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Online segmentation in tourism: a review

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Presentation structure

What?

Why?

How?

So what?

Buhalis & Law 2008 reviewed published articles on eTourism in the past 20 years

- 149 relevant articles with critical contribution
- 1 relevant segmentation article (Cotte et al. 2006)
- 1 relevant profiling article (Poulodi et al. 2002)
- Is that really the state of segmentation in eTourism?

ICT and the Internet with profound impact on tourism industry

- Number of travellers using technology increases
 - ⇒ Changing how we plan and experience our travels
- Radical change in the efficiency and effectiveness of tourism organisations, ways of doing business and consumer interaction

Why segmentation?

- Has been one of the cornerstones of marketing for decades
- On-line segmentation and the impact of the Internet and digital on the application and role of segmentation is one of the priorities in future segmentation research (Dibb, 2004; Dibb & Simkin, 2009).
- The importance of market segmentation on website development (Perdue 2001).
- Possibilities of technology for practitioners
 - Analytics
 - Data mining
 - Intelligent profiling

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- Segmentation is still done the way it was done 40 years ago (e.g. Haley 1968, benefit segmentation)
 - "Segmentation, targeting, differentiation and positioning are all key to effective digital marketing" (Chaffey et al. 2006, pp. 175).
 - Importance of segmentation proved by several reviews: Frochot & Morrison, 2000; Dolincar, 2002; Tkacynski & Rundle-Thiele, 2011
 - Marketing has changed:
<http://mashable.com/2011/10/30/inbound-outbound-marketing/>

THE INBOUND MARKETER

VS.

THE OUTBOUND MARKETER

"NEW MARKETING" is "any marketing tactic that relies on earning people's interest instead of buying it."



Communication is interactive and two-way.



Customers come to you:
• Via search engines, referrals, social media



Marketers provide value.



Marketer seeks to entertain and/or educate.

"OLD MARKETING" is "any marketing that pushes products or services on customers."



Communication is one-way.



Customers are sought out:
• Via print, TV, radio, banner advertising, cold calls



Marketer provides little to no added value.



Marketer rarely seeks to entertain or educate.

- Kiani (1998) suggested that segmentation is part of the old media and communities are replacing it in digital media

- Tribes as segments

- To fully understand online customer access user's access location, access device and 'webographics' need to be considered (Chaffey et al. 2006).

- Webographics include experience level, usage level, usage location etc.

Does segmentation change?

- Two goals for this study:
 1. Illustrate how ICT has been used in tourism segmentation research and
 2. Outline critical issues regarding use of online methodology.

Data and methods

- Journal search engine in Journal of Travel Research, Journal of Travel & Tourism Marketing and Tourism Management was used to find the articles
- Search was conducted 20.-21.10.2011
 - Journals were chosen based on earlier review-studies (Buhalis & Law 2008, Dolnicar 2006).
 - All articles that included word 'segmentation' in title, abstract or keywords were included. Search engine also included automatically articles with words like 'segment' or 'segments'. All articles published since year 2000 were included.
- Segmentation articles found are:
 - Tourism Management, 48 articles
 - Journal of Travel Research, 57 articles
 - Journal of Travel & Tourism Marketing, 83 articles

= 188 studies connected to segmentation since year 2000

- All found segmentation articles were then searched for e-tourism related keywords: Internet, www, web, online, on-line, etourism, e-tourism, ICT, technology, PC, e-mail

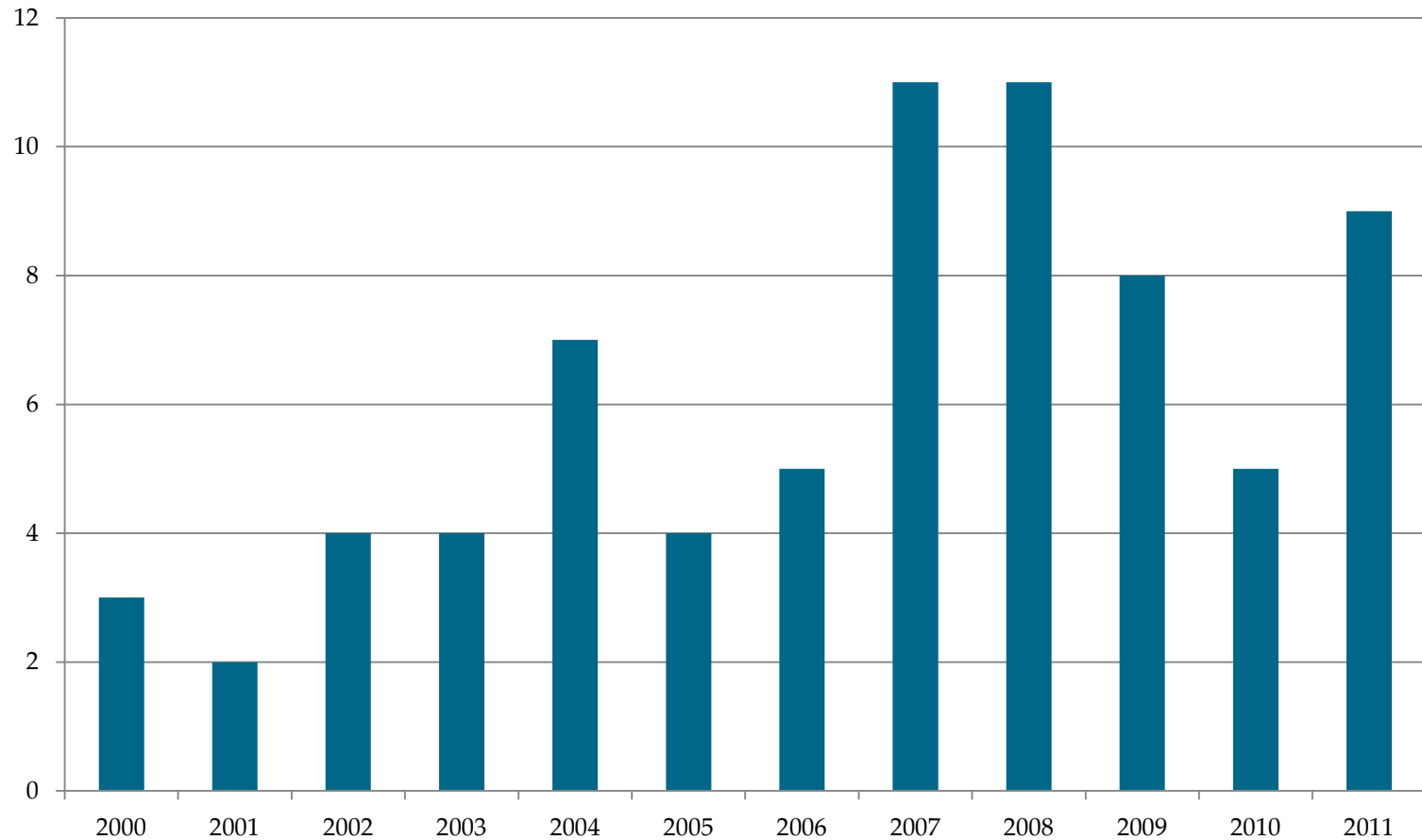
- 26 articles from Journal of Travel Research

- 26 articles from Journal of Travel & Tourism Management

**- 22 articles from Tourism Management
= 74 studies**

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- Studies were analysed based on how aforementioned search words are connected to the study.
 - Seven categories:
 - Theme
 - Theory
 - Data collection
 - Information / booking channel
 - Destination / travel attribute
 - Part of discussion / conclusions
 - Future research / limitations
 - Also four different article groups: data-driven, common sense, combination of the two or applied.

Online segmentation studies 2000-2011



Theme

- Six studies:
- Impact of the Internet on information source portfolios in the swiss travelling population (Beritelli et al. 2007)
- Segmenting last minute travel website according to website characteristics (Dacko 2004).
- Evaluating Internet sites in resort settings (Perdue 2001)
- Website effectiveness of limited-service chain lodging operations (Ham 2004).
- Segmentation of markets according to their willingness to supply contact information to websites (Brey et al. 2007).
- Differences between genders in online travel information search behaviors and attitudes (Kim et al. 2007).

Theory

- 29 studies
- Some authors acknowledge the importance of Internet as they mention it when presenting the study area or marketing channels of tourism companies but do not include anything Internet related in the actual study (Weaver & Lawton, 2002; Tkacynski et al. 2009a). Internet is sometimes also mentioned when reviewing earlier studies (E.g. Wilton & Nickerson 2006).
- Johns & Gyimóthy 2002 refer to study by Bonn, Furr and Susskin (1999) that segmented potential travelers on the basis of Internet use but argue that such studies are probably of limited predictive use in term of visitor behavior or spend at the destination.
- Spencer and Holacek (2007) argue that earlier results of fall tourism are limited because the data they were based on was collected between 1973 and 1991, thus among others predating the advent of the Internet.

Data collection

- 23 studies
- Lee and Jang (2011) collected room rates for standard rooms from the brand web site for each hotel chain in examining airport hotel segment. Airport hotel guests were insensitive to the perceived value of complimentary Internet service, and time-sensitive travelers look for clean and comfortable rooms rather than luxurious suites to relax in.
- Dacko (2004) analyzed 22 English-language web sites found with Yahoo.com search engine that offered last-minute travel/tourism services.
- Tkacynski and Rundle-Thiele (2011) review earlier event segmentation studies and observed that only three studies of 120 reviewed academic event segmentation papers collected data using online method.

Information / booking channel

- 31 studies
- Pearce and Schott (2005) examined Internet both as an information channel as well as booking channel, finding several differences between international and domestic travelers in New Zealand.
- Sung (2004) noticed that the Internet was not the most important information source for any segment.
- Park and Kim (2009) divided information sources into off-line external and on-line external information sources and internal information and word-of-mouth. On-line information sources consisted of portal website, online travel agency, online travel community and state/city website.

Destination / travel attribute

- 2 studies
- Gilbert and Wong (2003) found out that availability of in-flight Internet, e-mail, fax or phone facilities were the least important things for airline passengers.
- Brey et al. (2008) measured how important technology availability was in resort hospitality.

Discussion / conclusions

- 21 studies
- Technology important for business traveler segment (Brey et al. 2008).
- Beritelli et al. (2007) argue that WWW has not replaced other sources of information but is simply complementing existing information sources. For long-haul international travelers the Internet is important information source because of high risk attached to travel.
- Many authors (e.g. Sung et al. 2001, Milner et al. 2000) regard the Internet as important channel in reaching certain segments, especially those that like to plan their holidays themselves.
- Perdue (2001) recognizes consumer experience for its influence on assessment of the website characteristics, thus supporting the importance of market segmentation on website development.

Future research / limitations

- 6 studies
- Beritelli et al. 2007: Relation between the use and importance of the Internet and friends and relatives as sources of information is necessary.
- Kim (2008) noticed that women were over represented in the survey responses and suggested that it could be because of online-survey method used. This was also noticed by Kim et al. (2007).
- According to Weaver and Lawton (2011) there is a question of overlap in information sources. They wonder if for example online newspapers should be categorized under “Internet” or “newspapers”.

So what?

- Chaffey et al. (2006): offline segmentation, targeting, differentiation and positioning can be replicated from offline to online
 - However, nimble companies that modify their approach for online channels can gain competitive advantage
 - Replication from offline to online in tourism research
- Doing online surveys can dramatically influence results of empirical tourism studies (Dolnicar et al. 2009).
- Online themed segmentation articles are not very common.
 - Increase in number of studies mostly because of the Internet as booking or information channel.

Problems?

- Journals and volumes not included in the study
- Search words used
 - Common-sense segmentation studies might be underrepresented
- Online references and data analysis programs not included

Future research

- Internet is more than just an information source among others
- New segmentation bases (or old ones?)
- Data mining vs. questionnaires

*Questions, comments?
Thank you!*



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