



Exploring event bundling: The strategy and its impacts



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HIGHLIGHTS

- This mixed-method study develops a new theoretical concept of event bundling.
- The event organizers/DMOs perceived benefits of event bundling strategy, such as efficient resources allocation, more market segments and a better destination image.
- Event attendees perceived added values from enriched experiences by attending multiple events in one trip.
- Negative impacts of bundled events including challenges in event planning and coordination to the organizers, and over-crowded issue and higher price to the attendees.
- The effects of perceived event value on event attendees' trip value are moderated by the event bundling strategy.

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ABSTRACT

The objectives of this article are to explore the strategy of event bundling from the perspectives of varied event stakeholders including event organizers, event attendees, and destination marketing organizations (DMOs); and to examine the strategy's impacts on the relationships between perceived event value and visitors' trip outcome (perceived trip value and destination loyalty intention). Based on a mixed-method approach, the research first investigates stakeholders' perceptions and perceived value of event bundling from a qualitative approach in Study 1. It further tests a proposed framework through a quantitative approach in Study 2, in which two well-known events in Macau, China were chosen as an event bundle and a large sample of over 800 respondents were surveyed. Findings from the research advance the literature on event tourism and tourism product bundling practices. They further provide insights for DMOs and event planners in event policymaking and destination marketing.

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1. Introduction

Prior research in event tourism focuses primarily on how a specific solitary event attracts tourists, offers them value and experience, and influences their destination revisit intention and image perceptions (Kim & Chalip, 2004; Lee, Petrick, & Crompton, 2007; Rosenbaum & Wong, 2010; Yoon, Lee, & Lee, 2010). However, this body of research fails to provide insights into how multiple events and their bundling strategy attract tourists to these events and the host destinations, improve the event and destination experience, and/or enhance the image of the destination. This shortcoming makes evident a clear research gap in the literature. In fact, a unique phenomenon has recently been observed in event organization in that some destinations and event organizers

deliberately hold multiple events together on the same (or adjacent) dates and in the same city/venue. For example, the 11th Asia Pacific Forum for Graduate Student Research in Tourism, and the International Convention and Expo Summit (ICES) 2012 were held together in Hong Kong May 22–24, 2012 (APF & ICES, 2012). ICES 2013 was also jointly held with the World Conference on Hospitality, Tourism and Event Research (WHTER) on May 25–28, 2013 in Bangkok, Thailand (WHTER & ICES, 2013). The Macau Yacht Show, Macau Auto Show and Macau Business Aviation Exhibition, three simultaneous fairs on luxury transport by sea, land and air, have taken place in early November for three years (Lages, 2013). The Macau Food Festival and Macau Grand Prix have been held concurrently for more than 10 years since 2003. This practice of holding joint events can be referred to as event bundling, a concept borrowed from product bundling (Guiltinan, 1987; Simonin & Ruth, 1995).

Despite an extensive body of the literature on event tourism revealing the role of event value on trip outcomes, some research questions remain unanswered (Chalip & Green, 2001; Chalip &

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McGuirly, 2004; Moon, Ko, Connaughton, & Lee, 2013; Rosenbaum & Wong, 2010; Yang, Gu, & Cen, 2011). First, the growth of bundled events has created new opportunities for tourists, event organizers, venue managers, and destinations. Yet, research on event bundling has received nearly no attention in the academic literature. Product bundling studies have showed evidence that a product bundle can bring added value to consumers (Hansen et al., 2004; Stremersch & Tellis, 2002). Likewise, an event bundle, with the different event offerings and activities, is expected to co-create added value to the event visitors. There is therefore a need to explore the perceived value of such event bundles. Second, many events are planned and held jointly and/or concurrently by event planners and DMOs. Yet, the rationale, the advantages, and the challenges of this bundling strategy remain unclear. How the event planners and DMOs leverage the bundled benefits in terms of resource sharing, destination image cultivation, and marketing alliance of different events in product design, price setting, and promotion programming all await exploration. Finally, it is equally unclear how perceived value of bundled events may impact tourists' travel behavioral outcomes. A few scholars (Chalip & McGuirly, 2004) have tried to explore the possibility of bundling events with the host destination's attractions. But their study examined only the participants' (runners in a marathon event) preference for different combinations of event elements and destination attractions. Research from other stakeholders' perspectives, such as tourists/event attendees, is equally important to DMOs and policymakers.

The objective of this research is to address four major research questions: (1) What is the rationale behind the practice of event bundling? (2) What value do event attendees perceive in bundled events? (3) What impacts does perceived event value have on the overall trip evaluation of event attendees? (4) Are there any differences in perceived event value and its role in trip outcomes between bundled events and a single event? In particular, this research first explores the considerations and perceptions of organizing/attending bundled events with qualitative methods. It then assesses the dimensionality of perceived event value with a large sample and seeks to build a framework leading from event value to event attendees' perceived trip value, and to destination loyalty intention. Theoretically, this research aims to advance the literature of event tourism and event management by understanding how event bundling could create added value for event attendees, and by understanding its chain of effects on attendees' trip outcomes. Practically, the research aims to show to event planners and event host cities the benefits of event bundling strategy in terms of event marketing and destination marketing. This research undertook two studies, with the first answering research questions 1 and 2, while the second complemented the first study by answering research questions 2, 3, and 4.

2. Literature review

2.1. Bundling strategy and event bundling

Originating in the tangible goods industry, the practice of product bundling is quite pervasive in the marketing arena of almost every industry. Typical examples include season tickets, home theater equipment, and tour packages. Bundling may take different forms: namely, pure bundling or mixed bundling. In a pure bundling strategy, only a bundle of items is offered for sale, and buyers do not have the opportunity to purchase the individual items. In a mixed bundling strategy, on the other hand, a buyer can either purchase the bundle or the individual items (Adams & Yellen, 1976). Mixed bundling further has forms of tie-in (e.g., razor and blade), add-on (e.g., shampoo and conditioner), mixed-joint (tour packages), and mixed-leader (e.g., car and accessories) products (Sheng, 2004).

Stremersch and Tellis (2002) argued that product bundling does not have a consistent and universally accepted definition. Adams and Yellen first defined bundling as "selling goods in packages" (1976, p. 475). Some later scholars added a price component to the definition: for example, "the practice of marketing two or more products and/or services in a single 'package' for a special price" (Guiltinan, 1987, p. 74); or, "the selling of two or more products and/or services at a single price" (Yadav & Monroe, 1993, p. 350). In the current research on events, we will adapt these definitions and define the concept of "event bundling" as the marketing of two or more events in a package. Here the "two or more events" are differently themed events. As a special form of product, events are more complicated, mostly consisting of multiple activities (opening/closing ceremonies, seminars, new product launch, contests, etc.) in one event. Therefore, an event could actually be considered by itself a bundle of event products or event elements. In this research, however, only holding multiple events of different themes during the same/similar period of time and in the same city/venue is considered event bundling. The bundled events could be of the same type (such as academic conferences) or different types (such as cultural events and sport events). They could share one organizer or each have their own organizers. And they could be sold at a single price or at separate difference prices. But they are bundled for the major purposes of attracting more target markets and better marketing of the host city/venue.

Product bundling could be considered as developing a new product with added appeal and less risk (Eppen, Hanson, & Martin, 1991). The bundling of existing products may be optimal because it creates added value for consumers, saves costs, and creates differentiation in highly competitive markets (Stremersch & Tellis, 2002). This is also true for event bundling because one single event can attract only one type of visitors to the host destination, and tourists visiting two events during one trip can experience more. In service settings, the rationale for bundling is based on two realities: one is the cost structure of a high ratio of fixed to variable costs and a high degree of cost sharing, and the other is the interdependence of most service businesses in terms of demand (Thaler, 1985). It is hoped that by using a bundling strategy, sellers can extract consumer surplus (i.e., reservation price less actual price). The consumer surplus associated with an attractive product in a package will compensate for the consumer deficit associated with a less attractive product (Janiszewski & Cunha, 2004; Schmalensee, 1984). In event organization, certain resources can be shared between events and thus the organizing costs can be shared. Also, when tourists are disappointed by one event, they may find "compensation" from another event held concurrently.

Sheng (2004) summarized previous research about bundling and classified it into four streams: (1) the economic analyses of bundling, (2) marketing research about the optimality of bundling using an applied economic approach, (3) the psychology of consumer judgment and choice of bundling based on application of prospect theory and mental accounting theory, and (4) consumer evaluations of bundling. The first two streams of literature focus on the seller side: the motivation of why sellers adopt the practice of bundling and how sellers can optimize the bundle price (Chung & Rao, 2003; Gourville & Soman, 2001; Venkatesh & Mahajan, 1993). The last two streams focus on understanding consumers' psychological and behavioral responses to the bundling practice, including how buyers evaluate a bundle (Yadav, 1994) and the effect of a bundle on consumer evaluation of the component products (Sheng, Parker, & Nakamoto, 2007). Harris and Blair (2006a, 2006b) posit that consumers are attracted to a bundled offer because of the perceived benefits provided by the bundle: saved search cost including time, money, and efforts; saved assembling cost; lower compatibility risk; and volume

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