Customer segmentation for marinas: Evaluating marinas as destinations

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HIGHLIGHTS

- Limited research exists on marina marketing.
- Marinas should be evaluated as touristic destinations.
- Pull–push framework is used to segment marinas' yachter customers.
- Five segments are identified exhibiting different socio-demographic characteristics.
- Results have implications for marina marketing and destination marketing research.

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ABSTRACT

Marinas are a significant part of marine tourism activity and they are complex organizations having a highly heterogeneous business structure with many different companies trying to provide the various services that altogether compromise the so called "marina services". From this perspective, they can be described as destinations and analyzed with a destination marketing perspective. This study aims to conduct a benefit segmentation approach to marinas as destinations, in order to identify the existing market segments based on yachters' expectations from them. Data were collected from 261 yachters of seven marinas located on Turkey's Aegean coast in 2014. The five identified segments are labelled as socially oriented, indifferent, supportive facilities oriented, service and prestige oriented, and touristic attractiveness oriented clusters. Clusters are validated by nine independent variables that define their socio–demographic characteristics and individual motivations for traveling to marinas. The results offer important implications both for practitioners and scholars.

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1. Introduction

In today's markets where it is impossible to provide products that appeal to all available customers due to their highly heterogeneous needs and expectations, companies try to divide markets into groups of consumers carrying homogeneous characteristics depending on a previously identified set of variables (Kara & Kaynak, 1997). The same condition also prevails for tourism services and destination marketing decisions. Segmentation of travelers has been a widely covered area in destination marketing literature (e.g. ; Frochot, 2005; Mohsin, 2005; Park & Yoon, 2009; Prayag & Hosany, 2014; Prayag, Disegna, Cohen, & Yan, 2015).

Within this literature, benefit segmentation approach has gained a significant popularity, besides the widely accepted approaches to segmentation such as using demographic characteristics. Classifying travelers according to the benefits that they seek from their travel experience can be seen as more likely to predict segments that are valuable in providing information on travel behavior and destination choice (Botschen, Thelen, & Peiters, 1999). This is due to the belief that benefits that travelers seek in going to destinations are related with their motivations and this helps marketers to both segment their markets and profile their customers in a more accurate way (Frochot & Morrison, 2000).

Although benefit segmentation has been widely covered in the tourism literature and applied across a variety of destinations and other situations (Frochot & Morrison, 2000), the application of the methodology for marina selection decisions by yachters is a rather neglected area. Marinas can be considered as destinations if a destination is defined as "a diverse and eclectic range of businesses and people, who might have a vested interest in the prosperity of their destination community" (Pike & Page, 2014: 203). They are a

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significant part of marine tourism activity and they are complex organizations involving a highly heterogeneous business structure with many different companies trying to provide the various services that altogether compromise the so called "marina services". All these companies and organizations are working for the prosperity of their marina. Although marinas are a very important part of the economic activity in many countries and they contribute to the well-being of the related industries and their countries, there is a lack of scholarly interest in the comprehensive analysis of the industry (Raviv, Tarba & Weber, 2009).

Sharing the considerations of Raviv et al., (2009), this study tries to make a contribution to scholarly research that can be used by marina managers for segmenting their yachter markets depending on their motivations. The study uses the push—pull framework for operationalizing the motivations of yachters in their marina selection decisions. Also the study makes an attempt to fill a void in the destination marketing literature by evaluating marinas with a destination perspective and applying benefit clustering methodology to these destinations. The study tries to respond Dolnicar and Ring (2014) call by trying to translate the findings of the study into operational marketing recommendations for marina managers. The benefit segmentation approach is strengthened by using socio-—demographic criteria and several yachting characteristics in order to develop strategies that would enable marketers to communicate and reach each segment in an effective way (Hanlan, Fuller & Wilde, 2006).

The study sets its research question based on these research aims and asks if there are different clusters based on benefits sought by yachters when they select the marinas to call or stay. The study is applied in Turkey's Aegean coast considering the potential of this region and the new marina investments being planned in the area. In addition to these, the study tries to explain the existing differences between customer segments in terms of demographics, yachting characteristics and also individual motivations for traveling to marinas.

The rest of the paper is organized as follows. The second section reviews the literature on market segmentation in tourism studies, benefit segmentation approach in destination marketing and tries to conceptualize marinas as destinations. The third section explains the sampling, methodology and exhibits the findings of the analysis. The last section provides a discussion on the results together with practical and theoretical implications for further scholarly research.

2. Literature review

2.1. Market segmentation and studies on tourism services

Market segmentation is a widely accepted strategic marketing tool by companies that possess scarce resources and that wish to allocate these resources effectively to reach their objectives (Assael & Roscoe, 1976). Since the early days of its practice, marketers have tried to segment markets geographically (Blattberg, Peacock & Sen, 1976) or based on descriptive characteristics such as being a buyer or a non-buyer, men or women, heavy user or rare user and such (Plummer, 1974). Descriptive characteristics are generally composed of geographic, demographic or psychographic variables and a second large group is composed of behavioral characteristics such as consumer responses to benefits, usage occasions or brands (Kotler Keller, 2012). The two approaches towards market segmentation are a priori and post-hoc approaches (Wind, 1978). A priori approach chooses some variables of interest and then classifies the market accordingly. However, this creates a risk where all the members of a specific market segment may not respond to a market stimulus in the same way. According to the literature,

variables based on solely descriptive data especially on an a priori basis are evaluated as poor predictors of buying behavior (Dolnicar, 2002; Tan & Lo, 2008). Post-hoc or posteriori approach, on the other hand, collects data first depending on a selected set of inter-related variables and then tries to segment the markets into groups where within-group similarities are high and between-group similarities are low (Wind, 1978).

Regardless of the method chosen for segmentation, consumer response to a market stimulus based on a given variable may not prevail for a long time or it may change depending on the analysis of different behavioral combinations (Assael Roscoe, 1976). Smith (1956) indicated that redefinition of market segments are highly required because defined market segments will change in time. Also as it is difficult to maintain the same level of customer satisfaction with a given set of product mix or marketing strategy, it is essential for companies to match the market offering with the market segments' changing characteristics or expectations (Freytag Clarke, 2001).

Similar with other consumer or business markets, market segmentation has been a valuable tool for travel markets as well and it is frequently used in tourism marketing research. According to a wide review of the tourism marketing literature, the majority of existing research is devoted to developing structural frameworks within which a significant portion is spared for identification of homogeneous tourist groups based on segmentation studies (Dolnicar & Ring, 2014). One of the early studies was carried out by Mazanec (1984) that guided on the use of cluster analysis for segmenting tourism markets and since then market segmentation has been one of the most frequently explored areas in tourism research. Different variables are selected to identify different tourist segments in markets such as price sensitivity (Masiero & Nicolau, 2012), expenditure patterns (Lew & Ng, 2012), travel expenditures (Mok & Iverson, 2000), activities (Mumuni & Mansour, 2014) or motivations (Gnoth, 1997).

If the tourism product is conceptualized as a "satisfying experience" where the travels of tourists "may be differentiated by the experience sought (product) and the discrete services necessary for its attainment (plant)" (Taylor, 1980: 57), the market offering of the tourism product may be evaluated as a combination of the destination attributes (plant) and motivations or expectations of tourists from that destination (product). Motivations or expectations refer to behavioral variables that are underlined in market segmentation studies (Gnoth, 1997) and they are generally analyzed with benefit segmentation approaches in tourism markets that are curious about identifying the underlying motivations in tourism consumption patterns.

Benefit segmentation was initially used by Haley (1968) who defended that traditional descriptive variables used in market segmentation were incapable of identifying market segments effectively and benefit segmentation was more powerful due to its causal structure which explained the benefits that people seek in consuming a given product. This method has gained a significant attention from tourism research in segmenting markets (Sarigollu & Huang, 2005). It is applied to four different areas in tourism management (Frochot & Morrison, 2000) such as (1) destination marketing (e.g.; Andreu et al., 2005; Prayag et al., 2015; Rudez, Sedmak & Bojnec, 2013), (2) targeting specific markets (e.g. Calantone & Johar, 1984; Woodside & Jacobs, 1985), (3) attractions, events and facilities (e.g. Ahmed, Barber & Astous, 1998; Chiang, Wang, Lee, & Chen, 2015; Hsieh, O'Leary, Morrison, & Chiang, 1997), and (4) examining traveler decision making processes (e.g. Gitelson & Kerstetter, 1990; Schul & Crompton, 1983).

Push—pull framework is one of the frequently used frameworks to understand tourist motivations in their travel decisions (Crompton, 1979). Its wide acceptance is due to its ability to explain