

Part Two

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# The international dimension



# Introduction

Part Two focuses on the international context of leisure marketing worldwide.

Chapter 3 looks at the international market in all its aspects. Chapter 4 concentrates on the supply side, in other words, the international leisure industry.

Finally, Chapter 5 covers, in some detail, the international business environment in which leisure organisations operate.

# The international market

## Key concepts

The main concepts covered in the chapter are:

- Trends in consumer behaviour and purchase decision-making
- Factors influencing consumer demand – the concept of motivator and determinant
- Methods for grouping of consumers together by market segmentation techniques
- The concept of the ‘global’ consumer and the application of it to the leisure sector.

## Introduction

It is important for you at this stage of the book to consider the leisure consumer in more depth. We have already discussed the different leisure activities that consumers engage in earlier on in the book. It is important for us to consider the influences on consumer behaviour so that we can design appropriate marketing mixes for leisure products and services. It is also important for us to consider the ways we can categorise consumers into groups by using different market segmentation techniques.

## Trends in consumer behaviour and purchase decision-making

This is not a book on consumer behaviour, but it is important for us in this section to consider the concept and discuss different models that have been suggested to explore the various influences on consumers.

Clearly, if we are to optimise the effectiveness of our marketing activities, we need to understand how consumers make their decisions to buy, use or engage in leisure products and services. Then we know where and when we need to intervene in this process to achieve the desired results. The problem is that while many models have been advanced, relatively little empirical research has been conducted in order to test the models against actual behaviour. Nevertheless, it is still worth looking at some of these models.

We explored the various models of consumer behaviour in our book *Consumer Behaviour in Tourism* but we can consider some of the most important models here very briefly and leave you to go and read our other book if you require more detail.

The model recognises the importance of information in the consumer decision-making process. It also emphasises the importance of consumer attitudes although it fails to consider the attitudes of consumers in a repeat purchase situation.

The most frequently quoted consumer behaviour model is the Howard–Sheth model of buyer behaviour which was developed in 1969.

This model shows us the importance of inputs to the consumer buying process and suggests ways in which the consumer orders this input before making a final decision.

More recent models of consumer behaviour have tended to concentrate more on the exchange process and have attempted to assess the marketer's perspective on the process. One example of such a model is that developed by Solomon (1996).

He suggested that consumer behaviour involves many different actors and made us think that the purchase and use of a product or service may not be by the same person. This has fundamental effects on who we target in our marketing programmes. The family may be a key influence on the purchase behaviour patterns of individuals within the family, for example.

Foxall and Goldsmith (1994) suggested that it is vital that we understand how consumers act at different stages of their purchase decision-making processes. They divided the stages down as follows:

- the development and perception of a want or need;
- prepurchase planning and decision-making;
- the purchase act itself;
- postpurchase behaviour which may lead to repeat buying, repeat sales and disposition of the product after consumption.

The models that we have considered so far are general models of consumer behaviour that we can apply to the leisure sector. We have already considered the fact that leisure organisations are often service providers and also produce products. The leisure product or service is therefore intangible and often involves the consumer in a high spend of their discretionary income. We only need to think of the cost of a holiday, the cost of the ticket for the major music concert or the joining fee for the golf club to realise that the cost on leisure products and services is often substantial.

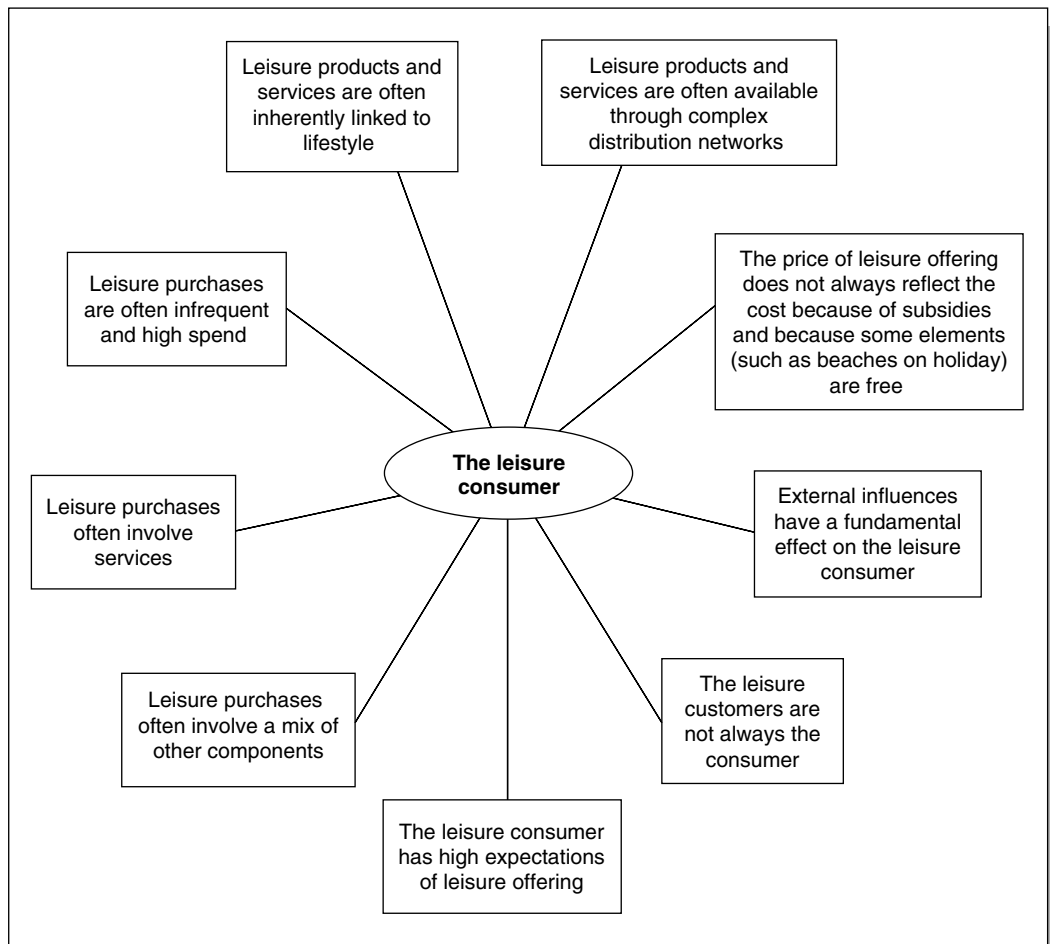
Some academics have tried to develop special models of consumer behaviour as a result of these differences. There have been a number of models suggested, for example, for the tourism sector and we can consider two of these briefly to consider their relevance for the whole of leisure.

The first of these models was devised by Victor Middleton in 1994.

It can be seen from the model that the process is 'based on four interactive components identified as stimulus inputs, communication channels, buyer characteristics and decision process and purchase outputs (response).

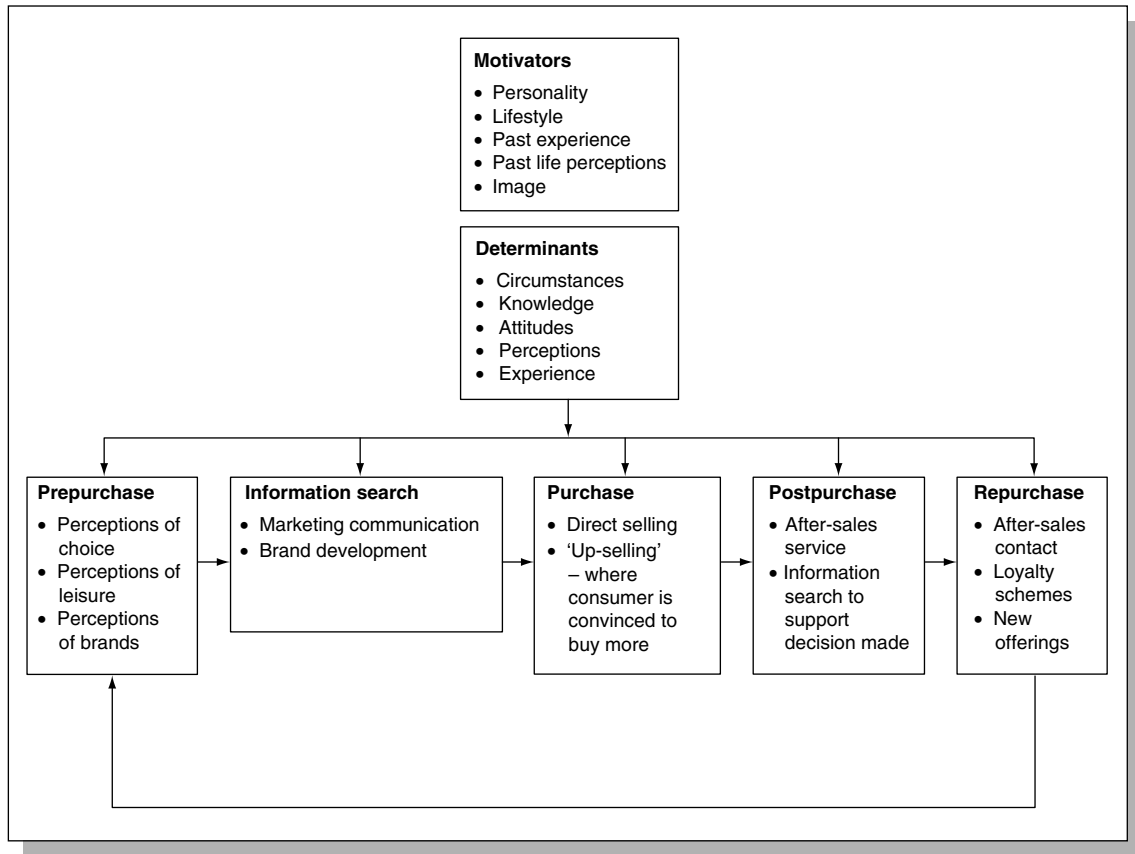
Gilbert (1991) suggested a model for consumer behaviour in tourism. This model suggested that there are two sets of factors that influence the consumer. The first level of influences are close to the person and include psychological factors such as perception and learning. The second level of influences include reference groups and family influences.

These two models that have been developed for tourism are relevant to all leisure organisations because of their similar characteristics. These characteristics are summarised in Figure 3.1.



**Figure 3.1** Characteristics of the leisure experience

On the basis of our analysis in Figure 3.1 of the special nature of the leisure sector and on the basis of all the models that we have discussed so far, we would like to suggest our own model for consumer behaviour in the leisure sector. This is shown in Figure 3.2. We must stress that the model has not been empirically tested as yet, but we feel that it



**Figure 3.2** The model of consumer behaviour in the leisure sector

represents a good set of ideas for marketers to think about and maybe even test in their own organisations.

We can see that the model suggests the central focus for marketer is the idea that motivators and determinants influence all aspects of the purchase decision-making process. Some other important aspects of the model include:

- the recognition that consumers may be motivated to buy or use a product or service, but there may be a set of determinants that prevent them from the purchase or use;
- the model suggests the leisure marketer must focus on all five stages the consumer goes through during their purchase or use;
- the model suggests the importance of brand development and marketing communication linked to the personality and lifestyle of the consumer during the first and subsequent purchases of the consumer;
- the model suggests that the postpurchase and repurchase stages are just as critical as the first purchase;
- the model suggests that qualitative marketing research will be required with the target group to develop a deep understanding of consumer behaviour.

We now need to briefly consider the main factors that influence consumer demand in the leisure industry.

## Factors influencing consumer demand – the concept of motivators and determinants

### Motivators

Every leisure consumer is different and they are motivated by a different set of factors. The main factors that influence them however have been grouped together by Swarbrooke and Horner (1999) as:

1. *Personality* – in other words are they:
  - gregarious or a loner?
  - adventurous or cautious?
  - confident or timid?
2. *Lifestyle* provides the context for their purchase decision. The motivations are likely to be different for people who are very concerned with being fashionable or preoccupied with their health, live alone and want to make new friends or enjoy partying.
3. *Past experience* as a leisure consumer – for example, what types of products or services have they bought or used before and what are their perceptions of these?
4. *Past life* motivators, most notably nostalgia, are a direct result of people's life to date.
5. *Perception* of their own strengths and weaknesses, whether these relate to their wealth or their skills.
6. *Image* – how they wish to be viewed by other people.

It is also important to recognise that motivators will change over time for each individual according to changes in their personal circumstances. These could include:

- moving away from home;
- meeting a partner;
- having a child;
- improving or worsening health;
- increasing or decreasing income;
- experiencing new things in life.

It is important to note that leisure consumers will be motivated by more than one factor and the mix of motivations may well be different for different leisure products and services.

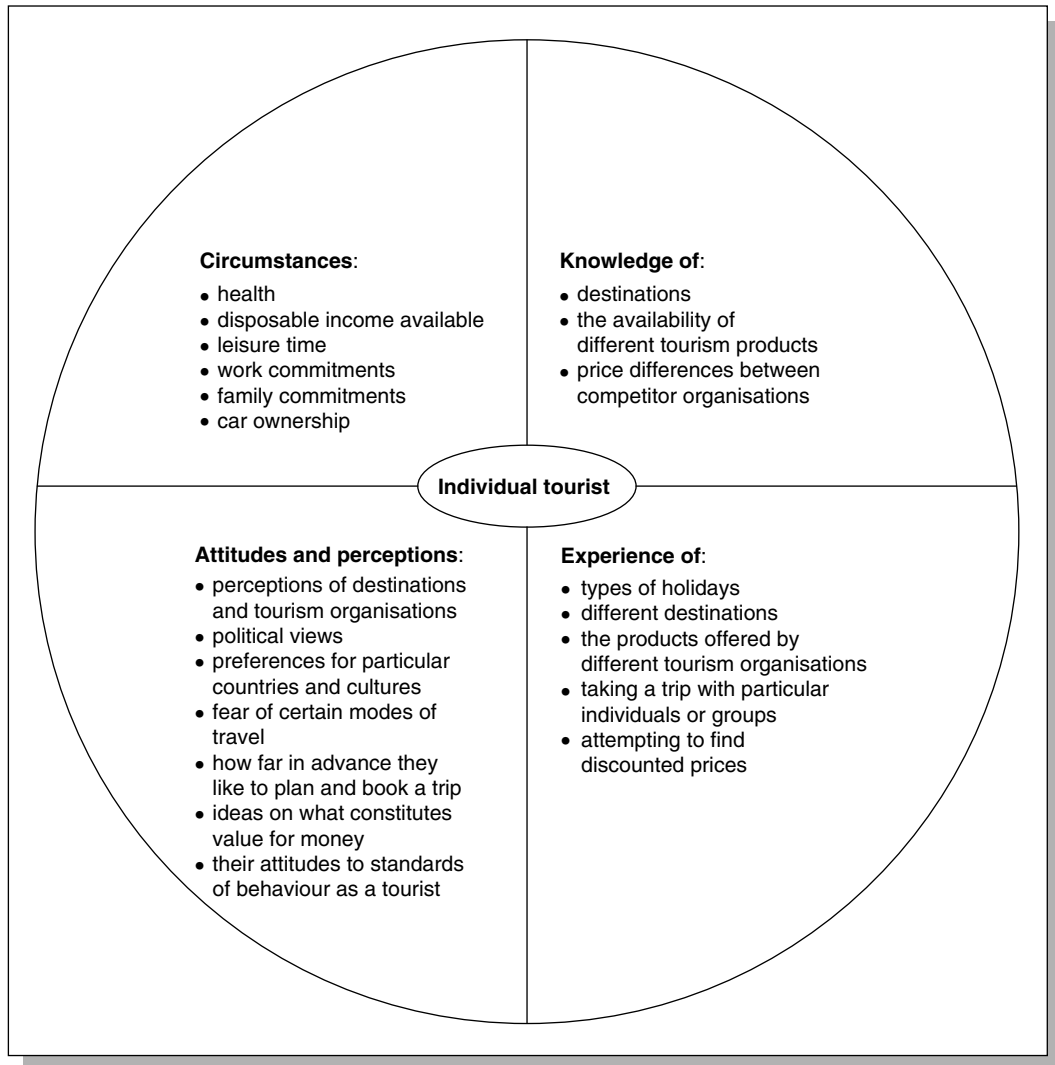
So, for example, the motivators for an individual to buy a holiday may be very different from the motivators to buy a leisure centre membership.

It is also important to mention that people from different cultures will also have very different sets of motivators which relate to their purchase decisions. This has an important consequence for leisure marketers who want to sell their products and services in more than one country.

Determinants influence whether the consumer will be able to purchase or use the leisure product or service even if they are motivated by a particular set of factors. The personal determinants of tourist behaviour (Swarbrooke and Horner, 1999) serve to illustrate the determinants in more detail and are shown in Figure 3.3.

Where some personal determinants are shared by large groups of the population, this often represents a major opportunity for the leisure industry.

The growth of the economy in the Pacific Rim coupled with the growth of European and American leisure companies, and the lack of leisure time available to many consumers has fuelled the growth of this intense short experience in the tourism, hospitality and recreation areas, for example.



**Figure 3.3** Personal determinants of tourist behaviour (*Source: Swarbrooke and Horner, 1999*)

Another example is the increase in the healthy older person in many developed economies, which has also fuelled the growth of leisure activities such as activity holidays and recreational facilities aimed at this burgeoning 'grey market'.

Other important aspects of determinants include:

- the role of unforeseen circumstances and opportunities may affect individuals;
- individuals may make purchase decisions on the basis of determinants or perceptions that are outdated;
- individuals may be strongly influenced in their future purchase decision-making as a result of a one-off bad experience.

So now that we have discussed consumer behaviour in some depth, it is important for us to consider the methods that organisations can use to group consumers together to enable them to target them more effectively.



## Methods for grouping of consumers together by market segmentation techniques

One of the key techniques in marketing is the process of market segmentation which has been used by practitioners to effectively target groups of the population with specifically designed products and services.

Market segmentation has been defined by Dibb et al. (2001) as:

The process of dividing a total market into groups of people with relatively similar product needs, for the purpose of designing a marketing mix that precisely matches the needs of individuals in a segment.

There are five classic ways of segmenting markets. This means that there are five different criteria that can be used to subdivide a total market into groups that share common characteristics. We will now consider these criteria in turn, in relation to their value for the leisure industry.

### Geographical segmentation

This method categorises market group on the basis of where they live. Some examples illustrate this method:

1. The desire of urban city dwellers to visit rural locations for their leisure experiences as a contrast to their everyday environment.
2. The strong desire of people in a particular city or region to support their local football team.
3. The development of an airline business on the basis of geographical patterns in demand.
4. The development of theme parks on the basis of a local, regional, national or international focus.
5. Tour operators consider where their clients live when they decide which departure airport to offer flights from.

### Socioeconomic segmentation

This method subdivides markets on the basis of socioeconomic variables. In the UK this approach is mainly based on the JICNARS classification which splits society into six groups – A, B, C1, C2, D, E. This is a relatively crude method of market segmentation but it is used extensively by leisure organisations which want to target particular groups. For example, the holiday company Center Parcs target the A, B and C1 socioeconomic group.

### Demographic segmentation

This method of market segmentation is based on subdividing a population on the basis of demographic factors. This method has been used extensively by leisure organisations as the following examples illustrate:

1. *Sex* – The pay-to-view football customer who is usually a male and the stereotypical shopper who is a female.
2. *Age* – The specialist tour operators who have targeted older people (Saga) or younger people (Club 18–30).
3. *Religion* – This is at the heart of the pilgrimage product, for example.

Stage in family life cycle	Likely preferences and needs of consumers
Child	Stimulation. Other Children to play with. Parental guidance and support.
Teenagers	New experiences. Excitement. Status. More independence from parents. Opportunities for active participation. Social interaction with other teenagers.
Young adult	New experiences. Freedom of action. Opportunities for active participation. Social interaction with other young adults.
Young couple	New experiences. Romance.
Young couple with baby	Facilities for babies. Economy. Ease of access for pushchairs and prams.
Growing families	Economy, e.g. a family ticket. Something for all the family to do.
'Empty nesters'	Chance to learn something new. Passive rather than active participant most of the time.
Elderly	Watching rather than doing. Economy. Company of other older people. Easy accessibility for people with mobility problems.

*Source:* Adapted from Swarbrooke (1999)

**Table 3.1** The family life cycle and visitor attractions

One demographic method of market segmentation that has particular relevance to the leisure sector is the *family life cycle* concept. The assumption here is that consumers' behaviour is influenced by where they are in relation to the family life cycle. Table 3.1 illustrates the family life cycle concept in relation to visitor attractions.

This approach is also used by other organisations from the leisure sector and is illustrated by the following examples:

- playcentres particularly aimed at younger children;
- theatrical performances particularly aimed at families with children;
- holidays, for teenagers holidaying separately from their parents;
- cruises particularly aimed at 'empty nesters' whose children have left home.

Two demographic criteria that are rarely used are race and nationality. Race is a very important criteria, however, in certain countries such as the USA. Leisure organisations that are increasingly marketing across national boundaries need to increasingly segment the market on the basis of race.

## Psychographic segmentation

This method of market segmentation relies on the idea that lifestyle, attitudes, opinions and personality of people determine their behaviour as consumers. This is a very

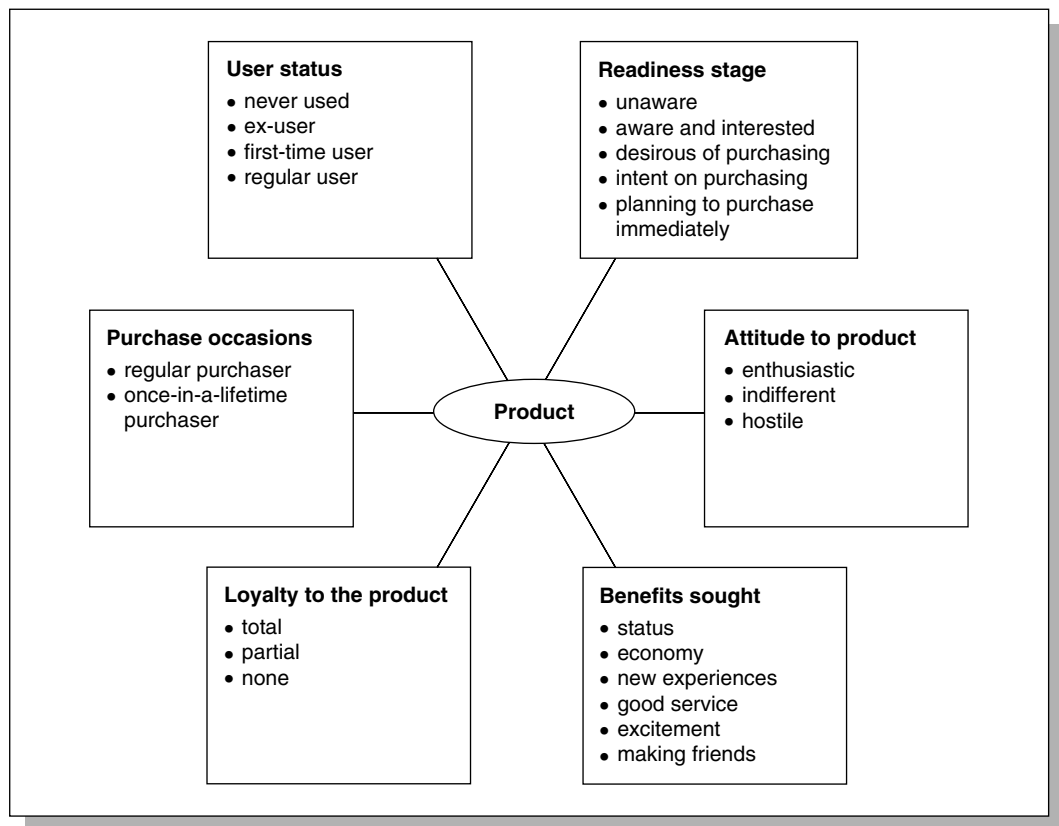
modern approach and is well suited to the leisure market as we can see from the following examples:

1. Health spas target consumers who are seeking a healthy lifestyle and beautiful body and mind.
2. People who are environmentally aware can be targeted with natural outdoor leisure experiences.
3. People who are thrill seekers can be targeted with the latest rides at visitor attractions.
4. People who are 'culture vultures' can be targeted with high profile ballet, opera and theatrical performances.
5. Popular music lovers can be targeted with high profile music events and festivals.

This method of segmentation is modern and the most talked about at the present time. It is also the most difficult to research in any systematic way.

### Behaviouristic segmentation

This method of market segmentation relies on the consumer's relationship to the particular product or service. This was explored by Swarbrooke and Horner (1999) as follows in Figure 3.4:



**Figure 3.4** Different forms of behaviouristic segmentation

Behaviouristic segmentation is used extensively in the leisure sector as the following examples illustrate:

1. The purchase of the 'once in a lifetime' honeymoon package.
2. The regular purchase of a season ticket for a popular team by a loyal supporter.
3. The use of airline frequent flyer programmes (FFPs) to encourage loyal customers.
4. The development of budget hotels to satisfy the budget-conscious consumer.
5. The purchase of membership for a particular health or sporting club in order to get the status associated with membership.

There are three major criticisms that have been aimed at the different methods of market segmentation that are currently in use. A summary of these is as follows:

1. Some of the methods are dated and have not kept pace with developments in society. The traditional family life cycle model, for example, looks dated against the backdrop of fewer marriages, increasing divorce and a growth in single-parent families.
2. The traditional techniques often fail to recognise that the leisure consumers change over time and they may move between market segments as their income grows or their health deteriorates, for example.
3. The fact that market research is very limited in the leisure sector is a major stumbling block to the use of these different methods of market segmentation.

Leisure organisations should of course use a number of market segmentation methods in the process of *multivariate market segmentation*. This will allow a bigger picture of the consumer to be developed and used in the development of effective and efficient marketing programmes. Some examples of this to illustrate the point are as follows:

1. The female city dweller who is 'time poor' and visits a spa to gain a holistic experience.
2. The young outgoing male who downloads music from the Internet to his MP3 player and listens to the results with his local friends.
3. The old but active couple who escape to the countryside to escape from the pressures of city life.

## The concept of the 'global' consumer and the application of it to the leisure sector

The debate about the global consumer is an interesting academic debate, but also one that has consequences for leisure organisations that have to make decisions about whether to standardise or adapt their products and services during their international marketing activities.

The emergence of the 'global consumer' has commenced, it has been argued, with groups such as the 'global business traveller' or the 'young music lover' (Swarbrooke and Horner, 1999). Academics are divided as to the source of this type of development. One school of thought is that the emergence of the 'global consumer' has been a direct result of the marketing activities of powerful multinational companies such as Nike, Reebok, Sony and Manchester United Football Club.

Other commentators have supported the view that it is the fact that groups of consumers across the world are becoming increasingly similar because of *customer convergence*.

There have been conflicting ideas expressed about the idea of globalisation of products and services. Levitt (1983) was the first academic to observe that globalisation was occurring at a rapid pace and this was supported later by other academic commentators (Ohmae, 1982; Guido, 1991).

Kotler and Armstrong in 2004 argued, however, that globalisation was only possible for large organisations such as McDonald's and Coca-Cola. Other smaller organisations would have to adapt their product and service offering on the basis of distinctly different cultural identities (Douglas and Wind, 1987; Kashani, 1989).

There is evidence, however, that an increasing number of global products and services are continuing to emerge. This is despite the fact that there has been a growing movement in the postmodern world to protect the consumer from globalisation on the basis of intellectual, ethical and practical reasons (Usinier, 1993).

Despite this, it is the very young that are the most likely to become the global consumers of the future for leisure organisations. The desire to be associated with global leisure products whether it is a McDonald's meal or a Disney film has never been better developed. Young children are now sensitive to global brands at a very early stage of their development. They are exposed to multinational satellite channels such as MTV, the satellite music channel. It will be interesting to observe whether these children will continue with their desires to be seen as a homogenous mass, or whether in time, they will seek to return to their local national cultural identity. The outcome of this development will determine whether leisure organisations will be able to increasingly standardise their products and services in the future, or whether they will have to adapt their offerings for local markets.

There are commentators who suggest that there will be an increasing number of individuals who express their personal identity by a return to an individualistic way of life. The following quote illustrates this point:

People no longer identify themselves as part of a mass: they want to express their difference through identity with subsets of the once homogenous conception. Now there are plural, multiple, and niche-based sources of identity open to people, such as their sexuality, their culture, their ethnicity. Niche-based markets sustain these sources of identity.

Clark and Clegg (1998)

This quote suggests that as people become more individualistic it will become more difficult to segment the market, and there will be more and more groups of individuals who demand very focused leisure products.

If this is true, then technology may allow us to produce very individually tailored products and services for these smaller and smaller groups.

## Conclusions

We have considered the concept of consumer behaviour in this chapter with a particular emphasis on the motivators and determinants that affect individuals in their purchase decisions related to leisure products and services.

We have suggested that there are different ways to segment a market and that organisations should combine a number of methods together to give a clearer picture of the consumer.

The trend towards globalisation has been an important movement in some areas of the leisure industry. We only need to think of the fast-food operation, the music industry and the football teams to think of examples that illustrate this. Whether the trend towards globalisation will march on or whether we will see the emergence of increasing numbers of consumers who have an individualistic approach and demand niche leisure products remains to be seen.

## **Discussion points and essay questions**

1. Critically evaluate the different methods of market segmentation and suggest reasons why leisure organisations should adopt multivariate market segmentation.
2. Discuss the opportunities and interests which the process of globalisation represent for leisure providers in your country of residence.
3. Examine the extent to which 'customer convergence' is happening in the international leisure market.

## **Exercise**

Conduct a survey on a small number of individuals to explore the leisure interests they have and the reasons for their particular choices. Try and relate your results to the model of consumer behaviour.