chi-square analysis (for nominal data) or one-way analysis of variance (ANOVA) (for interval and ratio data). Scheffe’s post hoc test was preferred over Tukey’s, as it is a more conservative measure that includes in its solution all possible pairwise comparisons and adjusts the family-wise error rate to ensure minimisation of type-one errors (Hays, 1963).

All the major reasons for visiting resorts are seen to be above average, with the strongest three reasons being family relaxation, then safety and security, and third, accommodation and facilities. The profiles of each cluster are given below in table 1.

5 Discussion

Based on the variables that constituted each of the four clusters, we named the clusters as follows: relaxing regulars, tasters, honeymooners, and exploring novices. Each of these clusters had certain dominant characteristics, as described below:

5.1 Cluster #1 (Relaxing regulars)

Cluster #1 is the second-largest cluster (25.5%), has a gender balance reflecting the sample population, contains the oldest membership, and has the second-highest percentage of individuals with a tertiary education. This cluster has a significant number of overseas visitors. Cluster #1 has the highest percentage of mature age people, both singles and couples with adult children. Their major reason for choosing a resort destination was the opportunity to relax. Their rankings of others reasons were consistently lower than the average of the total sample, indicating a lack of interest in resort facilities (including accommodation), active recreation, scenery and tranquility, family issues, and issues of safety and security. Cluster #1 is made up of mature age people without families who

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Table 1: Summary of base variables constituting the four-cluster solution

<table>
<thead>
<tr>
<th>Variables</th>
<th>Overall sample</th>
<th>Cluster 1</th>
<th>Cluster 2</th>
<th>Cluster 3</th>
<th>Cluster 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N (%)</strong></td>
<td>286 (100)</td>
<td>73 (25.5)</td>
<td>39 (13.6)</td>
<td>51 (17.8)</td>
<td>123 (43)</td>
</tr>
<tr>
<td>Gender (% males)</td>
<td></td>
<td>73.1</td>
<td>72.6</td>
<td>51.3</td>
<td>62.7</td>
</tr>
<tr>
<td>χ² = 18.89, df = 3, p &lt; 0.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age (years)</td>
<td></td>
<td>32.6</td>
<td>47.1</td>
<td>37.8</td>
<td>23.7</td>
</tr>
<tr>
<td>F (3, 282) = 151.6, p &lt; 0.001</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Education (% tertiary)</td>
<td></td>
<td>59.1</td>
<td>67.1</td>
<td>71.8</td>
<td>45.1</td>
</tr>
<tr>
<td>χ² = 21.49, df = 6, p &lt; 0.05</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Life cycle (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- single</td>
<td>18.9</td>
<td>2.7</td>
<td>5.1</td>
<td>51.0</td>
<td>19.5</td>
</tr>
<tr>
<td>- couple/no children</td>
<td>26.2</td>
<td>6.8</td>
<td>2.6</td>
<td>31.4</td>
<td>43.1</td>
</tr>
<tr>
<td>- young family</td>
<td>11.2</td>
<td>4.1</td>
<td>10.3</td>
<td>13.7</td>
<td>14.6</td>
</tr>
<tr>
<td>- middle family</td>
<td>17.8</td>
<td>17.8</td>
<td>43.6</td>
<td>3.9</td>
<td>15.4</td>
</tr>
<tr>
<td>- mature family</td>
<td>15.0</td>
<td>38.4</td>
<td>28.2</td>
<td>0</td>
<td>3.3</td>
</tr>
<tr>
<td>- mature couple/no children</td>
<td>4.5</td>
<td>15.1</td>
<td>2.6</td>
<td>0</td>
<td>0.8</td>
</tr>
<tr>
<td>- mature single</td>
<td>6.3</td>
<td>15.1</td>
<td>7.7</td>
<td>0</td>
<td>3.3</td>
</tr>
<tr>
<td>χ² = 188.0, df = 18, p &lt; 0.01</td>
<td></td>
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</tr>
</tbody>
</table>
are not interested in being active or adventurous, but wish to rest and relax.

### 5.2 Cluster #2 (Tasters)

Cluster #2 is the smallest cluster (13.6%), has equal numbers of males and females, an average age in the mid-to-late 30s, and includes a large proportion of couples with dependent children of all ages. This cluster is the highest in repeat visitors to the resort, who rank highly all the following reasons for choosing this destination: scenery, tranquility, safety and security, accommodation and facilities, and combining adventure tourism with normal tourist activity. This group appears to be focused on what the resort has to offer families in terms of facilities and utilities.

### 5.3 Cluster #3 (Honeymooners)

Cluster #3 size is small (17.8%), is the youngest on average (23.6 years), but has a membership of young singles or young couples without children. They have the lowest education level (but may still be studying) and include the highest percentage of first-time visitors to the resort. As their reason for resort choice, this cluster group gave the lowest rank to the resort providing a good place for the family to relax and rejuvenate, but above average rankings on scenery and tranquility, safety and security, opportunities for active recreation, and accommodation. Cluster #3 indicated low rankings for combining adventure with normal tourist activity while in the resort.

### 5.4 Cluster #4 (Exploring novices)

Cluster group #4 made up nearly one-half (43%) of the resort population, had the highest percentage of males, was the second-youngest group and was below average in education. The membership included young couples and young-to-middle-aged families. This cluster was average in terms of re-visitations and overseas visitors. While they ranked resort holidays highly on convenience and recreational opportunities, they were below average in their ranking for safety and security reasons and accommodation and facilities.
A big question for resort management is whether it should strive to become everything for each of these identified segments or whether it should focus more on the benefits sought by only one of these segments. In fact, segmentation efforts are largely useless if we do not employ them as a basis for targeted marketing. Equally important for resort management to address are questions such as whether a particular market segment is sizeable and lucrative enough to target; how far in time the demand from this segment would sustain; how inimitable the products sought by this segment are; and how much new investment would be required. Another key issue for existing resorts that decide to focus on the well-defined needs of particular market segments is how to use the resources and facilities they already possess: some of these resources and facilities might have benefited from significant investments, and resort owners–stockholders are unlikely to accept the abandonment of such resources and facilities because the selected customer segment does not want them (Palmer & Mathel, 2010). Yet it has been observed that segmentation-based marketing, properly devised, can lead to better conservation of natural and other resources around the resort (Warnken et al., 2003).

6 Concluding remarks

Generally speaking, the leisure-scape ambience and the combined recreational activity spectrum are some of the major determinants of visitor satisfaction and continued patronization of resorts (Mannell & Iso-Ahola, 1987; Borrie & Roggenbuck, 2001). Yet, in order to build a large pool of loyal clientele, resort management must pay more attention to the specific motives and quality expectations of particular customer groups (Petrick, 2004). To achieve this, resorts need to group their customers on the basis of attributes that can help predict customer attitude and behaviour. Thus, segmentation becomes an important tool in the hands of the resort marketer.

The segments identified in the present research are not universal. However, because the segments identified are the result of a clustering process based on empirical data rather than a set of predetermined, a priori criteria, they have more meaning for local action. The demographic basis of the segmentation achieved as part of our research makes it easy for practicing managers to identify customer groups without processing complex and largely intangible psychographics.
Tržna segmentacija turistov na podlagi demografske analize obiskovalcev: študija

Povzetek

V prispevku so predstavljene ugotovitve študije, opravljene v kraju Goa v Indiji, z namenom segmentiranja obiskovalcev letovišča na podlagi demografske razčlemb. Opredeljeni so štirje razpoznavni segmenti: redni obiskovalci, ki prihajajo z namenom sprostitve; t. i. “degustatorji”, mladoporočenci in vedoželjni novinci. Ti segmenti nudijo tudi jasen in bistven vpogled v vprašanje turistične motivacije. Prispevek opredeli razlike med naštetimi segmenti in poda priporočila glede marketinških tehnik, ki so letovišču na voljo.

Ključne besede: letovišča, turizem, motivacija, segmentacija, marketing, Indija

References


