

## **CHAPTER 2**

### **LITERATURE REVIEW**

The study of behavior of international tourists visiting Phuket in 2004 has key concept relates as follows:

#### **2.1 Ideas and Concept Related to Consumer Behavior**

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## **2.1 Ideas and Concept Related to Consumer Behavior**

### **2.1.1 Defining Consumer Behavior**

Gabbott and Hogg (1998:10) suggest that consumer refers to a higher level of behavior encompassing a wide range of relationship, defining consumer behavior as ‘A wide range of activities and behaviors, the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences’.

Horner and Swarbrook (1996:4) opt for a simple form of definition, settling for defining consumer behavior as ‘the study of why people buy the product they do, and how they make the decision’

The problem with this definition is that again it focuses on the exchange relationship as being a feature of consumption, which increasingly is seen as too limiting. This focus on exchange is avoided to some extent by Wilkie (1994:132) who defines consumer behavior as ‘the mental, emotional and physical activities that people engage in when selecting, purchasing, using , and disposing of products and services so as to satisfy needs and desires’.

One of the most useful definitions of consumer behavior is that offered by Engel, Blackwell and Miniard (1995:121) who refer to it as ‘those activities directly involved in obtaining, consuming and disposing of products and services including the decision processes that precede and follow these actions’.

The concept of consumer needs and wants has also been incorporated into definitions of consumer behavior, for example in that of Solomon (1996:43) who, in definition similar to that offered by Gabbott and Hogg (1998) defines it as ‘the process involved when individuals or groups select, purchase, use, or dispose of products, services, ideas or experience to satisfy needs and wants’.

Thomas S. Carroll, president and chief executive officer of the marketing oriented Lever Brothers Company, makes the following statement concerning consumer behavior at Lever Brothers: Understanding and properly interpreting consumer wants is a whole lot easier said than done. Consumer behavior is the key to planning and managing in this ever-changing environment (Hawkins, Best, and Coney, 1983).

### **2.1.2 Why Study Consumer Behavior?**

Understanding the reasons for studying a discipline enables one to better appreciate the contributions of that discipline; this section presents a justification for the time and effort that the reader will expend in learning about consumer (Loudon and Della Bitta, 1988).

#### **Significance in daily lives**

In a general sense, the most important reason for studying consumer behavior is the significant role it plays in our lives. Much of our time is spent directly in the marketplace, shopping or engaging in other activities. A large amount of additional time is spent thinking about products and services, talking to friends about them, and seeing or hearing advertisements about them. In addition, the goods we purchase and the manner in which we use them significantly influence how we live our daily lives. These general concerns alone are enough to justify our study. However, many seek to understand the behavior of consumers for what are thought to be more immediate and tangible reasons (Loudon and Della Bitta, 1988). A general knowledge of consumer behavior also has considerable personal value. For one thing, it help people become better consumers by revealing to them how they and others go about their consumption activities. For another, it aids consumers in the buying process by informing them about the strategies companies use to market their products (Mowen and Minor, 1998).

#### **Application to decision-making**

Consumers are often studied because certain decisions are significantly affected by their behavior or expected actions. For this reason, consumer behavior is said to be an applied discipline. Such applications can exist at two different levels of analysis. The macro perspective applies knowledge of consumers to aggregate level problems faced by large groups or by society as a whole. The understanding macro perspective may suggest ways to increase the efficiency of the market system and improve the well being of people in society. The micro perspective seeks application of this knowledge to problems faced by the individual firm or organization (Loudon and Della Bitta, 1988). The important of understanding the consumer is found in the definition of marketing as a “human activity directed at satisfying needs and wants through human exchange

processes. From this definition emerge two key marketing activities. First, marketers attempt to satisfy the needs and wants of their target market. Second, marketing involves the study of the exchange process in which two parties transfer resources between each other (Mowen and Minor, 1998).

**Public policy and consumer behavior**

A knowledge of consumer behavior can also assist in the development of public policy. Public policy, as it pertains to consumer behavior, is the development of laws and regulations that impact consumers in the market place (Mowen and Minor, 1998).

### 2.1.3 Applying Consumer Behavior Knowledge

The following selections have been made from a variety of practical applications in the field of consumer behavior. Some involve a macro perspective while others illustrate a micro viewpoint. Together they underscore the importance of understanding consumers for solving a variety of contemporary problems (Loudon and Della Bitta, 1988).

#### **Consumer behavior and marketing management**

A sound understanding of consumer behavior is essential to long-run success of any marketing program. In fact, it is seen as a cornerstone of the marketing concept, an important orientation or philosophy of many marketing managers. The essence of the marketing concept is captured in three interrelated orientations:

##### *Consumers' wants and needs*

This focus is on identifying and satisfying the wants and needs of consumers. The intention of the firm is not seen as merely providing goods and services. Instead, want and need satisfaction is viewed as the purpose, and providing products and services is the means to achieve that end.

##### *Company objectives*

Consumers' wants and needs are numerous. Therefore, a firm that concentrates on satisfying a small proportion of all desires will most effectively utilize its resources. Company objectives and any of its special advantages are used as criteria to select the specific wants and needs to be addressed.

##### *An integrated strategy*

An integrated effort is most effective in achieving a firm's objective through consumer satisfaction. For maximum impact this requires that marketing efforts be closely coordinated and compatible with each other and with other activities of the firm.

Several major activities can be undertaken by an organization that is marketing-oriented. These include market-opportunity analysis, target-market selection, and marketing-mix

determination, which includes decisions on the proper combination of marketing variables to offer consumers. Each of these is briefly discussed below with example to illustrate the relevance of consumer behavior to their accomplishment.

### **Consumer behavior and nonprofit and social marketing**

Can crime prevention, charitable contributions, or the concept of family planning be sold to people in much the same way that some business firms sell soap? A number of writers have suggested that various social and nonprofit organizations can be viewed as having services or ideas which they are attempting to market to target groups of “consumers” or constituents. Such organizations include governmental agencies, religious orders, universities, and charitable institutions. Often these groups must also appeal to the public for support in addition to attempting to satisfy some want or need in society. Clearly, a sound understanding of consumer decision processes can assist their efforts.

Consider, for example, the benefits such knowledge would have to administrations of the American Cancer Society. Two major tasks of this organization are (1) to solicit public contributions for support of cancer research and (2) to encourage regular physical examinations for early detection of the disease. Regarding the first task, fundamental information, such as the characteristics of potential contributors, what motivates their generosity, and how these motives can be most effectively appealed to are highly useful. Similarly, a sound basis for encouraging regular physical examinations would include specific knowledge of reasons why the exams are avoided the expense, the time involved, the fear of learning about an illness, or some other reason.

### **Consumer behavior and governmental decision-making**

In recent years the relevance of consumer-behavior principles to governmental decision-making has become quite evident. Two major areas of activity have been affected: (1) government policies that provide services to the public or result in decisions that influence consumer behavior and (2) the design of legislation to protect consumers or to assist them in evaluating products and services.

### **Consumer behavior and demarketing**

The term “demarketing” refers to all such efforts to encourage consumers to reduce their consumption of a particular product or service.

Some demarketing efforts have met with considerable success while many others have made hardly any impact in changing long-established consumption patterns. An analysis of the successes and failures of various efforts strongly suggests that demarketing programs must be based on a sound understanding of consumers’ motives, attitudes, and historically established consumption behavior.

### **Consumer behavior and consumer education**

Consumers also stand to benefit directly from orderly investigations of their behavior. This can occur on an individual basis or as part of more formal educational programs. As we study what has been discovered about the behavior of others, we can gain insight into our own interactions with the marketplace. For example, when we learn that a large proportion of the billions spent annually on grocery products is used for impulse purchases, and not spent according to preplanned shopping lists, we may be more willing to plan our purchases in an effort to save money. In general, as we discover the many variables that can influence consumers’ purchases, we have the opportunity to better understand how they affect our own behavior.

What is learned about consumer behavior can also directly benefit consumers in a more formal sense. The knowledge can serve as data for educational programs designed to improve their decision-making regarding products and services. Such courses are now available at the high school and college level and are becoming increasingly popular. To be most effective, these educational programs should be based on a clear understanding of the important variables influencing consumers.

#### **2.1.4 Applying Consumer Theory to Tourism Marketing**

It has necessarily taken a number of pages to explain the fundamentals of consumer theory. It may found the theory rather heavy going and academic! But theory only has value when it is applied, so it now turn to examining ways in which its understanding of consumer behavior can help the practice of marketing, and of marketing tourism specifically.

Although individual behavior has been shown to be complex, it is possible to identify patterns of generalize group behavior among consumers sharing common characteristics. Marketers have long recognized that few organizations are powerful enough to aim their products at the consumer in general. The cost of such a strategy is huge, and, particularly if the company is engaged in selling to international markets, such a 'shotgun' approach which fails to accurately target the markets for which products are aimed, does not make effective use of resources.

It very few cases are the product of one organization attractive to all consumers in the marketplace. It therefore makes good sense to target the products to specific types of consumer, for which the product offers specific benefits, thereby making it more distinctive from its competitors: adopting, as marketers refer to it, a 'rifle' approach. This approach is also known as market segmentation, the basis of which is that the company first determines the market or markets it will serve, and then develops its products to serve the needs of those markets. This 'concentrated marketing' strategy reflects marketing orientated approach to business that is fundamental in planning.

A market segment can be defined as: a sub group of the total consumer market whose members share common characteristics relevant to the purchase or use of a product.

The value of market segmentation is that the subgroup is also reachable through advertising messages aimed exclusively at them. Let its now look at some of the ways in which markets can be segmented in travel and tourism industry.



### **2.1.5 Problems in Studying Consumer Behavior**

The studying consumer behavior is not necessarily an easy undertaking. A number of factors too lengthy to review here contribute to this difficulty. However, it is useful to treat briefly several of the more important constraints (Loudon and Della Bitta, 1988).

#### **Difficulty of the inference process**

Unfortunately, even experts frequently disagree about the exact nature of intervening variables. This occurs because the variables are unobservable, they may have different aspects, and they can change over time. Thus, if we observe the effect of a variable at two different points in time, and the variable is changing over time, we could easily reach two different conclusions regarding its characteristics. The same would hold true if we happened to observe two different aspects of the same variable.

An important implication of the inference problem is that we must be prepared to face some uncertainty regarding the nature of variables that affect consumer behavior. We will even find different definitions and contradictory research conclusions about the nature of a given variable. Since such ambiguity is to be expected when dealing with complex unobservable behavior, it should be tolerated as we search for ways to minimize it.

#### **Subjectivity of behavior**

The past experiences of individuals influence how they view the world. Because the experiences of people differ, any given situation will be interpreted somewhat differently by each individual. Therefore, we must realize that consumers act on their subjective perceptions of the world, which are often considerably different from our own.

There often is a strong tendency to overlook this subjective aspect of behavior. Consequently, many unsuccessful marketing strategies are based on what managers assume are consumer motives, attitudes, and preferences, rather than on what we actually know about these variables. Researcher and consumer protection advocates have also been misled by such faulty assumption. We must be constantly on guard against falling into a similar trap ourselves.

**Large number of input variables**

The variety of input variables that can potentially influence consumer behavior is astounding. These may be categorized into internal and external dimensions. One internal group comprises the individual's physiological requirements, which are only minimally influenced by his or her environment. Basic needs and drives such as the need for nourishment, water, and sleep belongs to this category.

In addition to their physiological needs, individuals are also strongly influenced by their internal psychological structure. This includes processed such as attitude formation, information processing, and learning, as well as the individual's subjective knowledge, values, and beliefs that are formed from present and past experiences and influence future behavior. Collectively, the psychological structure is often said to contain individual determinants of behavior.

The external environment is also capable of influencing the individual's psychological condition and therefore his or her behavior. As with internal variables, the external environment consists of present, past, and future components. Aspects of the present environment are physical, economic, and social factors. Examples of physical variables include distance to stores, weather, and availability of transportation. Economic variables include the individual's wealth, the cost of various products, and the economic climate. Among others, social variables comprise the individual's social class and group influences. Many of these variables can be viewed as situational determinants of consumers' behavior.

Aspects of the past environment also have an influence. For example, consumers learn a great deal from past experiences. Interestingly, some of this learning becomes so strong that it is incorporated into habits without consumers even being aware of its effect.

Finally, expectations about the future can affect consumer's present behavior. To illustrate, expectations regarding future income, health, and job security can influence consumers' willingness to purchase capital goods.

**Interaction of variables with each other**

Not only do numerous variables affect consumers, but they also frequently interact to magnify, cancel or redirect each other's influence. For example, it seems that some advertisements may fail to persuade consumers to purchase the product because the announcer is not perceived as a believable source for the information. In such cases, unfavorable perception of the announcer cancels out the positive effects of the message.

In addition, situations confronted by consumers can interact with other variables to modify their influence. One study found that buyers of tableware were influenced by different sources of information depending on whether the tableware was being purchased as a gift or for personal use. Such findings demonstrate the importance of being alert to the interactive effort of variables and their influence on the behavior of consumers.

While the four problems reviewed above in no way exhaust the list of constraints on studying consumer behavior, they do provide sufficient perspective for the reader. We now direct attention to models developed to facilitate our study.

### **2.1.6 Need Arousal**

“Three stages of need arousal”. In the first stage, external or internal stimulation triggers a predisposition to some product class. The second stage is considering needs that can be met through purchase of an item in the product class. In the third stage, these recognized needs activate wants.

#### **Triggering Factors**

External and internal stimuli can trigger the desire to travel. Internal stimuli are brought on by recognition of something lacking in everyday life. People raised in a seaside community who find themselves living inland may long to hear the soothing movement of the surf against the beach. Alternatively, a person’s interest in downhill skiing may cause them to consider a trip to mountainous terrain. It may be something as simple as boredom with the daily routine which predisposes a person to read the weekly travel section of the newspaper, thereby invoking an internal stimulus reaction. Whatever the triggering mechanism, it is unique to the individual and is likely a product of past experiences.

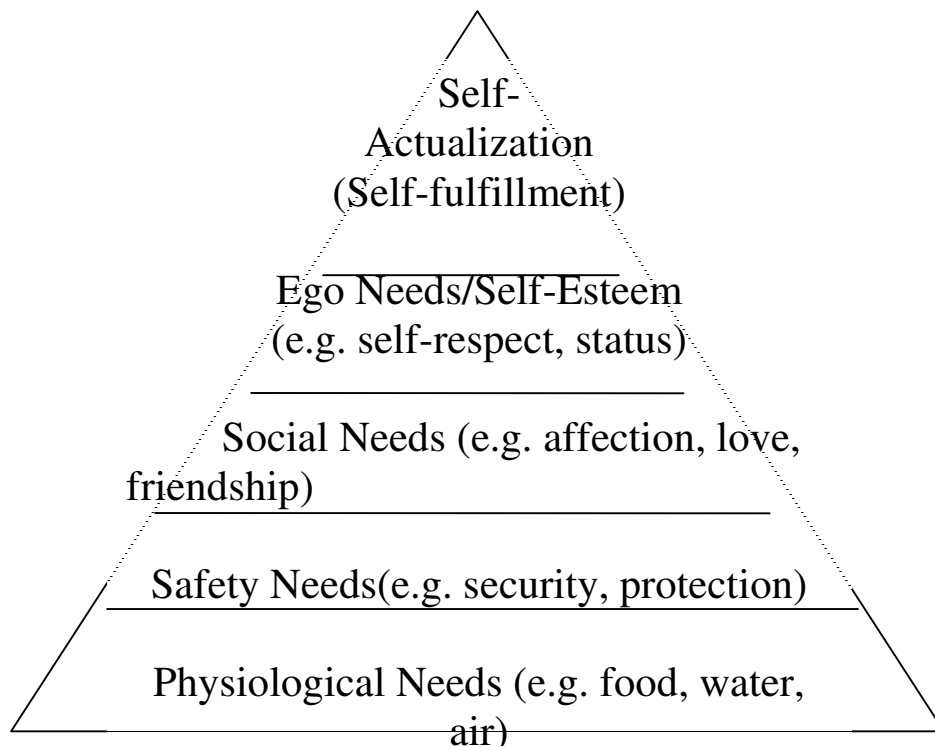
External stimuli include exposure to advertisements, conversations with acquaintances, or any number of other cues that lead one to consider a trip. There is a fine line between an external and internal stimulus, and it is not often possible to determine which one is responsible for the triggering factor. If a person begins to consider travel as a viable option, was it due to conversations with friends at dinner last week or exposure to television advertising while watching a favorite program? Some people may be constantly stimulated to travel, never able to shake the travel “bug”. Attempts to understand triggering factors is the basis for much academic and market research.

#### **Needs**

A need is an unsatisfactory condition of the customer that leads him or her to an action that will make the condition better (Sheth and Mittal, 2004). Every person has needs that are satisfied in multiple ways. Needs are not determined through triggering factors; they are aroused and activated. Maslow’s (1954) seminal study on identifying needs remains the predominant

work referenced by most motivation and need researchers. Maslow identifies five basic human needs in an hierarchical, pyramidal structure (Figure 2.1). Once lower order needs (those on the bottom of the pyramid) are satisfied, people begin to work at achieving the next highest need

Figure 2.1 Maslow's Hierarchy of Needs



Source: A Maslow, *Motivation and Personality*, Harper & Row, 1984 quoted from Holloway, 2002

Although the following discussion attempts to tie need fulfillment to travel, it is not always possible to identify the type of need a particular travel experience fulfills. Often multiple needs are satisfied. If a person travels somewhere with a friend to learn about a unique ecosystem's complexities and returns home to find that the social group of which he/she is a member now holds him/her in higher esteem, the travel experience fulfills multiple needs. This

complexity makes it more difficult for scientists to identify particular needs and motives fulfilled and expressed through destination selection.

### ***Physiological***

Physiological needs are the most basic since they keep biological organisms alive. One could argue that physiological needs locating shelter, obtaining food and drink, and procreating link all animal forms. Early humans focused almost exclusively on maintaining life. Travel to fulfill physiological needs can be seen in the migratory patterns of early humans, as they moved back and forth from summer hunting grounds to winter shelter areas. Travel was not considered a pleasurable activity but a necessity of life (Gartner, 1996). Maslow assumes you start life at the lowest level. You must satisfy your physical wants before you can take care of any psychological social needs you may have. You cannot take the next step up the motivational ladder unless, and until, you meet your primary biological needs (McConnell and Philipchalk, 1992).

Put the ideas in Maslow's hierarchy of needs into practice by looking at specific examples in the tourism industry such as Tour packages that offer frequent rest stops, Sleeping shelters strategically located along the Appalachian Trail for overnight visitors (Cook, Yale, and Marqua, 2002).

### ***Safety***

Once basic physiological needs had been satisfied, a social system was established to protect safety and security interests of the group. Plentiful game or an established agrarian base allowed an individual to produce more than he/she could consume. Division of labor allowed certain individuals to provide sustenance and others to develop a safety and security system. The rise of early civilizations is a direct result of meeting safety and security needs. Establishing or protecting boundaries and attacking enemies were some of the primary motivations for early travel (McConnell and Philipchalk, 1992).

Even today, though civilization has supposedly reached its highest level of evolution, safety and security needs are not yet achieved. Travel in the form of diplomacy, or if that doesn't work, war, continues to dominate the world scene (Gartner, 1996).

Put the ideas in Maslow's hierarchy of needs into practice by looking at specific examples in the tourism industry such as Cruise ship lines providing medical facilities and doctors as part of their standard services, Tour guide services provided in exotic or unfamiliar locations (Cook, Yale, and Marqua, 2002).

### ***Social***

Once you have gained control over your physical environment, you can then turn your attention to social inputs. As the poet John Donne once said, "No man in an island, complete to himself." Donne knew quite well that, to be a human being, you must have other people around you. Thus, according to Maslow, you have an innate need for affection and love that only other people can satisfy (McConnell and Philipchalk, 1992).

For many of the world's citizens, physiological and safety and security needs have been sufficiently achieved to allow for a tourism industry to develop. Poverty and hunger are still widespread, but the advantaged of any country are able to travel for pleasurable purposes. Much of that travel fulfills social needs (Gartner, 1996).

Social needs are defined as love and belonging. Traveling with or visiting friends and relatives fall into this category of need fulfillment. Travel that strengthens, reinforces, or reestablishes interpersonal relationships meets a social need. When territorial instincts of animals give way to a sense of societal responsibility, social needs are being met. Much of today's travel fulfills social needs in some form, and forms the basis of a tourism industry.

Put the ideas in Maslow's hierarchy of needs into practice by looking at specific examples in the tourism industry such as Group recognition gained by belonging to frequent-user programs provided by airlines, hotels, restaurants, and car rental companies, Trips made to explore one's ancestral roots (Cook, Yale, and Marqua, 2002).

### *Esteem*

Esteem relates to the need for recognition within one's social or professional group. Once people feel the need to belong has been achieved, they may begin to position themselves within the group. High status within the group is achieved through group consensus, formal or informal. Title or position (e.g., vice president) within a group confers some measure of worth to the group. Academics may strive for recognition by publishing in scholarly journals, thereby establishing themselves as an expert in a certain area. "Keeping up with the Jones's" fuels consumption in the developed world and is a direct result of meeting esteem needs.

Travel fulfills esteem needs in different ways. Business travelers may not prefer to be "frequent flyers," but a certain status is associated with business travel. Similarly, travel for pleasurable purposes may be an important recognition factor in certain social groups. Having the economic means to engage in pleasure travel may set an individual apart from the social milieu. Although status and prestige are important needs, as discussed in more detail later, they are not always internalized or expressed by individuals as primary travel motivators. This may be partly due to the need for the recognition to come from the social or professional group rather than from the individual claiming ownership of those qualities.

Put the ideas in Maslow's hierarchy of needs into practice by looking at specific examples in the tourism industry such as Incentive travel awards for superior company performance, Flowers, champagne, and other tokens provided to guests in recognition of special occasions (Cook, Yale, and Marqua, 2002).

### *Self-Actualization*

Self-actualization is the highest need on Maslow's hierarchy. An individual achieves self actualization when he/she undertakes actions that provide internal satisfaction regardless of social consequences or acceptability. Education for the sake of acquiring knowledge instead of professional or social esteem is a form of self actualization. Travel provides opportunities to learn about different cultures, social organizations, ecosystem, humanity's role in a global society, and so on. Travel undertaken purely for the individual's self fulfillment is a form of self actualization.



Put the ideas in Maslow's hierarchy of needs into practice by looking at specific examples in the tourism industry such as Educational tours and cruises, Learning the language and culture before traveling to another country (Cook, Yale, and Marqua, 2002).

### **Wants**

A want is a desire to obtain more satisfaction than is absolutely necessary to improve an unsatisfactory condition (Sheth and Mittal, 2004). Once needs have been triggered by some stimuli, wants become identifiable. Needs are not product-specific; they can be fulfilled in many different ways. A need for love and belonging can be realized through travel with a friend or it can be achieved by inviting the same friend out to dinner. In either case, love and belonging needs are satisfied. Wants can be satisfied by the attributed inherent in a specific product class. If the love and belonging need is intense with respect to a certain friend, it may be only be satisfied through a trip to an exotic destination where the relationship between the individuals must by necessity be one of dependency. Travel is the product class containing the attributes of exotic location, different culture, currency, and customs, leading to a close and personal dependency relationship. These same attributes may not be available in other product, leading to the selection of travel as the only product able to meet the needs and wants of the couple.

Many sellers often confuse wants and needs. They are so taken with their products that they focus only on existing wants and lose sight of underlying customer needs. They forget that a physical product is only a tool to solve a consumer problem. These sellers get into trouble if a new product comes along that serves the need better or cheaper. The customer will then have the same need but want a new product (Kotler, Bowen, and Makens, 2003).

From a tourism development perspective, understanding needs fulfilled by travel is insufficient for developing product image and destination attributes. Want fulfillment may be a more important factor in the decision process of where to go and what do than needs satisfied. Probably the best approach to understanding wants is to examine motives, or expressions of wants.

### **2.1.7 Understanding the Tourist's Needs and Wants**

Consumers often talk about their 'needing' a new television set, a new dress, or a holiday. Do they in fact really need the things, or are they merely expressing a desire for more goods and services? They live in a society orientated to increasing material consumption. They compare their success as a nation against that of other nations in terms of Gross National Product (GNP), a measure of material wealth; and they are therefore encouraged to discover new wants, or 'needs', as soon as existing ones are satisfied. One result of this is that it becomes increasingly difficult to distinguish between wants and needs.

The way they perceive their needs is built up of a complex interrelationship of beliefs and attitudes which arise out of their knowledge and opinions. Let them take the purchase of a car, for instance. At its basic level, a car provides them with transportation, and their choice is based partly on economic considerations. It is more convenient to use a car than public transport; they look for a car that is cheap to run, reliable in operation, with easy access to maintenance and servicing, roomy enough for themselves and our luggage. But they may also seek to satisfy certain psychological needs in the purchase of their car. The design of a particular model may appeal to them, either for aesthetic reasons or because its fast, sporty shape will be envied by others, gaining them status. Different colors appeal for similar reasons, and they may choose a bigger car to demonstrate their wealth to others. Conversely, they may choose a small, more fuel-efficient car as a demonstration of their attempt to be more ecologically frugal. Their choice of car, as with their choice of so many other goods and services they buy, reflects the way they see themselves, their perception of the kind of people they are.

It is sufficient at this point to emphasize that there is a very complex set of motives influencing most of the products they buy, and that this is true of holidays as much as other products.

### **2.1.8 Methods of Gathering Consumer Information**

In both cross-sectional and longitudinal designs, there are two general ways of collecting consumer behavior data: observation and communication. These two basic approaches can be further divided, however, into three information-gathering methods: observation, experiments, and surveys (Loudon and Della Bitta, 1988).

#### **Observation**

One way to study consumers is to observe their overt behavior. In some cases this alternative may be better than asking consumers how they act, because frequently discrepancies exist between how consumers say they behave and what they actually do. For example: Soap makers have never been sure what to do about the color pink. Whenever they put different-colored bars of soap in front of us, we always point to the pink one as our favorite. But observation of store sales reveals that pink soaps are rarely among the best sellers (Loudon and Della Bitta, 1988).

Advantages of the observational method are that it tends to be accurate and it can record consumer behavior. It also reduces interviewer bias. Disadvantages are that it is much more costly than the survey method and it is not possible to employ in many cases (McIntosh, Goeldner, and Ritchie, 1995).

#### **Experiments**

In experimental investigations the researcher selects consumers, stores, and so on (known as test units) and seeks to measure the effect of specific situations or conditions (known as experimental treatments) on a particular dependent variable such as consumers' attitudes or purchase behavior. In this process, an attempt is made to control or hold constant the effects of other so-called extraneous variables so that they will not influence the results. For example, if we wanted to determine whether the size of a magazine advertisement affects readers' attention, then the size of the ad might be varied, while such extraneous variables as the message or appeal used, and the color of the ads were held constant so that they would not influence the results and confuse the issue (Loudon and Della Bitta, 1988).

This method of gathering primary data involves setting up a test, a model, or an experiment to simulate the real world. The essentials of the experimental method are the measurement of variations within one or more activities while all other conditions and variables are being controlled. The experimental method is very hard to use in tourism research because of the difficulty of holding variables constant (McIntosh, Goeldner, and Ritchie, 1995).

Experimental research in hospitality and tourism industry usually involves tests of various kinds to determine the likely reactions of customers to new services or products. It is extremely expensive for an organization to introduce a new item and have it fail. By using the experimental method, there is less risk of failure (Morrison, 1996).

## **Surveys**

If look at the methods of collecting travel research data, it will find the survey method is the most frequently used. The survey method, also frequently referred to as the questionnaire technique, gathers information by asking questions (McIntosh, Goeldner, and Ritchie, 1995). In the survey method of gathering data, consumers are not only aware of the fact that they are being studied, but they actively participate. There are three surveys data-collection techniques: personal interviews, telephone surveys, and mail surveys (Loudon and Della Bitta, 1988).

### *Personal Interviews*

Direct face-to-face interaction between the interviewer and the respondent is perhaps the personal interview's greatest advantage over other types of surveys. A large amount of information can be obtained with a relatively high degree of accuracy by this approach. Flexibility is a further advantage, since questions can be modified to suit the situation or clarification can be provided if necessary (Loudon and Della Bitta, 1988). A major limitation of the personal interview method is its relatively high cost. It tends to be the most expensive of the three survey methods. It also takes a considerable amount of time to conduct, and there is always the possibility of personal interviewer bias (McIntosh, Goeldner, and Ritchie, 1995).

### *Telephone Surveys*

The telephone survey can be a useful alternative to the personal interview because it provides for interviewer-respondent interaction and is quicker and less expensive to conduct than are personal interviews. These surveys generally achieve higher response rates than do mail surveys or personal interviews (Loudon and Della Bitta, 1988).

#### *Mail Surveys*

The Mail surveys involve mailing the questionnaire to carefully selected sample respondents and requesting them to return the completed questionnaires (McIntosh, Goeldner, and Ritchie, 1995). Although sometimes underestimated by marketing researchers, this approach has been successfully used by many companies. Mail-questionnaire surveys have long been used by researchers because of their low potential cost per respondent, their ability to reach widely dispersed consumers, and their ability to obtain amounts of data and allow more sophisticated questioning techniques, such as measuring scales (Loudon and Della Bitta, 1988).

## **2.2 Ideas and Concept Related to Trip Characteristics**

### **2.2.1 Trip Characteristics**

The major information collected and required for making tourism decision has most important issues, are tourist demographics, time and duration of visit, expenditure, purpose of visit, type of transport used, type of accommodation used (Dickman, 1989).

Trip characteristics relates to the following issues:

#### **Purpose of visit**

The reason tourists visit another country can be quite meaningful because there is a close relationship between purpose of visit and the amount of money spent and demand for tourist services. For example, the business traveler going a long distance generally travels by air because the time saved by that mode of travel can be important. Therefore demand on airlines and airports are high from this type of traveler, as are destination accommodation and fine dining (Coltman, 1989).

The business traveler attending a conference or convention will spend even more than the holiday traveler. Further, the business travelers will require one type of service and facilities, including conveniently located city-based hotels, transportation and communication facilities (Dickman, 1989).

On the other hand, the traveler visiting friends and relatives (VFR) is more likely to travel by auto or bus. Traveler visiting friends and relatives is often staying at the home of friends and relatives, and so neither accommodation nor food and beverage expenditures will be as high.

In addition, the per capita daily spending by the business traveler is invariably far higher than that of the tourist visiting friends and relatives, although the latter traveler generally stays longer than the business travelers (Dickman, 1989; Coltman, 1989).

Purpose is a fundamental characteristic of the visit of trip since it represents the motivation for the visit or trip information on purpose is useful in segmenting tourism markets (WTO, 1995). The following groups are the major categories for purpose of trip or visit:

1. Leisure, recreation and holidays
2. Visiting friends and relatives
3. Business and professional
4. Health treatment
5. Religion / pilgrimages
6. Other

Visits for “leisure, recreation and holiday” purposes are mainly undertaken for relaxation. It is the visitor (perhaps along with other members of the household) who decides to take the tourist trip as an activity unconnected with his/her occupation, and the trip is usually financed out of household funds. During the trip, friends and relatives may be visited, but this is not the main purpose of visit. Several types of tourism statistics (such as holiday surveys and surveys on same-day visits for leisure purpose) are restricted to this category.

“Visiting friends and relatives” are so-called social visits. They are usually undertaken for relaxation, just as the first category. In some studies the category “visiting friends and relatives” is therefore seen as a subcategory of leisure, recreation and holidays. However, there are other reasons to visit friends and relatives, such as taking care of them when they are ill, or assisting them with work in and around their house.

The category, “business and professional”, comprises all business and professional activities outside the usual environment. The visitor takes the tourist trip because of requirements related to his/her occupation or the economic activity of the production unit for which he/she works. Furthermore, the decision to take the trip and its financing are decisions often made by someone other than the business traveler. This category includes installing equipment, inspection, purchases, sales for foreign enterprises; attending meetings, conferences or congresses, trade fairs and exhibitions; employer incentive tours; giving lectures or concerts; programming tourist travel, working as guides and other tourism professionals; paid study, education and research, such as university sabbatical leave, language, professional or other special courses in connection with and supported by the visitor’s business or profession.

The “health treatment” category refers to all health treatment outside the usual environment. In practice this category refers mainly to visiting spas, clinics, health resorts and fitness centers, thalassotherapy and other treatments and cures.

“Religion and pilgrimages” refers to all travel outside the usual environment for religious purposes, excluding travel for professional purposes. Attending wedding-parties or funerals are generally classified under the heading “Visiting friends and relatives”. However, in countries where these ceremonies have a strong religious connotation, it may be more appropriate to classify them under the heading “Religion and Pilgrimages”.

The category “other” purposes comprises purposes not stated elsewhere. It is especially relevant to inbound tourism: transit tourists are classified in this category. Transit would be categorized as a purpose of visit only from the inbound perspective. There are two forms of transit. The first refers to air travelers who do not legally enter the country in which they change their carrier. These travelers are by convention not visitors to that country. The second form of transit refers to persons who travel through a third country to their destination or on their way home. If the trip is a tourism trip these persons should be classified as inbound visitors to that country even if they do not stop and spend money.

In purpose of visit a distinction should be made between motivations and activities. Activities refer to actual behavioral patterns, such as swimming, touring, having dinner in a restaurant, etc. Visitors with different purposes of visit can engage in the same kind of activities although some activities may be closely linked with certain purposes. While purpose of visit is one of the key elements that structure tourism demand a good insight into visitors activities is essential, for example, in linking tourism demand and supply activities.

### **Type of group travel**

In the case of group travel, whether it be a family or a party of friends, the issue of determinants is particularly complex. Each individual has their own determinants but the group has a set of determinants of its own. Each individual’s determinants must be satisfied in a way that keeps the group as a whole content. This means compromise on behalf of every group member.



Alternatively, a strong group member may impose their determinants, such as a fear of flying, on every other group member. The others would have preferred to fly to their holiday destination, but find themselves taking a ferry instead to meet the needs of the dominant group member (Swarbrooke and Horner, 1999).

### **Type of transportation used**

It is important to understand and plan transport programs. If travelers use air transport, then attention must be given to airports, the size of terminals, runways, air traffic control systems, baggage handling, , airport security and ground transport to the major cities.

If the main form of transport used is the motor car then the needs are very different. Road maintenance, adequate street signs and intersection making, lighting, and parking facilities are important. Cars and parking must be able to be handled at tourist attractions, and petrol stations and repair facilities must be available at all hours.

Interconnection between various types of transport must also be considered. For example, in London the underground system connects with the major airports. In Australia most of the airports offer a coach service to the city (Dickman, 1989; Coltman, 1989).

The means of transportation refer to the means used by a visitor to travel from his/ her place of usual residence to the placed visited. The classification of means of transport consists of two levels. The first level noted as major group, specifies the medium of travel and the second level noted as minor group, refers to the type of transport used. The classification is given as follows; (WTO, 1995)

1. Air
  - 1.1. Scheduled flights
  - 1.2. Non-scheduled flight
  - 1.3. Other services
  
2. Waterway

- 2.1. Passenger lines and ferries
- 2.2. Cruise
- 2.3. Others
- 3. Land
  - 3.1. Railways
  - 3.2. Motor coach or bus and public road transport
  - 3.3. Private vehicles (with capacity for up to eight persons)
  - 3.4. Rented vehicles
  - 3.5. Other means of land transport

The category, “scheduled flights”, refers to air transportation on regular routes and on regular schedules. This category could be further classified by the nationality of the carrier or according to type of fare paid by the traveler. “Non-scheduled flights” consist mainly of charter travel, regular charter flights included. This category is closely linked with holiday travel. The category, “other air services”, includes aircraft rental with or without crew, and personal/corporate air transport.

The category, “passenger lines and ferries” is the counterpart of scheduled flight. Services are provide with regular routes and on regular schedules. This category could be further classified by the nationality of the vessel. “Cruise” refers to the services of vessels designed to accommodate large numbers of passengers in a resort-like setting designed for travel to and through places of scenic interest. The category, “other waterway services”, refers mainly to ship rental with or without crew. The above-mentioned means of transport are often means of accommodation as well. In some cases it is useful to make a distinction between sea and costal water transport on the one hand and inland water transport on the other hand.

The category, “railway”, refers to passenger transport by interurban railways. Sometimes this means of transport serves as sleeping accommodations as well. This category could be further broken down by the type of fare paid by the traveler. The category “motor coach or bus and other public road transport” includes scheduled as well as non-scheduled services. It refers to transport by vehicles with capacity of over eight persons such as motor bus, tramway, trolley bus, underground, and elevated (urban) railways. “Private vehicles (with capacity of up to eight persons) include motorized vehicles such as cars, mini-buses, campers, motorcycles, and scooters

which are owned or borrowed by the traveler. "Vehicle rental" refers to the same vehicles as the previous category, however the vehicles are rented out to the traveler by a commercial organization. This category includes car rental with or without driver and taxi services. The category, "other means of transport", includes non-motorized transportation on bicycles, rickshaws, carts pulled by horses and other animals as well as traveling on foot.

### **Type of accommodation used**

There is also similar relationship between the type of traveler and the kind of accommodation required. For example, the traveler visiting friends and relatives may require some accommodation en route. This accommodation will normally be low priced and offer few frills. This traveler may need only a camping site or a pad for a recreational vehicle (RV). Campers and RV travelers may also require only grocery stores en route rather than restaurants (Coltman, 1989).

On the other hand, the business traveler often has a requirement for more expensive and luxurious accommodation (because of the need to entertain) than the typical tourist on a package tour (Dickman, 1989).

Accommodation can be classified into various types, in this research divided as follows;

*Hotel* can mean anything from a ten-room boarding house to a building with a thousand or more rooms, convention and meeting facilities, recreation facilities such as swimming pools and tennis courts, and twenty-four-hour room services, along with several restaurants and bars with various types of entertainment.

*Resort beach Hotel* is designed mainly for recreation tourists. Resort hotel be located in places with natural recreation facilities (beaches).

### **Length of stay**

Length of stay is other important factor. If foreign visitors are primarily short-stay excursionists, their demands on infrastructure (roads, airports) and suprastructure (hotels, restaurants, attractions) are much less than those of tourists staying for one or more days. In general, the longer the length of stay, the greater the demand for hotels, restaurants, shops, and

attractions. Indeed, one of the objectives of those involved in tourism is to try to lengthen the stay of tourists. The longer they stay, the more money they will leave behind (Coltman, 1989).

The duration of trip or stay is a very important piece of statistical data: It is the most significant measure of the volume of the various tourism activities, such as accommodations; it is instrument is establishing the maximum limit beyond which the trip is no longer considered to be part of tourism (one year) (WTO, 1995).

Overnight visits data on duration of visit should be presented separately for the following major groups:

1. 1 to 3 nights
2. 4 to 7 nights
3. 8 to 28 nights
4. 29 to 91 nights
5. 92 to 365 nights

The category, “1 to 3 nights” is often referred to as a short stay. This category consists mainly of (long) weekend tourism and short business trips.

The category, “4 to 7 nights”, consists mainly of second holidays for many visitors.

Major holiday or vacation trip form a substantial part of the category, “8 to 28 nights.

A large part of the categories, “29 to 91 nights” and “92 to 365 nights”, is made up of international tourism. These categories contain tourism for leisure, recreational and holiday purposes, though only for a small part by economically active persons.

### **Expenditure**

Expenditure refers to the amount of money tourists spend. It is important to know not only how much is spent in total, but how that money was divided up among sightseeing, entertainment, accommodation, food & beverage, transportation. The amount of money spent on souvenir purchases is also important.

From Tourism shopping in Australia, a Report of the Committee of Inquiry 1998, the increasing numbers of Japanese visitors to Australia has had an impact on tourism spending

patterns. Japanese visitors are unlikely to be VFR visitors, and consequently spend money on hotel accommodation and restaurants. Omiyage, the traditional custom of purchasing small gifts for family and friends, is regarded by the Japanese as a necessary feature of a satisfying trip (Dickman, 1989).

When information on visitors' expenditure is combined with the nationality of the visitor, planners can identify the countries that have the greatest market potential. For example, a Canadian tourist to the United States might on average spend \$200 per day, whereas a visitor from Germany might spend only \$180 per day. This might indicate that the United States should spend more of its promotion budget in Canada to encourage more visitors from that country. But if the tourist from Canada on average stays only 10 days (total spending \$2,000), whereas the visitors from Germany stay 14 days (total spending \$2,520), then advertising more heavily in Germany might realize a better payoff.

In other words, average daily per capita spending and length of stay are closely linked to market size and demand as far as generating tourist spending is concerned (Coltman, 1989).

### **Tourist attraction and destination activity**

Tourist' decisions to visit a particular destination reflect many factors such as the efficiency of its transportation links or any strong historical, religious or cultural relationship between the two countries.

The varying ways in which different tourists will use the same destination will depend on the characteristics of these tourists such as their age, sex, past experience, hobbies and interests (Laws, 1992).

Activities refer to what people do. Data on activities are not only important for getting a detailed picture of tourism behavior; they are also useful in integrating the demand- and supply-side of tourism. Therefore, it is often useful to collect data on visitor behavior besides data on purpose of visit.

The classification presented below is illustrative. It only serves as an aid to those who want to include visitor activity behavior in a survey. The purpose of this classification is not to give a complete picture of what tourists do, but to make comparisons possible between different types of tourists, the various forms of tourism and different destinations. For these comparisons, a

set of clearly distinguishable key activities is required, rather than a set of all possible activities (WTO, 1995).

<b>Classification</b>	<b>Coverage</b>
Participant sports	Golf, tennis, skiing, boating, swimming, hiking, hunting, fishing, camping, picnicking, etc.
Spectator sports	Soccer, football, baseball, basketball, hockey, cricket, Olympics, horse racing etc.
Cultural activities	Visiting theaters, museums, zoos, botanical gardens, historic sites, amusement parks, circuses, game reserve, fairs, festivals etc.
Meeting and conventions	Attending congresses, conferences, meetings, trade shows, classes, instructional courses etc.
Religious activities	Pilgrimages, attending religious events etc.
<b>Classification</b>	<b>Coverage</b>
Sightseeing	Guided tours, self-guided tours
Health activities	Visiting spas, hospitals, clinics, health resort, gymnasias, exercise classes etc.
Shopping	Visiting stores, shops, etc., in search of merchandise
Other	Visiting restaurants, night clubs, and bars; casino gaming, other types of gambling, all others n.e.c.

## **2.3 Ideas and Concept Related to Structure of Demographic**

### **2.3.1 Tourist Market Segmentation**

The strategy of market segmentation recognizes that few vacation destination areas are universally acceptable and desired. Therefore, rather than dissipating promotion resources by trying to please all travelers, the best market strategy will isolate those segments of the entire market that are likely prospects and aim the promotional efforts specifically to the wants and needs of those selected groups (McIntosh and Goeldner, 1984). There are many ways of dividing up markets for segmentation purposes, all of which are used in practice in the travel and tourism industry (Gee, Makens, and Choy, 1997).

#### **Geographical Segmentation**

Geographic segmentation means dividing the market into groups of consumers who share the same geographic location. Areas can be very large (e.g., several countries or continents) or very small (e.g., residential neighborhoods) (Morrison, 1996). Place of origin is the oldest and most popular form of segmentation. Place of origin and residence is now reasserting its former dominance through the emergence of cost effective GIS (geographic information systems) as a tool for facilitating the spatial analysis of tourism-related and phenomena (Weaver and Lawton, 2002).

#### **Sociodemographic Segmentation**

Whereas geographic segmentation looks at where people are, demographics looks at a number of aspects of who people are (Powers, 1997). Sociodemographic segmentation variables include gender, age, family life cycle, education, occupation and income. Such variables are popular as segmentation criteria because they are easily collected and associated with specific types of behavior (Weaver and Lawton, 2002). Demographic also provide good segmentation variables. Demographic are the social statistics of the society. Age groups are an excellent

example (McIntosh, Goeldner, and Ritchie, 1995). Demographic factors are the most popular bases for segmenting customer groups (Kotler, Bowen, and Makens, 2003).

Demographic segmentation divides a market into customer groups on the basis of such variables as age, gender, family size, marital status, income, occupation, education, religion, race, and nationality. Demographic variables are one of the most common bases for distinguishing among customer groups. This is because there are often high correlations between demographic variables and consumer wants, preferences, and usage rates. For example, the 35 to 44 year age group shows a very high propensity to travel and to stay at lodging facilities when they do travel (Hart and Troy, 1996).

### **Psychographic Segmentation**

The differentiation of the tourist market on the basis of psychological characteristics is referred to as psychographic segmentation. This can include a complex and diverse combination of factors, such as motivation, personality type, attitudes and perceptions, and needs. Psychographic profiles are often difficult to compile due to problems in identifying and measuring such characteristics. Individuals themselves are often not aware of where they would fit within such a structure (Weaver and Lawton, 2002). Psychographic segmentation divides buyers into different groups based on social class, lifestyle, and personality characteristics. People in the same demographic group can have very different psychographic profiles (Kotler, Bowen, and Makens, 2003).

Several models have been developed to classify people according to psychographic types. One such model was developed by Stanley C. Plog, who classified the U.S. population along a psychographic continuum ranging from the psychocentric at one extreme to the allocentric at the other. The term psychocentric is derived from psyche or self-centered, meaning the centering of one's thought or concerns on the small problem areas of one's life. Such a person tends to be self-inhibited and non-adventurous. Allocentric, on the other hand, derives from the root word allo, meaning "varied in form". An allocentric person is outgoing and self-confident and is characterized by a considerable degree of adventure and a willingness to reach out and experiment with life (McIntosh, Goeldner, and Ritchie, 1995).



**Behavioral Segmentation**

Behavioral segmentation divides customers by their use occasions, benefits sought, user status, usage rates, brand loyalty status, buyer readiness stage, and attitudes toward the product or service (Morrison, 1996). The identification of tourist markets on the basis of activities and other actions undertaken during the tourism experience is an exercise in behavioral segmentation (Weaver and Lawton, 2002). In behavior segmentation, buyers are divided into groups based on their knowledge, attitude, use, or response to a product. Many marketers believe that behavior variables are the best starting point for building market segments (Kotler, Bowen, and Makens, 2003).

**Purpose-of-Trip Segmentation**

One of the most widely-used means of segmenting markets in the travel industry is classifying consumers by purpose of travel. In segmenting travel markets, it is important to distinguish between business and non business, that is, non pleasure and pleasure travelers (Gee, Makens and Choy, 1997). The most important consideration in selecting a primary segmentation base should be that it represents the factor with the greatest influence on the customer's behavior. Splitting the hospitality and travel market into two main groups the business travel market and the pleasure and personal travel market is a widely accepted practice. It is generally agreed that the needs and wants of business and pleasure and personal travelers are quite different (Morrison, 2002).

**Segmentation by Group versus Individual Travelers**

Travelers are frequently divided into two segments, each of which is important to the travel industry. The first segment consists of independent travelers, who usually are referred to as FIT travelers. The acronym FIT at one time referred to foreign independent travelers.

The second segment consists of group travelers, referred to as GIT travelers. Originally used to designate a group-based airfare offered by scheduled air carriers, it now commonly means group inclusive tours, which is a tour package that commonly includes transportation, lodging, airport transfers, and frequently sightseeing and entertainment as well (Gee, Makens, and Choy, 1997).

#### **Segmentation by buyer and benefits sought**

(In many sectors of travel and tourism, the range and perceived importance of the benefits sought by customer segments may not be immediately apparent to marketing managers). Segmentation by benefits makes it possible for marketing managers to fine tune their products within the broad requirements of purpose noted earlier. Focusing on promoting the benefits sought is a logical objective for brochures and other marketing communications (Middleton and Clarke, 2001).

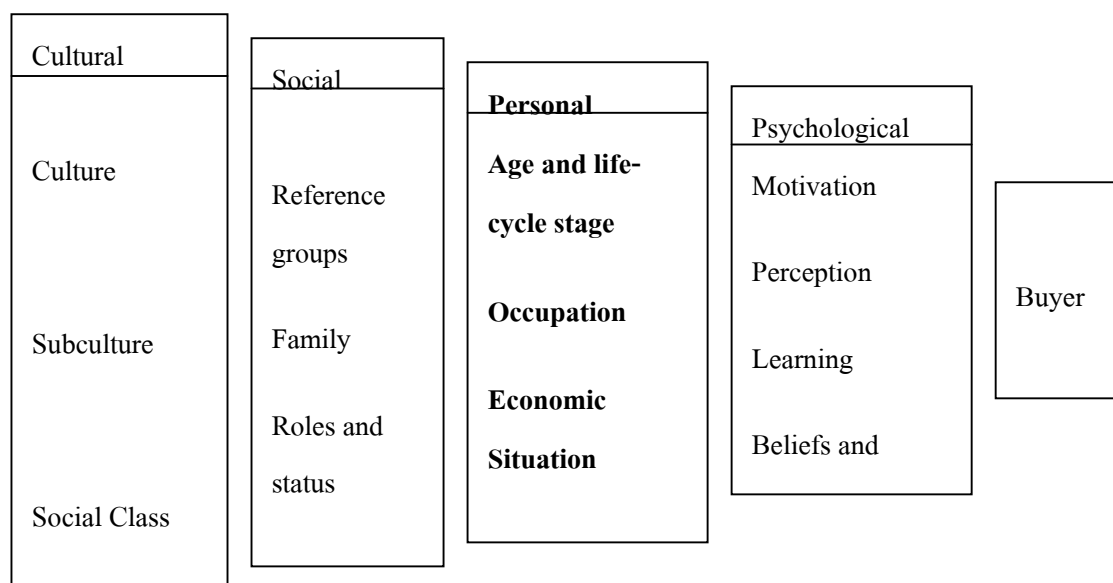
### 2.3.2 Demographic and Personal Characteristic

Demographic characteristic as age, income, and race and ethnicity of a customer intimately influence his or her customer behavior (Sheth and Mittal, 2004). The socioeconomic data about tourists are useful, such as their age, marital status, family size, occupations, and income levels. This information is particularly useful in planning advertising so that the message is oriented to potential tourists who have profiles similar to those of past tourists (Coltman, 1989).

There has been some research to test the motivating factors for different demographic groups. In 1996, Kaynok et al. published a study of Irish travelers' perceptions of salient attributes that led to their travel preferences of major foreign holiday destinations. That study found significant differences between tourists of different ages, sexes, educational attainment, income and marital status.

Personal characteristics are factors that influence a buyer's decisions. Personal characteristics include the buyer's age and life-cycle stage, occupation, economic situation, lifestyle and personality and self-concept (Kotler, Bowen and Makens, 2003; Armstrong, 2004). These factors are shown in figure 2.2.

Figure 2.2 Factors Influencing Behavior



Source: Kotler, Bowen and Makens, 2003; Armstrong, 2004

## Age

Age is of greater interest to tourism managers than is the actual population count. Because children and institutionalized elders are not travel consumer, it is worthwhile to look at what is happening to the age segments of population and identify the impact on tourism demand (McIntosh and Goeldner, 1984). Age and life cycle considerations are popular criteria used in Sociodemographic segmentation, since these can also have a significant bearing on consumer behavior (Weaver and Lawton, 2002).

Age of a visitor refers to the individual's number of completed years, that is, age in his/her last birthday (WTO, 1995). Data on age should be presented separately for the following groups:

1. 0-14 years
2. 15-24 years
3. 25-44 years
4. 45-64 years
5. 65 years and over

The category 15-24 years comprises the market of young people who have their own, usually limited resources and who often no longer travel with their families. Their tourism behavior is highly explorative in nature and is very sensitive to trends, especially with respect to destinations.

The category 25-44 years is dominated by economically active people with a family. Their behavior is substantially influenced by the needs and interests of their children.

The category 45-64 years is also dominated by economically active people, but their tourism behavior is no longer substantially influenced by the needs and wants of their children.

Persons belonging to the 65 years and older category may not participate as much in tourism as younger people. Despite the fact that they have a lot of free time, their participation in tourism for leisure purpose is low. However, this category is far from homogeneous. For example, there is a major growth market in many industrialized countries consisting of wealthy, retired people, who are very active in tourism and spend a lot of money on it.

**Gender**

Gender segmentation can be biological or socio-cultural. If construed in strictly biological terms, gender is a readily observable and measurable criterion (Weaver and Lawton, 2002).

The question of how a family decides whether to buy, where to buy, and which brand to buy has fascinated and puzzled marketers of a variety of products and services for many years. Marketers wonder who is the prime mover, the husband or the wife, or do they play an equal part? If one is the decision-maker, what is the influence and role of the other? There is no question that women play a very important role in determining travel decisions (McIntosh and Goeldner, 1984).

Gender is a biogenic group trait that divides customer into two groups -- males and females. This group trait remains constant throughout a person's life, and it influences customer values and preferences. Concerning food, gender differences exist in health-oriented perceptions of foods and beverages. Women tend to buy fresh vegetables, local foods, and diet drinks more than men do (Shelt and Mittal, 2004).

Data on gender are included in almost every study of behavior. Gender is easily measured and sex differences are significant for many forms of socio-economic behavior. This is true for many aspects of tourism as well. Therefore, gender is included in the list of classification relevant to tourism research (WTO, 1995).

The sex of a visitor refers to the gender of that individual. This variable takes one of two nominal values:

1. Male
2. Female

**Education level**

Education is another factor deserving attention from tourism managers, since it tends to broaden peoples' interests and thus stimulate travel. People with college education take more pleasure trips than those with only high school educations, and those with high school educations take more trips than those with only grade school educations. Educators are forecasting continued

increases in the average educational level, which would result in a continued positive impact on pleasure travel (McIntosh and Goeldner, 1984).

The level of education also influences the tourism behavior of people. However, this variable should be treated with care. It has strong links with other important variables such as occupation and income and it may be that these variables influence tourism behavior through their relationship to educational levels. Moreover, its obvious links to age should be borne in mind: Few aged 0-14 years can be expected to have completed university or college graduate studies (WTO, 1995).

The level of education of a visitor refers to the most advanced level which this person has completed in an educational system. Data should be presented separately for the following groups:

1. No education or pre-primary education
2. First level or primary education
3. Second level – first stage or lower secondary education
4. Second level – second stage or upper secondary education
5. Third level or higher education

### **Occupation**

All of the factors that determine tourism are interrelated. For example, occupation is closely related to both income and education, and certain lifestyles are associated with certain occupations; all this has an impact on travel (McIntosh and Goeldner, 1984). A person's occupation affects the goods and services bought. For example, construction workers often buy their lunches from industrial catering trucks that come out to the job site. Business executives purchase meals from a full-service restaurant, whereas clerical employees may bring their lunch or purchase lunch from a nearby quick-service restaurant. Marketers try to identify occupational groups that have above-average interest in their products (Kotler, Bowen, and Makens, 2003).

Generally speaking, the occupation of a visitor refers to the usual kind of work he/she does during the reference period, usually the time the survey is conducted. There are various ways to classify occupation (WTO, 1995).

## **Income**

Buying power is another factor for the tourism manager to consider. People must have buying power to create a market. There is no question that a large and increasing percentage of the population today has sufficient income to finance business and pleasure travel, although some families may be limited to inexpensive trips. The frequency of travel and the magnitude of travel expenditures increase rapidly as income increases (McIntosh and Goeldner, 1984). Income segmentation, whether targeting the higher- or lower-income groups, makes sense because the spending levels of various income groups suggest the patronage at different types of travel (Hsu and Powers, 2002).

Although there is no standard classification for income level and no particular classification is recommended here, this variable is included because of its strong influence on visitor activities. The appropriate grouping for such a classification will vary from country to country (WTO, 1995).

General rules that may prove helpful in collecting and analyzing data on income for the purpose of tourism statistics as follows:

First, income recorded should be gross income, i.e. before taxes, for 12 month period prior to the trip. It should include the total of all income, such as wages, salaries, overtime, dividends, interest, realized capital gains, family allowance, rents received, business and farm income (minus operation expense), superannuation and pensions, workers compensation received, inheritances, net cash transfer payments from government, and payment in kind (expressed in the corresponding value).

Second, the income should refer to household income, comprising the income of all members of the household even if the visitor is traveling alone. However, it is difficult or impossible to obtain accurate data about household income from children under age traveling alone.

Third, income data for international visitors should be collected in the currency of their country of residence and converted to the local currency using the exchange rate in effect at the time of the survey.



Fourth, the results should be presented in five or ten equal groups, in which the class limits are formed by quintiles or deciles respectively of the income distribution in the population. For reasons of a neat presentation the class limits may be rounded to substantial, but mutually exclusive categories.

Education, occupation, and income tend to be closely correlated in almost a cause-and-effect relationship. High-level occupations that provide high incomes usually require advanced educational training. Individuals with little education rarely qualify for high-level jobs. Insights on media preferences tend to support the close relationship among income, occupation, and education (Schiffman and Kanuk, 2000).

### **Country of residence**

Probably the most important statistic in planning is the arriving tourists' country of origin, as this can indicate to some degree the tourists' requirements. It is a strange fact that tourists, whose motive to travel may be to see how things differ in a foreign country, often want to have many things just as they are at home. This is particularly true of accommodations and restaurants (Coltman, 1989).

The underlying concept in the classification of international visitors by place of origin is their country of residence, not their nationality. There are several reasons for this. In the first place it is in the country of usual residence that the decision to travel is made and where the trip begins. This residence country is where tourism impact begins and where tourism marketers should direct their messages to reach potential visitors. Second, the country of usual residence is also a criterion for determining whether a person arriving in a country is a visitor or not. Third, to take country of residence and not nationality as a starting point ensures that there is maximum coherence between the number of inbound and outbound visitors on the one hand and international tourism receipts and expenditures on the other hand (WTO, 1995).

## 2.4 Related Researches

Naowarat Plainoi (1994) studies Thai's Domestic Tourism Behavior. The focus of research is aimed at finding out the current situation of domestic tourism in 1994, to study the traveling behaviors and the potential of domestic tourism in 1995, and also to follow-up the effectiveness of TAT Medias campaigning for domestic tourism. The weighted resulted from the interview of 3,706 respondents over the age of 15 revealed that 43.1% of these people did travel domestically during 1994. Among these people, they averaged 2.7 trips per year and at the average length of trip of 3-4 days or 7.2 days per year. The traveling expenditures was at the average of 624 Baht per day. From the 1994 mid-year population data, it was estimated that of these people over 15 years of age, approximately 18,020,186 people in Thailand traveling domestically or about 49,195,107 tourist-trips. It was also estimated that 81,086,530,000 Baht were spent for the domestic traveling during 1994. Forty-eight percents of the sample group plan to travel domestically in 1995. The good impression destinations for their traveling in 1994 were Chiang Mai, Phuket and Chonburi (Pattaya). It should be noted that the impressive destinations are the same provinces that these respondents plan to visit in 1995. The research results indicated that the TAT 's goal on tourist-trips of domestic tourism has been exceeded but only by 43.1% of domestic tourists over 15 years of age who have different travel goals and behaviors.

Penkhae Sangkaew (1996) studies the study on the nature of domestic tours in international tourists in 1996. The objective of the research is study the general characteristics of international tourists with regard to their motivation, attitudes, impression, problems and obstacles in Thailand, the average length of stay, the estimation of the number of international tourists, the average expenditure per head per day and the revenue obtained in various tourist spots. In 1996, there were 7,192,145 international tourists in Thailand. Tourists from Malaysia ranked first in numbers, followed by Japan, Korea, China, Taiwan, Hong Kong, Singapore, Germany, the United States of America and the United Kingdom. The main objective of the majority of tourists is to enjoy their holidays in Thailand. Most of them (55.6%) have already visited Thailand and traveled alone but most of the tourists who visited Thailand for the first time traveled with their friends through the service of a tour company. The majority of tourists (41.1%)

got the information about Thailand from the guide book and tour agency before coming to Thailand. Only 2.4% percent received the information about Thailand from the Tourism Authority of Thailand or from the Embassy of Thailand. The most of international tourists stayed on the average of 8.2 days. Those who traveled alone would stay longer than those who traveled with the group tour. International tourists stayed at Samui Island longer than any other tourist spots. They spent an average of Baht 3,310.68 per head per day. The highest portion of their spending was in Bangkok Metropolis which accounted for Baht 4,688.09 per head per day.

According to the study of "Tourist Expenditure Survey 2002" shows, a growth rate of inbound tourism in Thailand increases 7.33% that higher than year 2001. The majority of tourists is male (more than 60%), 25-44 years of age. The main purpose of tourists is pleasure/holiday. When we compare the ratio of tourist who visit Thailand for the first time and who revisit is 51:49. Most of tourists travel with friend especially Middle East (43%) and East Asia (37%). Followed by tourists who travel alone (27%), travel with family and relatives (36.32%). Among these people, average length of trip is 7.98 days. The traveling expenditure in this year is nearly with last year. The good impression destinations for their traveling in 2002 were Bangkok, Phuket, and Pattaya. Had Yai is the main destination for shopping of Malaysian tourists. Factors that effecting tourist visit Thailand is natural resources, cultural, and shopping area. There are 87% of tourists who intend to revisit Thailand especially South Asia, Asian, Africa, and Middle East.

Penkhae Siriwan (2003) studies "Tourist Expenditure Survey 2003". The objective is to study the general characteristics and the average expenditure of international tourists who visit Thailand and outbound tourists. In 2003, there were 10,004,453 international tourists in Thailand. The majority of tourists still are East Asian (61.6%), followed by European, American, South Asian, Oceanian, Middle East, African, respectively. Tourists from Malaysia ranked first in numbers (13.4% of international tourists), followed by Japan, Korea, Hong Kong, Singapore and China. The proportion of major tourists decreases from last year except Hong Kong and Malaysia. The main reason of decreasing number of international tourists in this year is situation of SARS (Severe Acute Respiratory Syndrome) in Asia. The average length of trip is 8 days. Tourists who

travel alone would stay (9 days) longer than tourists who travel with tour group (6 days). They spent an average of Baht 3,774.50 per head per day. The main expenditure of tourist is shopping (28.41% of expenditure), followed by accommodation, food & beverage, entertainment, ground transportation, sightseeing tour, and miscellaneous. When we compare the revenue from tourism industry between 2002 and 2003, it shows that the revenue decrease 4.4%.

## 2.5 Conclusions

After a thorough review with the concepts, ideas, theories, and other studies, it is therefore concluded that, group marketing can be segmented by demography and geography which can be classified according to gender, age, education level, occupation, income per month, and region of residence. These groups segmentation are the most popular and can be used separately and effectively; thus, group marketing segmentation by demography and the geography are being used in this research.

Figure2.3 Framework of Study

**Independent variables**

**Dependent variables**

