

## You Decide

Microsegmentation, grouping consumers into smaller market segments than those more commonly used in the past, has been employed by more and more companies as markets have become saturated. Many companies have found sales growth difficult to come by: To gain increased sales, consumers must be won away from competitors. The best way to win a customer is to satisfy the customer's unique needs better than a competitor does.

By grouping customers into more specific groups, firms can better fulfill customer needs. As the tourism industry becomes more competitive, tourism suppliers have begun focusing on the needs of less traditional segments of potential travelers. For example, instead of targeting the business segment, a hotel company might target the young, technologically savvy, traveling saleswoman subsegment of the business and professional market.

A subsegment that is being targeted more and more is the less-affluent counterpart of other segments, such as the low-income mature traveler or the low-income young-family subsegment. Lower-income travelers represent potential growth for travel providers because they have not been able to afford many of the travel services that other, more affluent travelers have been purchasing.

To appeal to these lower-income segments, some tourism suppliers are offering special financing services.

The Princess Cruise Line is now offering its own "Love Boat Loan Cruise Financing" plan. Its slogan for the plan is "Bringing Your Dream Vacation within Reach." Prospective passengers unable to afford a cruise owing to a lack of savings are encouraged to "spread the cost over two, three, or four years, into very manageable monthly payments." Clients can even include onboard spending for drinks, shore excursions, and shopping as part of the loan. Interested customers simply call an 800 number to apply: "There is absolutely no paperwork to fill out and you will communicate by phone directly with the bank." Interest rates vary from 15% to 27%, depending on the individual's credit history and desired payment schedule.

For decades, travelers have been able to play before they pay. Banks have long offered vacation loans and credit card companies encourage purchasing travel services on credit. Tourism company-based financing is just one more means that customers can use to gratify their vacation desires now and pay later. Should tourism service suppliers encourage customers to "travel now and pay later"?

## Net Tour

To get you started on exploring Internet links for this chapter, please see

[www.spaceadventures.com](http://www.spaceadventures.com)  
[www.sath.org](http://www.sath.org)  
[adventuretravel.com](http://adventuretravel.com)  
[lake-express.com](http://lake-express.com)  
[www.exploreworldwide.com](http://www.exploreworldwide.com)

[www.exodus.co.uk](http://www.exodus.co.uk)  
[www.virgingalactic.com/](http://www.virgingalactic.com/)  
[medicaltourism.com](http://medicaltourism.com)  
[www.ttra.com](http://www.ttra.com)  
[www.slow-tourism.net](http://www.slow-tourism.net)  
[www.my420tours.com](http://www.my420tours.com)

## Discussion Questions

1. Based on your knowledge of the tourism industry, what future services do you think will be developed to serve mass markets or specific market niches?
2. Based on your knowledge of the tourism industry, which of the following groups holds the most promise for future growth—mature travelers, international travelers, or business and professional travelers?
3. As speeds and efficiencies in trains and airplanes increase, do you think that travelers will shift their trips to one or the other of these transportation modes?
4. Why will the number of suppliers in the tourism industry decrease, and how will this consolidation of suppliers take place?
5. Will advances in technology replace the need for the human touch in the tourism industry?
6. What are the main types of tourism research conducted by governments and tourism suppliers?

## Applying the Concepts

1. Using the resources of your local library or the Internet, access either the *Statistical Abstract of the United States*, *Statistics Canada*, or another governmental source. What recent trends have occurred in tourism-related activities? Do you think these trends will continue? Why or why not?
2. Arrange an interview with an experienced travel agent. Ask what changes he or she has observed in the tourism industry in the past five years. Some areas you might ask questions about include changes in business and professional travel, ecotourism, international travel, and technology.