

Information Sourcing by Swiss Travelers - A Market Segmentation Approach

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Abstract

This paper presents a market segmentation established on the basis of a collection of information.

The study illustrates the important role of information in tourism. A successful strategy consists in providing convenience and building up a relationship of trust between the tourist company and the tourist. In this regard, convenience is determined by quality of admission, availability of information and a customer-tailored presentation of information. A reliable source of information is not only provided by private relations (friends and relatives) but more and more by employees of travel agencies, tourist information and companies. One key goal of each information strategy lies in an optimal matching between human-oriented and technical-oriented sources of information.

Key-words: information, market segmentation, information strategy.

Rationale for the Study: The Role of Information in Tourism (Theoretical Concept)

Tourist services are immaterial and intangible (Bieger, 1998). To begin with, this manifests itself as a mere promise of a potential performance on the part of the provider (Schertler, 1994). There is no prefabricated product, since the service can only be produced once provider and customers meet so that the original promise can be redeemed.

In a competitive market such as tourism, consumer awareness, selection, and the choice of tourism and hospitality products depend heavily on the information supplied to and used by the tourist (Fodness & Murray, 1997; McIntosh & Goeldner, 1990; Moutinho, 1987). From the guests' point of view, information is the harbinger and initial indicator of the later, actual tourist service. It follows that the quality and quantity of the information available is an actual strategic success factor (Laesser, 1998).

Potential guests' identification of their intentions and their traveling decisions is the result of a variety of dimensions. The most important criteria of influence include such factors as potential travelers' own intuition/desires, their own experience/satisfaction or dissatisfaction, information made available by the providers, information given by friends and relatives (recommendation by word of mouth), the marketing influences of guidebooks, press articles, TV programs, TV/radio commercials, advertisements, among others (Fodness & Murray, 1999; Laesser, 1998; Snepenger et al., 1990). These criteria can also be perceived in the general structure of information sources used by Swiss travelers (cf. "Means" in Exhibit 1).

The purpose of this study is to delineate a structural approach to those information sources Swiss leisure travelers use when traveling domestically and abroad, using a cluster market segmentation approach.

Literature Review

In tourism, most producers will often have no practical choice but to deal with certain segments, mainly because of the location and nature of their business (Middleton, 1994). Possible segments include purpose of travel, buyer needs, user characteristics, demographic, economic or geographic characteristics, psychographic characteristics, price, etc. (Middleton, 1994; Bieger, 1998). Due to the continuous loss of power of socio-demographic segmentation (Schewe, 1998; Bieger, 1998), information sources structures – based on consumer behavior - have frequently been used as a segmentation variable in tourism literature (Fodness & Murray, 1997 and 1999; Mansfeld, 1992; Um & Crompton, 1990).

Research on the corresponding behavior is complex because of numerous factors involved. Information-seeking is often coupled with a cultural (and therefore regionally different) background, which results in different patterns of behavior (Dawar, 1993). However, several common denominators regarding information collection have been identified and published, at least in the Anglo-Saxon part of the world. Among those are the composition of the vacation group, the presence of family and friends at the destination, prior visits to the destination, the degree of novelty associated with the destination (Snepenger et al., 1990).

Methodology

Deriving from the rationale of the study and the short literature review, we assume that there is an observable structure regarding the sourcing and collection of information. We further assume that there are a number of determining travel characteristics, which explain why any given person and specific travel situation can be assigned to a certain information segment.

We therefore formulate two explorative hypotheses:

H₁: It is possible to segregate travelers by their pattern of information collection;

H₂: The explanatory value of travel-related factors of information sourcing is larger than the value of socio-demographic factors.

Data Collection and Selection

The study is based on the 1998 (and 14th) edition of the "Swiss Travel Market" data collected in January and February 1999 on the travel behavior of 1998. All leisure trips with 1 or more overnight stays have been covered. The research tool was a written interview conducted on the basis of a structured questionnaire in 1,970 representatively selected households. In addition to household data, the database consists of 11,600 trips (cases).

In a creative cooperation with professional partners of that project (Switzerland Tourism, Touristik Union International, etc.) 16 possible sources of information were taken into consideration by asking the respondents to indicate on a scale from 1-4, how important any source was in their information sourcing process.

Data Analysis

The data analysis for this study consisted of three stages (for the procedure, cf. Punj & Stewart, 1983; Brogini, 1998; Lanz, 1999; Backhaus et al., 1996).

As a first step, a cluster analysis was performed on 10% of 11,600 cases (trips) to determine the number of homogeneous groups formed by the data. This analysis employed an agglomerative hierarchical technique. To order the objects, Ward's algorithm was used; the squared Euclidian distance served as the measure of proximity (SPSS 1998). Quick Cluster (k-Means Cluster) was then used to form groups from the entire sample using individual responses on the basis of information sources (Aldenderfer & Blashfield, 1984; Jahnke, 1988; Kaufman & Rousseeuw, 1990).

Secondly, differences among groups in terms of information sources associated with each group were identified by a multiple discriminant analysis (MDA).

Thirdly, cross tabulations with chi-square were employed to profile the clusters with regard to travel behavior.

Results

The means for each of the sources of information – representing the importance of a specific source of information - for the members of each cluster were calculated (Exhibit 1).

Destination Information Brochures, Information given by friends and relatives, Hotel Brochures/ Hotel Guides and Travel Guides/ Travel Books/ Journals proved to be among the strongest sources of information in all clusters.

The F-ratios, as determined through an interpretation of the MDA-Printout, indicated that all factors were significant in discriminating between the groups. However, the variables which differentiated the clusters most were "Tour Operator Brochures", "Destination Information Brochures" and "Information by Travel Retail Offices".

The three discriminant functions by MDA revealed that function 1 with an eigenvalue of 6.450 explained 70.0%, function 2 with an eigenvalue of 1.623 17.6%, function 3 with an eigenvalue of 1.137 12.3% of the variation. The classification matrix revealed that 94.6% of the cases were classified correctly.

Lastly, a number of cross-tabulation calculations were performed to provide a travel profile of each of the clusters (see Exhibit 2) The chi-square statistic was utilized to determine if distribution differences were significant or due to chance variations.

The results of the analysis revealed that all profile variables differ significantly between the clusters.

**Exhibit 1: Segmentation of Travel Situation on the Basis of Usage
of Information Sources (Sample: persons aged 18+)**

How to read this table : Cluster 3 includes 48.7% of all trips. The most important source of information in this cluster is "Information given by friends and relatives" (1.99 on a scale from 1 to 4).

Sources of Information	Mean	Cluster "Structure of information" (Share of all Travel Situations)			
		1 (17.4%)	2 (11.4%)	3 (48.7%)	4 (22.5%)
Destination Information Brochures	2.62	3.00	3.26	1.09	3.14
Hotel Brochures/ Hotel Guides	2.18	2.65	2.90	1.07	2.09
Tour Operator Brochures	2.15	3.39	2.92	1.07	1.20
Information by Travel Agencies	2.07	3.09	2.91	1.08	1.20
Information by Rail Service	1.45	1.36	2.14	1.06	1.22
Information by Tourist Info at Destination	1.89	1.47	2.88	1.10	2.09
Information by Destination Sales Reps in Switz.	1.55	1.41	2.55	1.02	1.22
Advertisement in Newspapers/ Journals	1.53	1.37	2.35	1.08	1.32
Travel Guides/ Travel Books/ Journals	2.15	2.71	2.93	1.10	1.84
Video/CD-Rom	1.21	1.10	1.71	1.01	1.02
Exhibitions/ Fairs	1.23	1.10	1.76	1.01	1.05
Radio programs	1.22	1.05	1.77	1.01	1.05
TV programs	1.41	1.23	2.25	1.03	1.14
Videotext/ Teletext	1.20	1.05	1.71	1.02	1.03
Internet	1.26	1.23	1.65	1.05	1.12
Information given by friends and relatives	2.51	2.17	3.19	1.99	2.68
Other Sources of Information	1.65	1.29	2.01	1.81	1.47

Scale: 1=without any relevance to 4=very important

Exhibit 2: Structure of Travel Profiles by Cluster (summarized Selection)

	Cluster 1	Cluster 2	Cluster 3	Cluster 4
Preferred Destinations	France Italy Spain North America NW Europe Australasia	Switzerland France Italy North America Spain Austria	Switzerland France Italy Germany Spain NW Europe	Switzerland France Italy Austria Germany Spain
Type of Trip	Seaside Holiday City Trip Sightseeing Tour Other	Seaside Holiday City Trip Sightseeing Tour Visit Friends/ Rel.	Visit Friends/ Rels. Lakeside Holiday Mountain Holiday Snow Holiday	Visit Friends/ Rels. Sightseeing Tour Seaside Holiday City Trip
Predominant Duration of Trip	4-14 nights	4-14 nights	2-7 nights	2-7 nights
Degree of packaging	0.75	0.45	0.16	0.33
Mean of important sources of information	4.8	7.7	0.9	3.2

The choice of destination, the type of trip taken and the degree of packaging are in a significant interrelation with the cluster of information sources. Also, the duration of trips differs between the clusters.

Contrary to what has been suggested in the Anglo-Saxon literature (e.g. Snepenger et al., 1990; Gitelson & Cromton 1983; Woodside & Ronkainen 1980), it appeared that the

information pattern was not relevantly influenced by the travel composition (size and persons). Furthermore, the influence of socio-demographic factors (age, education, job, area of origin, size of town of origin) turned out to be only trivial ($\Phi < 0.3$).

Discussion

First of all, both hypotheses can be answered positively, i.e. a segmentation on the basis of information sourcing is possible, and the explanatory value of socio-demographic factors equals nil.

Discussion from the point of view of information clusters

The information structure of the travel situations in cluster 1 (17.4% of all travel situations) is dominated by tour operator brochures and information provided by travel agents. Not surprisingly, 80% of trips in that cluster are package tours. The preferred destinations are the entire Mediterranean, North and Central America, as well as Asia and Australia.

Cluster 2 (11.4% of all travel situations) partially evinces similar information patterns to cluster 1; however, the local/ regional brochures are the most important information source in this cluster. The second most important information source is information given by friends and relatives. Apart from that, the Internet achieves the highest (albeit still very low) rate of importance as an information channel in this cluster. It does not come as a surprise that 46% of all trips in this segment are not package tours; most of them are made to Switzerland's neighboring countries, in Switzerland itself and to other continents.

Travelers in Cluster 3 (48.7% of all travel situations) gather and require the least amount of information. The very high proportion of domestic trips (60%) and the central role of visits to friends and relatives largely explain this characteristic. Special mention must again be accorded to the prominence of information given by friends and relatives as a source of information.

In Cluster 4 (22.5% of all travel situations), a majority of travelers obtain their information from local and regional brochures and from tourist information offices at their destination. Information given by friends and relatives also plays a role of above-average importance. The most important destinations are in Switzerland, Austria, France and Italy; the majority of the trips are rather short and are not package tours.

Discussion from the point of view of information channels

Brochures, i.e. local and regional brochures, hotel brochures/ hotel guides, tour operator catalogues, and information from travel agents and tourist information offices and tourist representations in the countries of origin remain the most widespread sources of information.

The print media in the form of travel guides, books and journals/articles serve as a valuable information basis particularly for long-distance trips, regardless of whether those are package tours or individually organized trips.

The electronic media (TV programs, videotapes, CD-Rom; but also the Internet) are chiefly used for long-distance trips with a comparatively high degree of individual organization (individual organization requires more broadly based information). However, the proportion of such trips is comparatively low.

Depending on the degree of organization and familiarity with the region of the destination, a varying number of information sources is used.

Special role by the source "Information given by friends and relatives"

There will be a special focus on the role played by the source "Information given by friends and relatives" (cf. Exhibit 3).

From the travelers' point of view, the importance of information given by friends and relatives increases in proportion to the growing number of information sources. The correlation is statistically significant (with $\phi = 0.494$), and can, in particular, be explained through those persons' role as "information filters".

From the providers' point of view, it must be noted that in more than 50% of the cases in which information given by friends and relatives is important or very important, reference was made to only 3 or fewer sources of information.

Exhibit 3: The importance of "Information given by friends and relatives" related to the number of sources of information

Number of Sources of Information	"important or rather important" among "Number of Sources of Information"	"important or rather important" among "Information given by friends and relatives"
1	46.2%	21.0%
2	58.6%	18.4%
3	59.2%	14.1%
4	55.8%	10.1%
5	62.9%	10.4%
6	70.8%	8.4%
7	80.7%	6.7%

Implications

The information structure represented in the analysis calls for a corresponding up-date and adaptation of tourist information. From the incoming point of view, it must be noted that Swiss customers' information requirements are comparatively low, while the role of domestic guests as providers of turnover must never be underemphasized. From the outgoing point of

view, it must be indicated that depending on the type of trip, the information requirements may be completely different from other motivations, not only with regard to the contents, but also to the diversity and intensity of the sources. For this reason, it is not enough for a tour operator to print different catalogues available for different guest requirements. Rather, the operator himself ought to become active as an information filter and provide potential customers with concerted support in their selection of information sources (for instance, through a corresponding integration of retailers into an information concept, through cooperation with publishers, or by providing access to Internet links whose quality has been tested).

In most cases, information is gathered from persons, i.e. from travel agents, people in tourist information offices at destinations, or from friends/relatives. These persons are actual "information filters" and thus assume an important supporting function; in particular, they lessen selection problems such as may arise from an excessively wide selection of information sources. These people, who help create – and sometimes broker – turnover, must be proactively integrated in the providers' marketing measures to a greater extent, say, through special customer relationship maintenance programs, or through the creation of corresponding incentives. From the point of view of the Swiss providers (incoming), it is regular guests in particular who take over functions along these lines.

The media choice is primarily made on the basis of traveling distance, familiarity with a destination, and the degree of individual organization of the trip. The selection of suitable channels should therefore be made to a higher degree on the strength of specific elements, questions of scope, and the target markets.

An orientation toward the guests' information requirements, which vary according to their decision-making situations, will not only improve their convenience but also make an essential contribution toward the establishment and maintenance of a relationship of trust between guests and providers.

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