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From the Editor

Congratulations

Congratulations go to Marcia Sakai, University of Hawaii at Hilo; Jeffrey Brown, East-West Center; and James Mak, University of Hawaii at Manoa, for winning the Charles R. Goeldner Article of Excellence Award, which was awarded to the outstanding JTR article that appeared in the issues published in 2000. Their article, “Population Aging and Japanese International Travel in the 21st Century,” appeared in the February 2000 issue. The award was announced at the annual Travel and Tourism Research Association (TTRA) conference held in Ft. Meyers, Florida, in June, and accepted by Marcia Sakai. J. R. Brent Ritchie, University of Calgary, chaired the review panel. Bill Norman, Clemson University; Ken Backman, Clemson University; Gene Brothers, North Carolina State University; and Nancy McGehee, North Carolina State University, assisted him. Special thanks go to Plog Research, Inc., in Reseda, California, for sponsoring the award.

2002 TTRA Annual Conference

Mark your calendars now and make your plans to attend the 33rd annual TTRA conference. The dates are June 23 through 26, 2002, and the location is the Crystal Gateway Marriott in Arlington, Virginia.

For conference information, contact Patty Morgan, Executive Director, TTRA, P.O. Box 2311, Boise, ID 83701-2133; telephone: (208) 429-9511; fax: (208) 429-9512; e-mail: ttra@worldnet.att.net; TTRA Web site: http://www.ttra.com.

Call for Article Nominations

An article from the 2001 issues of JTR will be designated as the outstanding JTR article and will receive the Charles R. Goeldner Article of Excellence Award. The author(s) of the winning article will be recognized at the 2002 TTRA conference to be held at the Crystal Gateway Marriott in Arlington, Virginia, June 23 through 26, 2002. Send your nomination to Patty Morgan, TTRA Executive Director, along with a short statement explaining why you think the article is outstanding, and it will be forwarded to the review panel.

Charles R. Goeldner
University of Colorado at Boulder
The issue of sustainability and tourism has become a more widely studied topic in the past few years. However, little of this research investigates the relationship between the two concepts—sustainability and sustainable tourism—and how sustainability should be measured. Ambiguities in what is meant by sustainable tourism as reflected in the questions of how to make the industry sustainable, what should tourism sustain, and what is sustainable tourism further complicate social discourse. Progress on achieving sustainability is also limited by the need for shared definitions of means and ends among those involved in tourism development. This study provides a tourism industry perspective on what items could be sustained and what indicators should be used to monitor for sustainability policies. From the results in the state of Montana, the question of how sustainable tourism should move forward remains problematic because of differences between what should be sustained and appropriate indicators.

The development of sustainable tourism in the 1990s represents a major paradigm shift in the role of the industry in economic and community development, and as we enter a new millennium, we can learn from that shift. With 635 million international arrivals (World Tourism Organization [WTO] 1999) and an uncountable number of shorter, recreation-oriented trips, travel and tourism have become major powers in the global economy. The rapidly growing size and significance of the industry has also given rise to increased critical review of its social and environmental consequences. These reviews often question the legitimacy of tourism as an economic development tool and frequently dispute its image as being environmentally benign. With so much at stake, the long-term survival of the travel and tourism industry is the most fundamental question confronting it today.

Maintenance of the industry over the long run and its role in the larger social, economic, and environmental context are issues of sustainability. These issues, however, exist within a dynamic social-political context that could only be characterized as one of apparent chaos, uncertainty, and change. With the future increasingly uncertain, tourism as an economic activity takes on new meanings. Many authors have proposed that sustainable tourism (alternatively green tourism and ecotourism) be developed to address the social, environmental, and economic issues associated with the tourism industry (e.g., Butler 1991; Pigram 1990). One of the central questions in developing a sustainable tourism industry in a world that is at once both turbulent and evolving is, What should the industry sustain? Although several authors have noted that this question is critical to development of appropriate government policy and strategies for private business, the definition of sustainability and its goals remain important challenges in the sustainable tourism literature (Hunter 1995).

The meanings of sustainability can be articulated through the indicators that organizations and governments develop to monitor its achievement. Indicators are the quantitative variables measured periodically that reflect the condition of socially important issues. They also suggest the efficacy of particular actions designed to achieve attainment of specific goals. Such indicators reflect definitions of what it is that should be sustained. The primary objective of this study was to elicit from the tourism industry an answer to the question, What should the tourism and recreation industry sustain? Agreement on what should be sustained is a prerequisite to developing policies leading to sustainability. A secondary objective of the study was to identify indicators that can be monitored to determine if current policies are leading to sustainability. Finally, we want to briefly present the political and scientific context within which the search for indicators is situated. Sustainability can be viewed as an appropriate goal in an era of change and uncertainty, for if questions about what should be sustained and the role of tourism in this quest could be addressed, then strategies and actions to achieve this goal could be adapted for different situations over time. Essentially, sustainability provides a desired end state (state of equilibrium) for identifying strategies that may vary with circumstance. Thus, sustainability as a goal of economic development is more of a social judgment than a function of technical analysis. As such, the definitions and meanings of sustainability are paramount in any tourism policy that looks to the future.
SUSTAINABILITY, SUSTAINABLE DEVELOPMENT, AND SUSTAINABLE TOURISM

Many academicians have actively pursued the concept of sustainability in a tourism context. Hundreds if not thousands of articles have been devoted to the concept and its application. Recent efforts by Hall and Lew (1998) and Bramwell et al. (1996) exemplify this interest. The pursuit of disciplined discussions of sustainability, however, has been hampered by multiple meanings (Aronsson 1994; McKercher 1993; Taylor 1991); the influence that temporal, spatial, and functional scale play in defining sustainability (Hunter 1995); and its relationship with other industries as communities seek sustainable futures (Aronsson 1994).

The concept of sustainability—and its derivative, sustainable development—are closely linked with management of natural environments, particularly protected areas, and the human communities linked economically, politically, and culturally to those environments. The goal of sustainability carries multiple meanings (e.g., redistribution of income, intergenerational and intragenerational equity, maintenance of ecosystems, maintenance of life options, maintenance of resilient human-natural systems, and redistribution of power). Each of these meanings carries different implications for what actions are needed; however, Dryzek (1987) would argue that a policy of “ecological rationality,” in which ecosystem process and function are maintained, is fundamental to the concept of sustainability because, without necessary ecological functions, human life is not possible.

Much of the tourism industry in North America, particularly in the west, depends strongly on the presence and management of national parks, forests, wildernesses, wild and scenic rivers, and other protected federal and state lands. Menning and McCool (1993) showed how fall visitors to Montana were strongly affected by environmentally related images and motivations. Yuan and Moisey (1992) estimated about 50% of the nonresident expenditures in Montana were strongly affected by environmentally related images and motivations. Essentially, these areas form the principal product base for tourism development, and their consideration is essential in any sustainability discussion. Thus, sustainability is an issue for the products visitors find attractive, but, as important, the sustainability of natural resources on which communities have constructed tourism and recreation industries remains a problematic challenge.

Although tourism sustainability is frequently addressed in international contexts, it has received little attention outside of academia in the United States. Typically, the tourism sector is absent in natural resource management decision making and, as often, natural resource management considerations are neglected in developing tourism marketing strategies. One significant consequence of neglecting questions of sustainability is that the U.S. tourism industry is sorely lacking in plans, debate, and research concerning its ability to endure, its relationship with the natural environment, data identifying potential indicators of sustainable tourism and the quest for sustainability, and appropriate promotional and natural resource product quality assurance programs. These elements are critical to an effective, integrated tourism development policy.

As other countries pursue growing segments of vacation travel—such as ecotourism—that depend on carefully managed and protected natural environments and therefore become competitive in this arena, the United States continues to pursue a tourism development policy based on benign statements about the importance of natural resources in tourism development (Ellis and Kahn 1995). Although this comment may seem harsh, the most fundamental objectives of tourism deal with its role in enhancing economic opportunity, protecting cultural and natural heritage, and achieving a desirable quality of life. The extent to which we do not understand how tourism helps communities accomplish these goals serves as a barrier to their accomplishment and may lead to a misallocation of scarce human and financial resources. The net effect of this situation is to leave the industry without goals related either to the broader social welfare or adaptive strategies, which are both items fundamental to dealing with uncertainty in an era of change. Dialogue and deliberation about goals and indicators to achieve sustainable tourism are prerequisites to selection of appropriate strategies.

While a great deal of literature has been devoted to the concept of sustainable tourism, there appears to be an equally high level of confusion about meanings, principles, and appropriate indicators. The 1993 task force sponsored by the WTO to develop international indicators of sustainable tourism avoided the issue of a prescriptive definition of sustainable tourism by deciding that ultimately any definition was site or destination specific (T. Manning 1999).

Such meanings are difficult to assess because of some intrinsic confusion in the character of the terms. A broad reading of the tourism sustainability literature suggests three possible questions: (1) How should the tourism industry be sustained? (2) What is sustainable tourism? (3) What should tourism sustain? Given the context of much of the sustainability literature, in which the concept is often treated in terms of intergenerational or intragenerational equity, enhanced community resiliency, maintenance of quality of life, and so on, it is quite clear that the latter question is uppermost in the minds of community development professionals and activists. Tourism is viewed as a community- and economic-development tool that serves certain ends. Understanding the meanings of sustainability, then, suggests a focus on identifying what tourism should sustain. Following this discussion, indicators of sustainability need to be selected and monitored.

The problematic issue of multiple meanings is illustrated in Figure 1. Definitions of sustainability must be shared among three major participants in tourism development decisions: (1) land management agencies—particularly in the west—that not only provide the outdoor recreation opportunities but also manage the scenic backdrops for tourism development; (2) the tourism industry that facilitates many recreational opportunities and provides an array of supporting lodging, eating, and transportation services; and (3) the local residents who may benefit from tourism development, but who also may pay certain costs associated with impacts on quality of life, physical infrastructure, and services. Overlap in meanings among the three groups in tourism development is hampered by differing objectives, mandates, and policies. In the United States, as likely in many other countries, the tourism industry has dominated development and marketing decisions, and thus its perspective on sus-
tainability and indicators thereof are important aspects. Such perspectives reflect underlying value systems and ethical frameworks.

Since sustainability is more of an ethical question (Wight 1993) than a technical one, an important step is understanding the meanings the three groups assign to the concept. The extent to which the goals of sustainability can be attained is largely dependent (as a necessary but not sufficient condition) on the extent to which goals and indicators of progress are shared among the three groups. The tourism industry itself is a powerful influence on the establishment of these meanings. In many situations, it promotes and develops different tourism products with little involvement from the other two groups. Thus, a logical first step is to identify the meanings the industry places on sustainability.

In the state of Montana, where two back-to-back tourism industry strategic plans have adopted sustainability as one of the major goals or themes, such issues remain paramount. The current tourism industry plan, which takes Montana through the year 2002 (Nickerson 1997), states as the most important theme, “Encourage the development of sustainable tourism while maintaining quality of life and protecting natural, cultural, and recreational resources.” More than 500 people representing the tourism industry, natural resource managers, and residents from around the state came together to agree on this important goal for the tourism industry. The residents of Montana live there because of the natural resources available to them in their backyard. Sustaining that environment was an easy condition on which to agree.

The relationship between sustaining the environment, social and cultural integrity, and the tourism industry for the people of Montana, however, remains problematic. Questions arise about this relationship in what might first appear to be competing goals. Central to this question is an understanding of the role that tourism can play in sustaining both the environment and the social well-being of the people of Montana. In particular, what is it that tourism should sustain for the people of Montana? Given answers to this question, what are useful indicators at community-, regional-, and state-level scales, all important units for tourism marketing in Montana?

**METHOD**

The research was conducted in the state of Montana. Montana’s tourism industry is highly dependent on the natural environment, and much of it is still in a developmental phase. Thus, questions about sustainability are appropriate to examine because they are relevant to developing a sense of overall policy direction. The research involved 108 members of Montana’s tourism and recreation industry (see Figure 1).
These individuals sit on the boards of directors of each of the state’s six tourism promotion regions, and they were sampled based on their presence at a particular meeting of the board of directors of the region. Board members are primarily from the lodging, restaurant, and resort sectors. Only 2 of the sampled participants were employed by land managing agencies.

The researchers visited a meeting of each of the boards, explained the study, and led the participants through a questionnaire concerning sustainable tourism. Each participant ranked the importance of 20 predetermined items that could be sustained. These items were frequently adapted to the situation in Montana when needed. The items were derived from the sustainable tourism literature and the larger literature dealing with sustainability in general. Respondents were also asked to evaluate the usefulness of 26 indicators of sustainability, also proposed in the literature (e.g., Manning 1992), to three levels of destination marketing: the state, tourism region, and local community.

**FINDINGS**

Respondents reported a relatively broad range of answers to the question of what the industry should sustain. The items ranked highest (see Table 1) were Montana’s natural and cultural heritage, community economic stability, quality of life, and unique natural environment—all areas of commonality shown in Figure 1. These four items accounted for 44.1% of the total responses. Tourism-specific items such as nonresident visitation, promotional activity, and lodging occupancy rates—three variables frequently discussed as objectives of tourism marketing organizations and monitored as indicators of the success of promotional efforts—were ranked significantly lower in importance. Items such as low taxes, biological integrity, and family cohesiveness tended to be ranked the lowest of the items presented to study participants.

When asked to rate the usefulness of a variety of indicators of sustainability, respondents rated indicator variables differently for all three levels of marketing effort. At the state level, indicators receiving the highest level of utility were those that had the greatest relevance to state-level marketing and promotion. These included visits to parks, recreation areas, and historic sites; number of nonresident visitors; and tourism promotion budget (Table 2). Indicator variables that focus more on the outputs of tourism development, such as labor income or crime rates, were generally ranked lower.

Ratings for regional efforts (Table 3) were somewhat ambiguous reflecting the differences between the state and community levels, suggesting that how respondents view the connections between sustainability definitions and policy at this level may not be clear.

At the local level, respondents perceived the most useful indicators to be hotel occupancy rate; visits to parks, recreation areas, and historic sites; and number of nonresident visitors (see Table 4). These variables illustrate a similar emphasis as the state level but also reflect local business concerns. This possibly reflects an understanding that the tourism industry must operate within the social context of the local community.

The overall results suggest that tourism industry representatives view sustainability from a very broad perspective, suggesting that tourism development is more of a means to an end than an end in itself. Our research implies that fundamental purposes of tourism development are being reexamined, even in the United States, where sustainability concepts applied to tourism have generally been ignored. Since many in Montana’s tourism industry had participated in the development of the strategic plans, identification of these objectives may come as no surprise. While study respondents reported relatively broad definitions, the failure to rank specific indicators dealing with these broad definitions highly (e.g., affordable housing, etc.) may have been a result of failure to see connections between tourism and these items, a lack of understanding of how the industry could have an impact on specific indicators, or a question about the industry’s responsibility to deal with these items. Ranking indicators such as number of nonresident visitors highly could have reflected traditional methods of measuring tourism industry outputs or may indicate that respondents recognized that numbers of visitors impact such items as quality of life.

**CONCLUSIONS AND DISCUSSION**

Defining sustainability in relatively broad terms—as a goal rather than a means—provides the recreation and tourism industry with a strategic framework with which to respond to change and uncertainty. If the goal is economic opportunity, for example, tourism may be viewed more as a tool to help a community attain it. By viewing sustainability in this manner, actions to enhance economic opportunity can maintain some flexibility in light of changing conditions.

Before discussing the implications of our research, we remind the reader that the population of the study represented midlevel tourism and recreation industry leaders primarily in the private sector in only one state: Montana. However, within Montana, issues of sustainability are included within the existing 5-year strategic tourism plan (Nickerson 1997) and have been a part of the industry’s dialogue over its future, so our research includes a context of at least some discussion about this concept, particularly about resident concerns about tourism (Martin 1994), and therefore may represent a more knowledgeable context than in other places where similar discussions have not occurred.

First, our data suggest somewhat of a disconnect between preferences for what should be sustained by tourism and indicators that might measure progress toward this goal. For example, maintaining the “Montana quality of life” was the 3rd highest ranked item to be sustained, yet the indicator “resident perceptions of quality of life” was ranked 11th in usefulness at the community level. While community economic stability was also rated high, indicators that might be useful in measuring this, such as employment, were generally not rated as very useful.

A problem here is that the concept of sustainability is so vague that it may not translate well into specific policies, actions, or indicators. Sustainability as a concept may represent a “guiding fiction” (Shumway 1991). Guiding fictions are precepts that cannot be proved or measured but that act to create a sense of community, connection, and power: they provide a stimulus for important arenas of social discourse. However, such guiding fictions contain certain liabilities: as discussion moves on to greater specificity, with apparently shared meanings disintegrating as self-interest outweighs
**TABLE 1**
RANKINGS OF POTENTIAL ITEMS THAT COULD BE SUSTAINED BY TOURISM BY MONTANA TOURISM AND RECREATION INDUSTRY OFFICIALS

<table>
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<th>4</th>
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**TABLE 2**
RATINGS OF THE USEFULNESS OF INDICATORS OF SUSTAINABILITY AT THE STATE LEVEL

<table>
<thead>
<tr>
<th></th>
<th>Very Useful</th>
<th></th>
<th></th>
<th></th>
<th>Not Useful</th>
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<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
<td>n</td>
</tr>
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<td>Visits to parks, recreation areas, and historic sites</td>
<td>90</td>
<td>87.4</td>
<td>12</td>
<td>11.7</td>
<td>1</td>
</tr>
<tr>
<td>Number of nonresident visitors</td>
<td>82</td>
<td>79.6</td>
<td>20</td>
<td>19.4</td>
<td>1</td>
</tr>
<tr>
<td>Tourism promotion budget</td>
<td>76</td>
<td>74.5</td>
<td>23</td>
<td>22.5</td>
<td>2</td>
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<td>Hotel occupancy rate</td>
<td>75</td>
<td>73.5</td>
<td>23</td>
<td>22.5</td>
<td>4</td>
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<tr>
<td>Per capita tourist expenditures</td>
<td>74</td>
<td>71.8</td>
<td>26</td>
<td>25.2</td>
<td>3</td>
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<td>Presence of a sustainable tourism plan</td>
<td>70</td>
<td>69.3</td>
<td>27</td>
<td>26.7</td>
<td>4</td>
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<tr>
<td>Lodging revenues</td>
<td>63</td>
<td>62.4</td>
<td>34</td>
<td>33.7</td>
<td>3</td>
</tr>
<tr>
<td>Inquiries from promotions</td>
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<td>Water pollution from sewage</td>
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### TABLE 3
RATINGS OF THE USEFULNESS OF INDICATORS OF SUSTAINABILITY AT THE REGIONAL LEVEL

<table>
<thead>
<tr>
<th>Indicator</th>
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<th>Moderately Useful</th>
<th>Not Useful</th>
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<tbody>
<tr>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>Hotel occupancy rate</td>
<td>84</td>
<td>81.6</td>
<td>16</td>
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<td>Visits to parks, recreation areas, and historic sites</td>
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<td>81.6</td>
<td>19</td>
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<tr>
<td>Number of nonresident visitors</td>
<td>79</td>
<td>76.7</td>
<td>23</td>
</tr>
<tr>
<td>Tourism promotion budget</td>
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<td>27</td>
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<td>70.2</td>
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<tr>
<td>Lodging revenues</td>
<td>66</td>
<td>65.3</td>
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<td>Inquiries from promotions</td>
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<td>Presence of a sustainable tourism plan</td>
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<tr>
<td>Resident attitudes toward tourism</td>
<td>56</td>
<td>54.9</td>
<td>42</td>
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<tr>
<td>Annual number of new tourism businesses</td>
<td>50</td>
<td>49.5</td>
<td>49</td>
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<tr>
<td>Number of nonresident fishing and hunting licenses</td>
<td>47</td>
<td>45.6</td>
<td>51</td>
</tr>
<tr>
<td>Percentage of labor force in tourism</td>
<td>46</td>
<td>46</td>
<td>52</td>
</tr>
<tr>
<td>Number of tourism employees</td>
<td>44</td>
<td>44.4</td>
<td>52</td>
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<tr>
<td>Highway traffic count</td>
<td>42</td>
<td>40.8</td>
<td>55</td>
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<tr>
<td>Resident perceptions of quality of life</td>
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<td>40.8</td>
<td>53</td>
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<tr>
<td>Labor income from tourism</td>
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<td>40.6</td>
<td>54</td>
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<tr>
<td>Airline deplanements</td>
<td>35</td>
<td>35</td>
<td>53</td>
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<td>Number of state parks</td>
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<td>20.6</td>
<td>51</td>
</tr>
<tr>
<td>Crime rate</td>
<td>21</td>
<td>20.8</td>
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</tr>
<tr>
<td>Water pollution from sewage</td>
<td>20</td>
<td>2</td>
<td>44</td>
</tr>
<tr>
<td>Gasoline tax revenue</td>
<td>18</td>
<td>18.4</td>
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<td>State park management budget</td>
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<tr>
<td>Per capita water consumption</td>
<td>8</td>
<td>8</td>
<td>38</td>
</tr>
<tr>
<td>Real estate sales</td>
<td>6</td>
<td>6</td>
<td>57</td>
</tr>
<tr>
<td>Building permits</td>
<td>5</td>
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<td>50</td>
</tr>
<tr>
<td>Per capita energy consumption</td>
<td>2</td>
<td>2</td>
<td>36</td>
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</table>

### TABLE 4
RATINGS OF THE USEFULNESS OF INDICATORS OF SUSTAINABILITY AT THE COMMUNITY LEVEL

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Very Useful</th>
<th>Moderately Useful</th>
<th>Not Useful</th>
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<tbody>
<tr>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>Hotel occupancy rate</td>
<td>86</td>
<td>81.9</td>
<td>16</td>
</tr>
<tr>
<td>Visits to parks, recreation areas, and historic sites</td>
<td>83</td>
<td>79.8</td>
<td>17</td>
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<tr>
<td>Number of nonresident visitors</td>
<td>76</td>
<td>73.1</td>
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<tr>
<td>Per capita tourist expenditures</td>
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<td>73.1</td>
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<tr>
<td>Resident attitudes toward tourism</td>
<td>66</td>
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<tr>
<td>Tourism promotion budget</td>
<td>64</td>
<td>62.1</td>
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<tr>
<td>Inquiries from promotions</td>
<td>62</td>
<td>60.2</td>
<td>35</td>
</tr>
<tr>
<td>Lodging revenues</td>
<td>61</td>
<td>58.7</td>
<td>33</td>
</tr>
<tr>
<td>Annual number of new tourism businesses</td>
<td>60</td>
<td>57.7</td>
<td>31</td>
</tr>
<tr>
<td>Number of tourism employees</td>
<td>54</td>
<td>52.4</td>
<td>43</td>
</tr>
<tr>
<td>Resident perceptions of quality of life</td>
<td>54</td>
<td>51.9</td>
<td>40</td>
</tr>
<tr>
<td>Percentage of labor force in tourism</td>
<td>53</td>
<td>52</td>
<td>42</td>
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<tr>
<td>Highway traffic count</td>
<td>50</td>
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<tr>
<td>Presence of a sustainable tourism plan</td>
<td>50</td>
<td>48.5</td>
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<tr>
<td>Number of nonresident fishing and hunting licenses</td>
<td>47</td>
<td>45.2</td>
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</tr>
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<td>Labor income from tourism</td>
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<tr>
<td>Water pollution from sewage</td>
<td>36</td>
<td>35</td>
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<tr>
<td>Airline deplanements</td>
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<td>30.4</td>
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<tr>
<td>Crime rate</td>
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<td>30.4</td>
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<tr>
<td>Building permits</td>
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</tr>
<tr>
<td>Gasoline tax revenue</td>
<td>20</td>
<td>2</td>
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<tr>
<td>Number of state parks</td>
<td>18</td>
<td>18</td>
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<td>Per capita water consumption</td>
<td>16</td>
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<tr>
<td>Per capita energy consumption</td>
<td>6</td>
<td>5.9</td>
<td>34</td>
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</table>
collective good. Thus, while respondents agreed about certain things that the tourism industry should sustain, they were unable to identify the specifics associated with them.

The lack of consistent results may reflect confusion in the respondents' meanings of sustainability, the question of what tourism should sustain, and the idea of sustainable tourism. Each of these concepts includes a variation on the term sustain but may represent significantly different notions. Sustainability may represent how the industry itself should be sustained (maintained) over the long run, without reference to collectively defined social, cultural, economic, and environmental goals; what tourism should sustain may be a more narrowly oriented question that is limited to the direct economic or cultural effects of tourism development; sustainable tourism may represent a particular type of tourism—small scale, community oriented, environmentally benign, for example. This confusion exists not only in the minds of tourism business operators but most likely in the other two relevant groups (land managers and local residents) as well.

Second, we note that many of the top-ranked indicators of sustainability identified here represent inputs even though output-oriented indicators were presented. Input-oriented indicators do not really measure the results of tourism development policy but only the level of tourist activity or tourism promotion activity. For example, the number of nonresident visitors as an indicator does not necessarily measure important economic outputs such as labor income; nor does it assess the effects of resident-visitor interactions.

Finally, we note that our study addressed meanings and indicators from the perspective of the industry only. Meanings assigned to the question of what tourism should sustain, by the land managers providing much of the state’s tourism product and local residents who gain from increased economic activity and who may feel negative consequences, were not addressed here. Such broader involvement would help determine the differences and similarities that would form the basis of dialogue for the future of the state’s tourism industry.

The findings above suggest several implications for tourism development. First, if tourism is viewed as a tool of development to achieve sustainability, there must be agreement between the three groups on what is to be sustained as well as on the appropriate routes to that goal. In a dynamic social context, determining what is to be sustained involves continuing significant, meaningful, and legitimate interactions between all segments of the tourism and recreation industry, but particularly between managers of the publicly owned resources on which the industry is based and the local residents affected. Some interactions are beginning to occur (e.g., the Western Summit on Tourism and Public Lands held in 1996); however, interaction at both the local level—where tourism development happens—and the national level—where institutional frameworks and cultures originate that form the context for local efforts—are needed. Such dialogue would likely point out differences both in answers to the question of what should be sustained by tourism and the indicators useful at different scales.

Second, more specific ideas about what is to be sustained are needed. Our research, for example, identified “Montana quality of life” as an important item to be sustained. But what does this mean? Which Montanans? Over what timeframe? What indicators would be most relevant? And, most important, what is meant by quality of life? Here, resident perceptions of quality of life would be critical to industry implementation of tourism development policies.

Economic development activities, such as tourism, thus are viewed more as a tool than as an end. Development is different from growth, as noted by Barbier (1987). Here again, understanding the degree to which such meanings are shared between those in the tourism industry and residents who feel both the positive and negative effects of tourism development is an important foundation to any sustainability discussion and policy.

Third, the sustainable tourism literature, while in the developmental stage, needs to address the question of indicators. Some literature exists (see WTO 1996; Hawkes and Williams 1993; E. Manning 1992), but many proposed indicators do not meet the criteria for indicators identified in other fields (Farrell and Hart 1998; Gallopin 1997). For example, indicators should be reliable, easy to measure, quantifiable, relevant to important conditions, sensitive to management actions, and capable of change (Meriglano 1989). One proposed indicator used in this study—number of state parks—that has been proposed in the literature does not meet all these requirements. While this indicator is easy to measure and quantifiable, it does not necessarily fluctuate up and down in response to policy initiation or implementation, and it may not be closely related to significant issues such as quality of life.

Our approach to identifying indicators was basically ad hoc in character, but understanding the system of interest might provide greater illumination on what indicators are appropriate to monitor. Inclusiveness in the indicator identification process—through dialogue among those affected—is required to arrive at an appropriate, comprehensive, and useful list. As Bossel (1999, p. 65) argued, development of indicators should encompass experts as well as others: “Because they are experts, they are likely to focus on issues and items of their professional expertise while neglecting others that may have a significant effect in the real system.” One has to be careful that the identification of indicators does not reflect a technological fix of an issue that is fundamentally moral and ethical.

The sustainability issue confronts researchers, tourism promoters, destination marketing organizations, and resource managers on a daily basis. Our study focused on only one segment of the three major entities involved in sustainable tourism, although it is a powerful one in many communities. Future research should more explicitly examine the extent to which meanings are shared or differ. In the search for more definitive approaches to tourism sustainability, who gets to assign meanings is as important as what those meanings are. And, through more inclusive analyses of meanings, there is a greater chance that the “right” questions get asked.

Our initial inquiry into the question of what should be sustained indicates that, at least in Montana, members of the tourism industry deeply care about socially important values. We found unsettling results about connections between these values and indicators, which were perhaps partially a result of our selection, but our selection was based on what has been proposed in the sustainability literature. Further research and interaction on this topic may help lead the industry into a new perspective on its role in community development in an evolving era of change.
REFERENCES


Since the 1970s, economic restructuring and the farm crisis have severely reduced rural communities’ economic opportunities. Economic restructuring has caused a loss of rural manufacturing plants and many jobs. The 1980s farm crisis in the Midwest also led to a decline in the numbers of farmers and restructured farm ownership, forcing some farm families to augment their incomes with off-farm jobs, to depart farming, or to declare bankruptcy. The farm crisis and the loss of manufacturing jobs had substantial ripple effects in rural communities. As rural joblessness rates rose above urban levels, real income growth stagnated in rural areas (Sears and Reid 1992). Many stores and agribusinesses disappeared from small rural towns. Not surprisingly, a 1992 statewide survey in Illinois found that 39% of rural residents perceived their economic prospects as worsening (Walzer 1993).

These changes limited rural communities’ economic development options, making older development strategies less viable and forcing many to look for nontraditional ways to sustain themselves. One of the most popular nontraditional rural development strategies has been tourism and its associated entrepreneurship opportunities because of tourism’s ability to bring in dollars and to generate jobs and support retail growth. The purpose of this study was to identify and examine those factors that have helped rural communities successfully develop tourism and its entrepreneurship opportunities. Several focus groups were conducted with local businesspersons and leaders in six rural Illinois communities. The results clearly demonstrate the importance of the community approach to tourism development and that rural tourism development and entrepreneurship cannot work without the participation and collaboration of businesspersons directly and indirectly involved in tourism.

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Despite these benefits and its viability as an economic development strategy, rural tourism does have some disadvantages for rural areas (Luloff et al. 1994; Smith 1989). Like rural manufacturing, it can pit rural communities in competition against one another. Tourism industry employment, like many other service sector positions, remains among the lowest paid on the American wage ladder (Smith 1989). Tourism and the jobs associated with it are often seasonal and produce profits for only part of the year. Nonetheless, rural tourism remains one of the few viable economic development strategies; additionally, rural tourism need not involve dependency on outside firms and their decisions on whether they want to be in an area (Fesenmaier, Fesenmaier, and van Es 1995; Shaw and Williams 1994). Rural tourism provides a base for these small businesses that might not otherwise be in rural communities because of their small populations. Tourism particularly helps two types of small businesses in rural areas—those directly involved in tourism (e.g., attractions and hotels/motels) and those indirectly involved in tourism (e.g., gas stations and grocery stores). Additionally, rural tourism works well with existing rural enterprises such as farms (e.g., U-Pick farms) and can generate important secondary income for farm households (Mjølåger 1996; Oppermann 1996).

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Like other economic development strategies, rural tourism requires several components to be successful. Tourism development involves (1) attractions: the natural and man-made features both within and adjacent to a community; (2) promotion: the marketing of a community and its tourism attractions to potential tourists; (3) tourism infrastructure: access facilities (roads, airports, trains, and buses), water and power services, parking, signs, and recreation facilities; (4) services: lodging, restaurants, and the various retail businesses needed to take care of tourists’ needs; and (5) hospitality: how tourists are treated by both community residents and employees in tourism businesses and attractions (Gunn 1988). Left out of this list are tourism entrepreneurs and their role in fostering these components. While the above components and a community’s assets are clearly important to tourism development, only the widespread participation and contribution of rural tourism entrepreneurs can ensure a broad-based foundation for successful tourism development.

A research literature has emerged on how to best facilitate the development of tourism. One view, drawing heavily on the economic literature, argues that tourism and its associated entrepreneurship opportunities are best developed by helping and creating individuals businesses and then letting them compete in the marketplace (see Eadington and Redman [1991] for a review and description of this view). This view, however, has been critiqued because (1) it views tourism and tourism-related businesses as isolated from the larger community and its issues; (2) it does not recognize the interdependence of the various sectors and actors involved in tourism; and (3) most small tourism businesses, especially those in rural areas, do not have the individual resources to promote either themselves or the community as a tourist product (Gunn 1988; Murphy 1985; Palmer and Bejou 1995).

Opposing this view is the community approach to tourism development and entrepreneurship (Murphy 1985). As its name implies, the approach argues that tourism is a community product and that, along with entrepreneurial skills and the presence of tourist businesses, it is also necessary to have the community and local capabilities (e.g., local leadership and formal and informal networks) directly involved in tourism development and promotion effort (Murphy 1985). While the community approach may be an effective way to develop and promote tourism, creating the necessary intercommunity cooperation and collaboration is a complex and difficult process. Businesses are asked to share resources while simultaneously competing. Local governments may see collaborating to develop tourism as risky, or they may be worried about losing control over local decision making (Huang and Stewart 1996; Jamal and Getz 1995). Because of these problems, research on collaboration and those factors that allow for community development of tourism is needed (e.g., Jamal and Getz 1995). The purpose of the present study is to identify and examine those factors that help rural communities successfully develop tourism and its entrepreneurship opportunities. The present study makes an additional contribution to the research literature by including rural tourism entrepreneurs, an overlooked group in rural tourism research (Stokowski 1990).
notes during every focus group session. Debriefings were conducted and field notes were taken as soon as possible after each focus group.

RESULTS

Focus group results clearly indicate the importance of the community context and rural tourism entrepreneurs’ role in tourism development and promotion. The focus group results suggest the following 10 factors/conditions are most important for successful tourism development in rural areas: (1) a complete tourism package, (2) good community leadership, (3) support and participation of local government, (4) sufficient funds for tourism development, (5) strategic planning, (6) coordination and cooperation between businesses and local leadership, (7) coordination and cooperation between rural tourism entrepreneurs, (8) information and technical assistance for tourism development and promotion, (9) good convention and visitors bureaus, and (10) widespread community support for tourism.

A Complete Tourism Package

As is recognized in the tourism literature, successful tourism involves getting tourists to stay longer than the time it takes simply to visit a major attraction and having repeat tourists. One focus group participant expressed it thus: “to succeed a community has to be a destination rather than a place to stop off.” Communities that have been successful at getting tourists to visit, stay, spend money, and come back have developed high-quality tourism attractions and put together successful tourism packages involving the community, its surrounding area, and businesses involved in tourism. While the less successful communities all have major tourist attractions, they have not developed the package of attractions and businesses necessary to attract and hold tourists; nor have they been able to promote their areas as effectively.

Focus group participants felt that the key to putting together a successful tourism package is having a community that appeals to tourists. Through zoning, other local government activities (e.g., beautification campaigns), and participation of all businesses in the area, successful communities have worked to make their communities attractive to tourists. They also have worked to make sites and businesses around tourism attractions appealing to tourists. In the less successful communities, lack of cooperation from local government and businesses created problems such as eyesores and unattractive environments surrounding attractions.

Similarly, many participants felt that successful rural tourism communities have created the right mix of businesses for tourism, including adequate lodging, restaurants, a group of attractions that entice tourists to stay, and shops where tourists can spend money locally. These communities have worked to get businesses and attractions that would attract certain groups of tourists, especially families and upper-middle-class individuals with relatively large disposable incomes. They tried to package together individual tourist attractions (e.g., fishing, hunting, boating, golfing, and canoeing) that complement each other. While the less successful communities have not managed to do these things, focus group participants in all the communities clearly realized that the right mix of tourism businesses and attractions can increase the stay of tourists and the amount of money that they spend locally.

Communities with successful tourism have worked to sponsor special events that tie in with local tourist attractions, such as fishing tournaments for communities with outdoor tourist recreation attractions and historical festivals for towns with historic sites. These special events not only have drawn tourists to the area but have helped promote local tourism as a package. Perhaps most important, successful tourism communities not only have worked to create a complete tourism package, but they have tried to understand and promote what it was that brought the tourists to the town in the first place. Businesspersons and local leaders in successful communities have promoted their communities as having a high-quality tourism product. Many focus group participants recognized that advertising tourism in their communities involves promoting the community as a whole rather than simply promoting one or two attractions. They realized the attractions of rural tourism—rural communities can be a relatively inexpensive tourism experience, and they have an appeal of being calm—and have tried to promote their communities as having a relaxed rural way of life.

Good Leadership

O’Brien and Hassinger (1992, p. 523) pointed out that the “types of leadership differ from one rural community to another and that efforts of local leaders can make a difference in the response of local communities in meeting problems.” The participants of the various focus groups clearly indicated that successful tourism promotion and development requires good leadership. One focus group participant from a successful tourism community described the development of tourism in his community as depending on “people who understood the importance of tourism, funded it and promoted it, and their enthusiasm was crucial to the success [of tourism in the community].” Focus group participants from one of the less successful communities bemoaned the lack of “open-minded leadership” that would support, fund, and promote tourism. Furthermore, the participation and cooperation of various leaders is especially important in rural areas because they often lack resources and funds. Among the key local leaders mentioned in the focus groups as necessary to develop and promote tourism were persons in local government, community groups, the business community, and nonprofit organizations such as chambers of commerce and convention and visitors bureaus.

Support and Participation of Local Government

Local government is particularly important to tourism development and promotion. Respondents stressed the importance of local government officials in several areas: (1) funding for tourism development and promotion, (2) the creation and maintenance of infrastructure necessary for tourism (e.g., roads, airports, railways, boat launches, reliable water and power services), (3) zoning and maintenance of the community so that it looks clean and appealing to tourists, and (4) education and occupational support for tourism employees and businesspersons and other persons working in tourist industries.
While respondents from communities with less successful tourism complained of the lack of cooperation from local government, persons from the more successful communities commended their local governments for helping local tourist industries. Examples of local government helping tourism development include giving funds for a brochure, organizing and improving traffic systems, keeping the streets clean and free of potholes, making sure tourists have the impression that the town is clean, and beautifying downtown areas (e.g., putting out flowers around town).

**Sufficient Funds for Tourism Development**

Focus group participants from both successful and unsuccessful communities named inadequate funding as one of the biggest obstacles to tourism development and promotion in Illinois. As one person expressed it, people need to think of funding for “tourism marketing and development as an expense, not a luxury.” While funds for tourism development come from private and public sources, each of the six communities in our study has depended heavily on public funds. External public funding for tourism is crucial in rural areas, especially in areas where most residents do not have sufficient incomes by themselves to invest. Local governments and private sources such as banks also often have limited resources to invest in tourism. The need for public infrastructure, seed money for tourist attractions, and tourism promotion makes public funding for tourism very important. Efforts to secure external funding can be cost-effective because businesspersons, local government, and nonprofits can pool resources.

During the 1980s, many state governments made funds available to local communities for tourism development. State governments also helped advertise rural communities as tourism destinations. Several of the communities with successful tourism had obtained state funding for tourism development and promotion. The current public funding situation for rural tourism development, however, has simultaneously worsened and improved. Focus group respondents reported that funds for tourism for state and federal sources have been shrinking, and obtaining tourism grants has become more competitive. However, more and more communities, including all the communities in our study, are getting a portion of tax money specifically designated for tourism development and promotion, usually from a food and/or lodging tax.

**Strategic Planning**

Focus group respondents in all the communities stressed the importance of strategic planning for tourism development. Planning is fundamental for the efficient and effective use of resources and funds, especially in rural areas that have few funds and resources. Good planning for tourism development and promotion can help develop and support local businesses connected to tourism. Planning for tourism development should be integrated into a community’s overall economic strategy because of the interdependence of the community and key aspects of tourism development and promotion (e.g., the importance of funding, infrastructure, and the appearance of the community for tourism development). Hence, planning for tourism requires the involvement of various key stakeholder groups in the community. Specifically, strategic planning for tourism requires the coordinated leadership and action between tourism entrepreneurs, local government actors, and persons in nonprofit organizations (e.g., convention and visitors bureaus) who work with tourism.

Communities with successful tourism have planned out their tourism development and linked it to overall plans for the community. Participants from these communities noted that persons involved in tourism and the community as a whole met on a regular basis to coordinate and plan out tourism development and promotion. Those from communities with less successful tourism development also had insights into tourism planning. They commented, “piecemeal plans do not work”; “the important thing is to make a broad plan into a concrete one”; and “last year, people in the Chamber of Commerce discussed what their accomplishments and plans were, but they did not seem to have a firm direction.” These quotes illustrate well the importance of strategic planning in tourism development and how it involves coordination and work from various groups in the community.

**Coordination and Cooperation between Businesspersons and Local Leadership**

For tourism development and planning to work, coordination and cooperation between local government and businesspersons is crucial. Focus group participants stressed the importance of public/private sector relations. As explained earlier, public officials control funds for key elements of tourism development and promotion such as infrastructure. Public sector activities to promote tourism, however, will not work without cooperation and input from businesspersons.

In communities with successful tourism, respondents mentioned cooperation and coordination between local government and businesspersons and joint efforts to solve problems that may prevent maintenance or growth of tourism. As one respondent pointed out, “tourism takes time to develop, and good relationships between local government and businesses have to be there throughout the process.” One valuable group in fostering and maintaining good public/private relationships and getting groups to work together in tourism development are nonprofit organizations such as convention and visitors bureaus or main street groups involved in tourism development.

While a strength of rural communities is their strong personnel networks, coordination and cooperation between local government and the business community do not always occur easily, if at all. In communities with less successful tourism development, local leaders complained that they got tired of volunteering, because local businesses did not take advantage of their activities. Simultaneously, businesspersons in these communities complained that they received little help or cooperation from local leaders and that efforts by public government did not relate to or ignored tourism businesses’ needs.

**Coordination and Cooperation between Rural Tourism Entrepreneurs**

One of the more significant findings of the study is that cooperation between businesspersons is perceived to be an important key for successful tourism development. Tourism requires different types of businesses to work together because, by its nature, tourism has intertwined relations between different types of businesses such as shops, hotels,
restaurants, and tourist attractions. This finding supports the limited research on the role of rural tourism entrepreneurs, indicating that small businesspersons play a significant part in tourism development. Participants in communities that have successfully developed tourism said that a core group of entrepreneurs has invested time, money, and energy to make tourism work. Not only have these communities developed a strong retail base, but there are good networks, communication, cooperation, and coordination between the retailers. Persons from these communities also noted the importance of getting younger tourism entrepreneurs involved and giving them a role in tourism development. Examples of cooperation between tourism entrepreneurs in these communities include getting (1) tourism businesses as a group to be open on Sundays and holidays, (2) tourism and tourism-related businesses to paint their buildings, (3) tourism businesspersons as a group to be involved in organizing and promoting special tourism events, and (4) tourism businesspersons to be willing as a group to give money to promote tourism. Businesspersons and local leaders from communities with less successful tourism complained not only that they had a hard time getting enough people involved in promoting tourism and working on projects related to tourism but that they also lacked a core group of businesspersons willing to work with one another in tourism development and promotion.

Information and Technical Assistance for Tourism Development and Promotion

Respondents in all the focus groups discussed the importance of information for tourism development and promotion (e.g., how to design a brochure, technical assistance and knowledge about tourism development, and information about tourism grants and how to write them). These types of information and technical assistance are especially important to rural tourism development because small communities usually cannot afford to hire experts or professional grant writers. Respondents noted that technical assistance and information for tourism development can also give local people the confidence and incentive to develop and promote tourism themselves. Nevertheless, respondents stressed the value of tourism information and assistance from outside sources and the need for organized central agencies and councils to help provide tourism information and technical assistance at the regional and state levels. Although the respondents indicated they have sought and obtained information about tourism development and technical assistance, they noted the difficulties of obtaining this help. Interestingly, local leaders and businesspersons from the less successful communities appeared to have been less able to get the help they sought.

Focus group participants were specifically asked where they obtained tourism information and technical assistance. The range of answers is reflected in the comment of one respondent, who said, “find some help wherever you can get it.” Respondents mentioned tourism councils, the Illinois Cooperative Extension Service, universities and community colleges, main street programs, and convention and visitors bureaus as sources of information. Two of the communities with successful tourism had drawn on consulting firms. Some local officials noted that they had gotten information about tourism development from officials in other towns. In a similar vein, businesspersons said they got information from meetings of retailers and visiting at business establishments similar to their own in other towns with tourism industries. A few businesspersons, however, reported that they were aware that businesspersons from other communities came to look at their tourism business for ideas on successful tourism entrepreneurship and tried to hide their secrets. Many of the local leaders and businesspersons said that they drew on their own experiences as tourists as a source of information about tourism development and promotion.

Good Convention and Visitors Bureaus

All the communities in our study, except for one successful community with an excellent main street program, had active convention and visitors bureaus. While focus group participants from less successful communities did not complain about their convention and visitors bureaus, participants from more successful communities consistently commented on the local bureaus. Convention and visitors bureaus in all the communities had all started up over the past 15 years, were funded in part by taxes, and worked with local chambers of commerce. The responsibilities of convention and visitors bureaus are to market local tourism, recruit persons to start tourism businesses, provide technical assistance to start-up businesses, aid with local tourism development, coordinate or sponsor local tourism special events, and provide leadership for tourism development (Garrrell 1988). Examples of convention and visitors bureaus’ roles from our study include designing tourism brochures, making contacts with welcome centers (one of the most important sources of information for tourists), and providing a support structure for local businesspersons. Their help and assistance is especially important for individual tourism entrepreneurs who cannot afford the expertise on their own and cannot obtain this help from financially overextended local governments. Last, respondents indicated convention and visitors bureaus should act as a link between local government and entrepreneurs by facilitating cooperation and coordination between the two groups.

Widespread Community Support for Tourism

As widely recognized in the tourism literature (Long, Perdue, and Allen 1990; Murphy 1985; Perdue, Long, and Kang 1995), community support for tourism and the attitudes and hospitality of local tourism workers are important for successful tourism. Community support for tourism and tourism employee behaviors and attitudes affect the way that tourists are treated and their impressions of the community. Community support and hospitable tourism employees are closely linked to word-of-mouth recommendations, one of the most valuable sources of travel information. The support of local residents affects volunteer work for tourism. This study confirms these findings about the importance of community support for tourism. As focus group participants from communities with successful tourism said, “[you have to] respect tourists and treat them fairly” and “the proud attitude of the people in the community [is important]. . . . tourists recognize and appreciate this.”

Community residents, or large segments of them, may not always support tourism development. As McCool and Martin (1994, p. 30) stated, “like other industries, tourism
can bring changes to communities, such as a general disruption of residents’ lives owing to increased population during the tourist season, increases in crime, displacement of residents by new developments, conflict of values, and impacts upon the local culture.” Focus group participants noted that community residents, especially the elderly, did not always support tourism. They noted that community residents often saw tourism as disruptive and a threat to their lifestyles. According to focus group respondents, communities with successful tourism development clearly had more local support for tourism. In contrast, focus group participants from communities with less successful tourism consistently discussed the lack of local support for tourism development. Leaders and businesspersons in these communities reported that they felt like a minority supporting tourism in their community.

Participants from communities with successful tourism development also discussed specific strategies that they had developed to get community support. These strategies included good communication between persons in tourist industries and the public, educating the public about the importance of tourism (especially about its economic impact locally), pointing out that tourism does not have to change local lifestyles, and involving local government in helping educate the public about the importance of tourism. One mayor recommended that “you need to be honest about negative aspects of tourism but play up the positive ones at the same time, especially the jobs.” Another participant said it is important to raise awareness of “what tourism is and what tourism can mean to a community.”

CONCLUSIONS

The results of this study clearly document the importance of the community approach to tourism development. As one focus group participant said, “of course there was assistance from outside the community, but people in the area did tourism development by themselves, too.” Rural businesspersons and local leaders clearly articulated the importance of each of the 10 factors for successful tourism development and entrepreneurship in rural areas. Many of the factors that focus group participants described as being important to tourism development and promotion—good community leadership, support and participation of local government, strategic planning, coordination and cooperation between businesspersons and local leadership, and widespread community support for tourism—are linked to the community and involve more than just individual businesspersons competing by themselves. While individual tourism entrepreneurs can obtain technical information and assistance on their own, getting such information and assistance is often cost-prohibitive for individual businesspersons and is more effectively done as a community effort. Convention and visitors bureaus have been created and can only be maintained with community support.

Furthermore, tourism is place-oriented, and the areas surrounding a tourist attraction are important; hence, successful, high-quality tourism involves not just individual businesses but the environment and the community surrounding tourism businesses (Murphy 1985). Management and marketing of tourism often require a community effort because of the nature of tourism: the community as a whole and its image must be marketed, not just one attraction. The community approach to tourism development appears to be especially important to getting funding for tourism. The funding of tourism development and promotion by taxes, and the political nature of taxes, links tourism development and promotion to a commitment to tourism from local government and community residents. The key role of external financial support for tourism and the competitive grant climate mean that rural communities need to be mobilized and organized to obtain state and federal funds. Funding for public infrastructure is linked to support from local governments for tourism. The key finding that cooperation and collaboration between rural tourism entrepreneurs is a major factor in successful tourism development lends support to the community approach to tourism. Our research clearly shows that rural tourism development and entrepreneurship cannot work without the participation and collaboration of businesspersons directly and indirectly involved in tourism.

NOTE

1. A “successful” community was defined as a community, generally as a tourism destination, that has established an effective infrastructure to support tourism development. An “unsuccessful” tourism community was defined as one with “substantial natural/cultural resources” but that has not established, for whatever reason, the economic, political, and community-based infrastructure necessary to support tourism development.

REFERENCES


The Future of the Theme Park and Attraction Industry: A Management Perspective

Ady Milman

The study solicited opinions from 122 general managers representing North American theme parks and attractions regarding the future of the industry. The findings revealed that economic forces, employees, and changing demographic forces were perceived to have the greatest impact on the future operation of the industry. General managers also thought that consumers would most likely seek interactive adventure, fantasy and mystery, movies and television shows, and science fiction/futuristic themes. The future health of the industry was associated with the impact of economic forces and the quality of service provided. Other dimensions such as the franchising of the industry, the impact of the senior market, and the ability of small attractions to invest were perceived to have a negative impact on the future health of the theme park and attraction industry.

As rapid changes take place in the business environment, many operators in the tourism and hospitality industry must adapt to the external and internal forces that shape their future. Like any other industry, to survive and prosper theme parks and attractions must respond to changes in multiple environmental factors such as economic conditions, technology, global competition, worldwide politics, social and demographic changes, and internal problems.

In recent years, theme parks and attractions have become favorite modes of mass entertainment. While ride-oriented amusement parks developed and gained their popularity at the turn of the century, theme parks are a relatively new entertainment concept that strive to create a fantasy atmosphere of another place or time. Theme parks are generally designed to cater to the family as a visiting unit, and they are considered a form of leisure activity because they provide an opportunity for entertainment during an individual’s discretionary free time (Milman 1991). The 1955 opening of Disneyland in Anaheim, California, was a turning point in the attraction industry, where the gated facility emphasized themes or stories blended with visual statements around which architecture, landscaping, costumed personnel, rides, shows, food services, and merchandising were coordinated.

North America’s theme park and attraction industry has been a global leader in the development, operation, and management of these entertainment units. Dominant industry leaders like the Walt Disney World Company, Six Flags Theme Parks, Anheuser Busch Theme Parks, Universal Studios Inc., Cedar Fair Ltd., Paramount Parks, or Premier Parks have had substantial influence not only in North America but also overseas. In the past decade, the industry has enjoyed increased popularity worldwide, and large corporations have invested heavily in this industry to diversify their business portfolios.

Theme parks and attractions have enjoyed a steady growth in attendance in the past decade. In 1999, the world’s 50 most attended parks hosted about 240 million visitors, a 3% increase over the previous year (O’Brien 1999). While the 1999 season was a turnaround for the previous year’s unusual attendance decline, the theme park and attraction industry should proceed with caution as consumers may look for different experiences both in and outside these entertainment complexes.

Some argue that several key environmental factors may have an impact on the future operations of the leisure industry, especially changing consumers’ tastes and preferences. Kacapyr (1997), for example, suggested that in the 1990s, Americans had more time and spent more money on leisure activities; however, many perceived time to be scarce due to their perception of leisure as an “intense activity.” Martin and Mason (1987) also looked at the changing social patterns by investigating the impact of social factors that resulted in demand for higher quality tourism products.

Popcorn (1991) highlighted several issues that are likely to affect the leisure industry in the future. She suggested that there is a tendency toward “cocooning,” or withdrawing from society and staying at home. This trend, coupled with improved in-home technology, may make it a major challenge for operators in the leisure, tourism, and hospitality industries to persuade consumers to get out of their homes. Consequently, theme parks and attractions may have to develop strategies to attract more consumers. In spite of these predictions, no major study has investigated these trends empirically.

The goal of this study was to survey decision makers in the theme park and attraction industry and solicit their vision regarding future trends. More specifically, opinions were sought about the impact of environmental forces, likely future themes, probable consumer trends, predicted annual demand for higher quality tourism products.
growth of the industry, predicted industry labor needs, and the future health of the industry in the next 5 and 10 years.

THEME PARK AND ATTRACTION RESEARCH

While theme park and attraction research is in its infancy (Sun and Uysal 1994), most of the empirical research on theme parks and attractions was published in the past two decades. The majority of the studies addressed marketing implications like segmentation (Milman 1991, 1988; Keng 1993), perceptual mapping (Fodness and Milner 1992) or multisegmentation strategies in addressing new market expectations (McClung 1991). Some empirical studies looked at the economic aspects of theme parks. Braun and Soskin (1999) investigated how external and market shocks have affected strategic pricing behavior, and Braun and Milman (1994) looked at the demand for large and small theme parks in a fixed geographical area.

Several studies looked at the future of these entertainment complexes. Formica and Olsen (1998) explored how amusement park firms were able to effectively respond to the threats and opportunities created by environmental changes during the 1990s and suggested an outline for the future development of the amusement industry. Other studies looked at industry trends. Keng (1996), for example, investigated the impact of environmental changes and consumers’ tastes and preferences on future theme park operations in Singapore. Lavery and Stevens (1990) studied trends and future developments at European natural and man-made attractions, Bramwell (1991) and Oliver (1989) investigated present and future prospects for U.K. parks, and Loverseed (1994) evaluated the North American theme park industry.

Samuels (1996) identified key factors that may contribute to growth in the theme park and amusement park industry. These included the casino industry, the shopping industry, psychographic and demographic factors, leisure marketing, and the growth boom in small and mid-sized attractions.

None of these studies addressed the industry’s future from management’s perspective. Future studies might offer insight to decision makers regarding key issues that may have an impact on their operations. Most of the studies aim to “invent, examine, and evaluate possible, probable and preferable futures” (Morrison 1998) as futurists look at data, detect emerging trends, and extrapolate them to forecast possible changes. Future studies also provide an extension of the normal long-range planning process employed by today’s business firms. The analysis of the future allows innovators to create products that appeal to both the changing demographics and tastes of potential consumer markets.

Extensive research has been conducted regarding future planning in specific industries like the steel industry (Godet and Roubelat 1996), international tourism (Edgell 1995), or entertainment (Griffith and Bernard 1996); however, no major future planning study has been conducted with regard to the theme park and attraction industry. Although several trade publications have addressed future issues pertaining to this industry, (O’Brien 1998, 1997), no major empirical study has employed a management perspective.

METHOD

The sample’s universe consisted of 191 general managers of U.S. and Canadian theme parks and attractions that were 1999 members of the International Association of Amusement Parks and Attractions (IAAPA), the largest international association representing the industry.

The sample included executives from theme parks, amusement parks, water parks, and zoological parks. A self-administered, 69-item, fax-back questionnaire was developed to solicit management opinions regarding the future of the industry as well as their operational characteristics. Most of the questions were structured, soliciting opinions on alternative responses or 5-point agreement/disagreement scales regarding future operational and environmental issues. Several questions regarding the parks’ characteristics were open-ended to solicit additional information.

The questionnaire, along with a cover letter from a major university and IAAPA, was faxed to all general managers of the parks sampled. To increase response rate, a second fax was sent to all respondents 4 weeks after the original contact. A total of 122 completed questionnaires were returned to yield a response rate of 63.9%.

FINDINGS

General Profile of the Responding Parks

A majority of the parks and attractions that participated in the study were amusement and theme parks (53.8%) (Table 1). Other facilities included zoological parks (15.1%); water parks (9.2%); and museums, themed resorts, and natural attractions (“other” in Table 1) (21.9%). The attractions that participated in the study were open an average 239 days per year and had a median annual attendance of 500,001 to 750,000 guests. They employed a median of 51.5 permanent employees and a median of 200 seasonal employees. The median age of the facilities that participated in the study was 30 years (Table 2).

Some of the features present in the facilities that took part in the study included gift shops (91.7%), food services (87.2%), picnic areas (78%), arcades (56%), costume characters (52.3%), children rides (50.5%), carousel (48.6%), wet rides (47.7%), animal attractions (45.9%), and roller coasters (43.1%) (Table 3).

Perceived Impact of External Constituencies on the Future Operations of Theme Parks and Attractions

Respondents were asked to express their opinion regarding 15 external constituencies that may have an impact on the future operation of theme parks and attractions. The impact of each constituency required an evaluation on a 5-point scale ranging from 1 (very little influence) to 5 (very strong influence).

General managers attributed the highest level of influence on future operations to customers, economic forces, employees, demographic changes, and competition. External constituencies with moderate influences included trade
associations, special interest groups, suppliers, and political/legal forces (Table 4).
anxiety have also created a greater need, especially in North America, for a socially interactive experience. For example, the introduction of sophisticated communication technology (e.g., video telephone) provides our society with substitutes for human face-to-face interaction; however, this technology cannot replace authentic interaction. As consumers’ tastes and preferences shift toward old-fashioned values, theme parks and attractions will have to provide more social interactive experiences.

Theme park and attraction executives also attributed a high level of importance to the impact of economic forces, as continued demand will depend on discretionary income, especially when consumers require more high-quality products at lower prices.

The executives also perceived employees as a major area of concern. Most jobs in the attraction industry require unskilled labor and mandate long, nontraditional working hours coupled with monotonous tasks. Many jobs are low paid and are often associated with high turnover rates. As the North American labor pool in the late 1990s decreases, operators will have to look at strategies that will attract employees and reduce turnover.

Demographic changes were also perceived to have a major impact on the future of theme park and attraction operations. For example, 61- to 79-year-olds currently make up 12% of the U.S. population, but this figure is estimated to increase to 19% by 2025 (Lach 1999). Other demographic changes are associated with the increased diversity of the U.S. population. Hispanic youth aged 12 to 19, for example, account for more than 14% (4.3 million) of the total Hispanic population in the United States. According to Census Bureau projections, the number of Hispanic teens will grow by 62% to 7 million by 2020 compared to a 10% growth in the number of teens overall (Stapinski 1999). In consequence, operators in the theme park and attraction industry will have to develop products that will take into consideration these demographic changes.

Executives also predicted that competition would have a major impact on the future operations of theme parks and attractions. With extensive consolidation, mergers, and acquisitions activity, the industry has started to form an oligopoly market structure, as its products are sufficiently close substitutes of one another to create competition for similar buyers. With a limited number of large firms in certain geographical markets, it is necessary for each seller to consider the reaction of competitors when setting price. Small changes in pricing, for example, admission, parking fees, merchandise, or food and beverage services, often cause a reaction by rival firms. However, in many oligopoly market structures, firms find it more comfortable to maintain constant prices and not engage in price competition.

Trade associations, special interest groups, and suppliers were perceived by the executives to have only a moderate influence on the future operations of the theme park and attraction industry, probably due to the relative control attractions have over these constituencies. Trade associations, for example, aim to enhance the development of the industry, and many operators are involved in shaping their missions and goals. The growth of the industry also increased the number of suppliers, and many executives may not perceive this group as threatening.

### Likely Future Themes

Respondents were asked to express their opinions regarding the likely popularity of several themes. The future popularity of each theme was evaluated on a 5-point scale ranging from 1 (very unlikely) to 5 (very likely).

The general managers who participated in the study indicated that the most likely themes would be interactive adventure, fantasy and mystery, movies and television shows, science fiction and futuristic themes, space, nature and ecology, educational, seasonal themes, sports, and story book themes. Less popular themes were perceived by the general managers to be ethnic themes, transportation, history, and cultural and demographic diversity (Table 5).

The findings are consistent with thoughts of several scholars and observers regarding the future of the leisure and entertainment industry. People are turning more and more to interactive experiences in which learning and entertainment are blended. Technology has provided an opportunity to many operators in the attraction industry, including traditional museums, to provide this type of experience. Furthermore, patrons in the entertainment industry would like to get more “designed experiences” (Kotler 1984). These encounters may relate to the type of adventures sought (natural, man-made, or performance), the time setting (past, present, or future), and consumers’ level of participation in the experience (observers, passive performers, or active performers) (Kotler 1984).

Patrons also seek more fantasy. Kotler (1984) suggested that consumers would prefer “experiences” they had missed in life as they seek to fulfill their needs to be entertained, to learn, and to realize fantasies. This is consistent with the executives’ prediction for a stronger demand for science fiction, futuristic, and space themes. Popcorn (1991) also predicted a future desire for fantasy and adventure by addressing the social need for “risk taking that is risk free” and the opportunity to provide “manufactured adventure.”

Movies and television shows have always been part of the American culture and will continue to provide a strong foundation for the stories theme parks and attractions provide.

The appeal of the big screen also will continue to draw consumers out of their home not only to the movie theaters but also to other entertainment venues that will feature the movie theme.

Ethnic, cultural, and demographic diversity themes might have been perceived as less popular future themes because of the executives’ vision regarding the current development of ethnic and cultural vacation destinations. Many developing countries around the world have started developing life-seeing tourism experiences along with modern comfort. Exotic locations that traditionally provided stories and theming for parks and attractions now nurture new markets for their tourist destinations. Destinations in Africa, Asia, the South Pacific, and Latin America now offer more accessible tourism products by blending easy transportation and modern amenities with the local flavor. Cultural and heritage tourism is also compatible with the ecotourism experience that emphasizes minimal impact on the environment and local communities. Trips will become shorter and closer to home, and despite the advance in technology, consumers will still seek real rather than artificial experience (Gaede 1994).
TABLE 5
PERCEIVED LIKELY FUTURE THEMES TO APPEAR IN THEME PARKS AND ATTRACTIONS (N = 122)

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Interactive adventure</td>
<td>4.18</td>
<td>0.94</td>
</tr>
<tr>
<td>2. Fantasy and mystery</td>
<td>3.82</td>
<td>0.93</td>
</tr>
<tr>
<td>3. Movies and TV shows</td>
<td>3.69</td>
<td>1.14</td>
</tr>
<tr>
<td>4. Science fiction/futuristic</td>
<td>3.60</td>
<td>1.01</td>
</tr>
<tr>
<td>5. Space</td>
<td>3.45</td>
<td>0.99</td>
</tr>
<tr>
<td>7. Educational</td>
<td>3.32</td>
<td>1.10</td>
</tr>
<tr>
<td>8. Seasonal themes</td>
<td>3.20</td>
<td>1.02</td>
</tr>
<tr>
<td>9. Sports</td>
<td>3.11</td>
<td>0.99</td>
</tr>
<tr>
<td>10. Story book themes</td>
<td>3.06</td>
<td>0.96</td>
</tr>
<tr>
<td>11. Food</td>
<td>3.06</td>
<td>1.19</td>
</tr>
<tr>
<td>12. Science</td>
<td>3.00</td>
<td>0.95</td>
</tr>
<tr>
<td>13. Cultural and demographic diversity</td>
<td>2.92</td>
<td>0.95</td>
</tr>
<tr>
<td>14. History</td>
<td>2.73</td>
<td>1.07</td>
</tr>
<tr>
<td>15. Transportation</td>
<td>2.68</td>
<td>0.94</td>
</tr>
<tr>
<td>16. Ethnic themes</td>
<td>2.67</td>
<td>0.93</td>
</tr>
</tbody>
</table>

Note: Responses were given on a 5-point scale ranging from 1 (very unlikely) to 5 (very likely).

Consumer Trends and Perceptions

General managers were asked to express their opinions regarding a variety of statements pertaining to future trends in the industry. Each statement was evaluated on a 5-point scale ranging from 1 (strong disagreement) to 5 (strong agreement).

General managers agreed strongly that the family market will always be the core of the industry ($M = 4.37$), theme parks and attractions will become more service-oriented ($M = 4.23$), visitors will require more interactive experiences ($M = 3.99$), attractions will promote a more stable and secure atmosphere ($M = 3.97$), and attractions will implement more strategies to reduce time spent in lines ($M = 3.89$) (Table 6).

While families are perceived to be the core of the theme parks’ and attractions’ customers, other market segments also should be considered. Blank (1998) mentioned that the number of adults older than 25 who have visited a theme park in 1997 has not rebounded to early 1990s prerecession levels. She also recognized that the dilemma faced by theme parks and attractions is that middle-aged and older adults may be weary of the experiences that give young adults a thrill. These concerns highlight a need for attractions that appeal more to older patrons, as well as to women, who have the least fun of all visitors to theme parks and attractions due to their child-care role (Blank 1998).

Kacapyr (1997) suggested that the perceived decreasing amount of leisure would entice consumers to seek experiences that could be enjoyed in less time. This is why guests at theme parks and attractions might prefer more interactive experiences with reduced waiting in lines. Popcorn (1991) also suggested that consumers would prefer products that are associated with “personalization, customizing and individualizing.” Sea World’s Discovery Cove in Orlando, which opened in the summer of 2000, provides patrons paying a premium price with customized experiences including scuba diving and swimming with dolphins. The limited daily admission also eliminates waiting in lines as part of the customized service concept.

General managers also agreed that service was an important component of future operation of theme parks and attractions and associated it with their internal and external customers. Pearson correlation indicated that general managers who agreed more strongly that theme parks and attractions would become more service oriented also thought that customers, employees, and special interest groups had a stronger influence on the future operation of theme parks and attractions ($r = .365, .295, and .322$, respectively).

The importance attributed by the general managers to developing strategies for reducing lines was also associated with the service orientation perspective. Modern-day consumers perceive that they do not have enough time to get things done and that time is becoming more and more scarce. To receive better service, consumers are prepared to pay a little extra to avoid wasting time in lines. Entertainment patrons are faced with increased leisure activity choices, and many theme parks and attractions will have to develop products that will meet these needs. The Walt Disney Company, for example, has recently installed an in-park reservation system for popular rides to reduce the inconvenience of long lines.

Pearson correlation analysis also indicated a relationship between managers’ perception of long lines and the important role of customers. General managers who agreed more strongly that attractions would implement more strategies to reduce time spent in lines also perceived that customers had a stronger influence on the future operation of theme parks and attractions ($r = .271$). These relationships confirm that managers who place customers on top of their managerial operation policies also strongly advocate service improvement.

General managers who felt strongly that theme parks and attractions should promote a more stable and secure atmosphere also attributed more importance to the family market. Pearson correlation revealed that general managers who felt more strongly that theme parks and attractions would promote an atmosphere of stability and security also felt more strongly that the family unit would be the core of theme parks and attractions in the future ($r = .292$). Furthermore, the promotion of safety and security also was linked with the perceived future health of the theme park and attraction industry. Pearson correlation revealed that general managers who agreed more that theme parks and attractions would provide an enhanced atmosphere of stability and security also perceived the health of the theme park and attraction industry to be better in the next 5 and 10 years ($r = .338$ and .360, respectively).

Previous research with tourists indicated that theme parks and attractions were perceived to be the safest place for their vacation activities (Milman, Jones, and Bach 1999).

Regarding interactive experience, Pearson correlation revealed that general managers who felt strongly that future visitors would require less passive and more interactive experiences also perceived the health of the theme park and attraction industry to be better in the next 10 years ($r = .232$).

On the other hand, general managers slightly disagreed that home entertainment would be a major threat to the industry ($M = 2.90$). They neither agreed nor disagreed that intellectual property would be essential to the success of theme parks and attractions ($M = 3.00$) or that North American market would have less time and would prefer shorter visits ($M =
### Table 6

**AGREEMENT/DISAGREEMENT WITH STATEMENTS REGARDING THE FUTURE OF THE THEME PARK AND ATTRACTION INDUSTRY (N = 122)**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The family market will always be the core of the theme parks and attractions.</td>
<td>4.37</td>
<td>0.73</td>
</tr>
<tr>
<td>2. Theme parks and attractions will become more service oriented.</td>
<td>4.23</td>
<td>0.68</td>
</tr>
<tr>
<td>3. Future visitors will require less passive and more interactive experiences.</td>
<td>3.99</td>
<td>0.88</td>
</tr>
<tr>
<td>4. Theme parks and attractions will enhance an atmosphere of stability and security.</td>
<td>3.97</td>
<td>0.68</td>
</tr>
<tr>
<td>5. Attractions will implement more operational strategies to reduce time spent in lines.</td>
<td>3.89</td>
<td>0.75</td>
</tr>
<tr>
<td>6. Future theme parks and attractions will offer more value pricing.</td>
<td>3.84</td>
<td>0.70</td>
</tr>
<tr>
<td>7. Future attractions will incorporate higher capacity rides.</td>
<td>3.81</td>
<td>0.77</td>
</tr>
<tr>
<td>8. Theme parks of the future will offer more personalized and tailor-made products.</td>
<td>3.67</td>
<td>0.79</td>
</tr>
<tr>
<td>9. There will be substantial growth in the number of motion-oriented rides such as rollercoasters and simulators.</td>
<td>3.67</td>
<td>0.82</td>
</tr>
<tr>
<td>10. Industry growth will be greater overseas than in North America.</td>
<td>3.60</td>
<td>0.94</td>
</tr>
<tr>
<td>11. Ride parks will increasingly become theme parks.</td>
<td>3.55</td>
<td>0.81</td>
</tr>
<tr>
<td>12. The increasing capital investment associated with high-technology attractions will make it difficult for small attractions to survive.</td>
<td>3.55</td>
<td>1.12</td>
</tr>
<tr>
<td>13. To combat seasonality, theme parks and attractions will have more indoor facilities.</td>
<td>3.51</td>
<td>0.90</td>
</tr>
<tr>
<td>14. Persuading customers out of their homes to visit attractions will become more challenging.</td>
<td>3.49</td>
<td>1.05</td>
</tr>
<tr>
<td>15. Small niche (specialized) attractions will become more popular.</td>
<td>3.42</td>
<td>0.98</td>
</tr>
<tr>
<td>16. Future theme parks and attractions will feature a sense of community.</td>
<td>3.41</td>
<td>0.80</td>
</tr>
<tr>
<td>17. Some attractions will cater exclusively to affluent markets.</td>
<td>3.41</td>
<td>0.95</td>
</tr>
<tr>
<td>18. Many theme parks and attractions will introduce gates within gates (initial admission price and then payment for subsequent attractions).</td>
<td>3.31</td>
<td>1.11</td>
</tr>
<tr>
<td>19. Theme parks and attractions will cater more to ethnic and demographic groups.</td>
<td>3.30</td>
<td>0.89</td>
</tr>
<tr>
<td>20. Theme parks and attractions will become more senior oriented.</td>
<td>3.30</td>
<td>0.99</td>
</tr>
<tr>
<td>21. The amusement industry will become more franchise oriented.</td>
<td>3.28</td>
<td>0.82</td>
</tr>
<tr>
<td>22. Educational attractions will become more prevalent.</td>
<td>3.27</td>
<td>0.87</td>
</tr>
<tr>
<td>23. The North American market will have less time and prefer shorter visits to theme parks and attractions.</td>
<td>3.16</td>
<td>1.10</td>
</tr>
<tr>
<td>24. Using intellectual property (themes based on stories or personalities) will be essential to the success of theme parks and attractions.</td>
<td>3.00</td>
<td>0.87</td>
</tr>
<tr>
<td>25. Home entertainment technology will be a major threat to themed attractions and facilities.</td>
<td>2.9</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Note:** Responses were given on a 5-point scale ranging from 1 (strongly disagree) to 5 (strongly agree).

3.16). General managers also disagreed that educational attractions would become more prevalent and that the amusement industry will become more franchise oriented ($M = 3.27$) (Table 6).

The notion of competition from home entertainment has been discussed in the trade literature extensively. Most experts believe that interactive experience will be the future of the entertainment industry and that interactivity will increase the economic value of entertainment industry (McBride 1996). However, the general managers who participated in this study had different views regarding the future role of entertainment.

General managers who perceived that competition from home entertainment would be less threatening probably associated this notion with changes in consumers’ needs to go out of the home and connect with the community. Theme parks, attractions, and other entertainment venues are most likely to provide this dimension in the future. Pearson correlation revealed that general managers who agreed more that future theme parks and attractions will feature a sense of community disagreed more that home entertainment technology would be a major threat to themed attractions ($r = -0.207$). Theme parks and attractions of the future will most likely attempt to fill that need for communities that cannot provide these social needs.

### Perceived Growth

The general managers who participated in the study were asked to forecast the average annual growth in attendance at North American facilities in the next decade. They estimated that the average annual attendance growth would range between 0% and 20%, with an average estimated annual attendance growth of 4.48%. The median annual growth in the next decade was estimated at 4%.

Pearson correlation matrix was produced to check whether the perceived annual growth was associated with any other attitudinal or park characteristics. The analysis revealed no correlation between the perceived annual growth and the type of attraction that participated in the study, operating schedule, annual attendance, number of employees, experience of operation (in terms of years), or size of the facility.

However, Pearson correlation revealed that general managers who perceived a higher rate of annual attendance growth also perceived a greater likelihood for theming around the food concept in the future ($r = .334$). This might be associated with the recent growth of theming in the food service industry, especially in full-service restaurants. Higher attendance growth was also associated with the future design of attractions. Pearson correlation revealed that general managers who perceived a higher rate of annual
attendance growth also agreed more that theme parks and attractions would have more indoor facilities ($r = .280$). This may indicate a trend for developing entertainment products and strategies that would combat seasonality.

**Perceived Future Health of the Theme Park and Attraction Industry**

Opinions regarding the health of the theme park and attraction industry in the next 5 and 10 years were also sought. Respondents were asked to evaluate this issue on a 5-point scale ranging from 1 (worse business condition than today’s) to 5 (better business condition than today’s).

General managers estimated that the business health of the theme park and attraction industry in 5 and 10 years would be slightly better than today’s business fitness ($M_{5} = 3.56$ and $M_{10} = 3.45$, respectively) (Table 7).

The executives were also asked to estimate the prospects for seasonal staffing in the theme park and attraction industry in the next 5 and 10 years. This issue was evaluated on a 5-point scale ranging from 1 (worse labor prospects) to 5 (better labor prospects). The respondents predicted that prospects for seasonal labor would be slightly worse in the next 5 years ($M = 2.41$) and even slightly poorer in 10 years ($M = 2.34$) (Table 7).

To identify what factors contributed to the perceived health of the industry in the next 5 years, a stepwise multiple regression analysis was conducted. The dependent variable was “the health of the theme park and attraction industry in the next five years” (measured on a 5-point scale where 1 indicated a worse business condition and 5 indicated a better business condition). The independent predictor list included 60 variables: perceptions regarding 13 task environment variables, 16 variables pertaining to possible future themes, 25 variables regarding the perception of various scenarios of the industry’s future, and 6 variables describing the characteristics of the facilities represented by the respondents. The model was checked for multicollinearity, and highly correlated variables were omitted from the predictor list.

In general, the regression model indicated that better future industry health was associated with perceptions of general managers who attributed higher importance to the future impact of economic forces and agreed more that theme parks and attractions would become more service oriented. Forecasts of future industry health were negatively associated with the perception that the industry would become more franchise oriented, that theme parks and attractions would become more senior oriented, and that increasing capital investment would make it more difficult for smaller attractions to survive (Table 8).

General managers perceived fluctuations in economic forces as the prime predictor for the health of the industry. In recent years, theme parks and attractions have become cores for destinations or destinations by themselves. Since travel and entertainment budgets are generally allocated from discretionary income, attendance suffers when the economy dips. Blank (1998) argued that theme parks suffered a decline in adult attendance during the recession years of the early 1990s. In spite of attendance fluctuations, operators must still meet their fixed costs, maintain staff on the payroll, and continue promotions, so the risk to industry health increases during potential future economic downturns.

### Table 7
MANAGEMENT’S PERCEIVED FUTURE OF THE INDUSTRY ($N = 122$)

<table>
<thead>
<tr>
<th>Time</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years</td>
<td>3.56</td>
<td>0.75</td>
</tr>
<tr>
<td>10 years</td>
<td>3.45</td>
<td>0.89</td>
</tr>
</tbody>
</table>

Note: Responses were given on a 5-point scale where 1 = worse, 3 = about the same, 5 = better.

As the North American theme park and attraction industry is evolving toward an oligopoly market structure, it has become more competitive both in products offered and the service it provides to customers. As the industry becomes more competitive, service becomes an increasingly important dimension on which companies can differentiate themselves from competitors.

Better industry health was not associated with the perception that the industry will become more franchise oriented. Many theme parks and attractions have developed highly sophisticated technology unique to their industry. Distinctive managerial practices have been developed in recent years in the areas of customer service, season-based staff scheduling, facility maintenance, crowd control, and security to allow companies to differentiate themselves from the competition. Because product design and development, production, and service delivery are generally developed internally at a high cost, these practices are not likely to be franchised to avoid cannibalization of existing market share.

Although predictions call for an older median age of the population, especially in North America, the general managers who participated in the study did not associate the future health of the industry exclusively with this market segment. Other segments that might contribute to the health of the industry include the convention market; international visitors; the teenage market; ecotourists; adventure travelers seeking risks and thrills; and people interested in seasonal or special events such as hobbies and crafts, art shows, antiques, floral arranging, and topiary.

In addition, general managers felt that the obstacle of capital investment for smaller attractions would not impact the future health of the industry negatively. Although franchise parks may not be a substantial part of the industry, lower product development costs may attract new investors. Furthermore, additional income will most likely be derived from other sources. For example, the industry will continue to introduce by-products such as computer software, educational materials, toys for both adults and children, and household and apparel items. While the development of large parks might slow down, the development of smaller parks could increase as substitute or complementary products.
Increasing capital investment will make it difficult for the future of the industry. The findings revealed that economic forces, employees, and changing demographic forces were perceived to have the greatest impact on the future operation of the industry. Furthermore, consumers would most likely seek interactive adventure, fantasy and mystery, movies and television shows, and science fiction/futuristic themes.

The respondents also predicted that the family market would become the core of the trade and that the industry would become more service oriented, offering less passive and more interactive experiences. The general managers predicted that the future health of the industry is associated with economic forces and the quality of service provided. Other dimensions that general managers associated with the future health of the industry included franchising of the industry, the impact of the senior market, and the ability of small attractions to invest.

In the past two decades, the theme park and attraction industry, especially in North America, has gone through a period of great expansion, and as a result it has become more competitive. Indeed, this study indicated strong management awareness for meeting guests’ expectations, especially in the area of service. Time is a scarce resource, and some predict a new culture of “no waiting in line” (Miller 1999). The industry will most likely be challenged to deliver patrons more interactive experience blended with nonrealistic themes at value prices. Theme parks and attractions will need to be more creative and innovative by delivering quality and safe entertainment experiences.

Several fundamental demographic changes will most likely have an impact on managers’ future perceptions: the aging of the baby boom generation, the increasing importance of children as consumers, and the increasingly diverse population (Miller 1999). For example, according to projections by the U.S. Census Bureau, non-Hispanic whites will constitute 62.4% of the U.S. population by the year 2025, down from 72.5% in 1998 (Miller 1999).

Many visitors to theme parks and attractions will expect more than the traditional amusement park experience. More sensitive marketing research techniques will need to be developed to attract new and nontraditional segments of the market as well as to assist in developing products that will cater for the needs of these market segments.

Finally, the popularity of theme park and attractions will continue to grow as theme parks and attractions are more and more associated with the new vacation experience that includes the convenience of on-property accommodations, food services, recreation, shopping, recreational and entertainment activities, and other tourist services. While this study was a first attempt to document general managers’ opinions, future extension of this study should include operational and customer-service managers who have continuous contact with guests, as well as other decision makers in the theme park and attraction industry in other parts of the world.

### CONCLUSIONS

This exploratory study solicited opinions of North American theme park and attractions general managers regarding the future of the industry. The findings revealed that economic forces, employees, and changing demographic forces were perceived to have the greatest impact on the future operation of the industry. Furthermore, consumers would most likely seek interactive adventure, fantasy and mystery, movies and television shows, and science fiction/futuristic themes.

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### REFERENCES


The objective of this study was to understand the factors that influence travel agency recommendations in the United Kingdom. This was achieved using a mixture of focus groups, interviews, and “mystery shoppers.” Exploration into the process of choosing a holiday showed that the brochure plays an important role for many consumers. However, for the travel agent the brochure is low priority, and even when the brochure is used the travel agent often has a considerable amount of influence on consumer decision making. Whether the agency is vertically integrated has considerable influence on the recommendation process. Based on analysis of the interviews and focus groups, a model was developed and tested using mystery shoppers. Results from investigating 156 travel agents across the United Kingdom indicate that the majority of travel agents owned by large tour operators will attempt to push the holidays of their parent company rather than give impartial advice to consumers. Theoretical and practical implications are discussed.

Recommendations are generally viewed as an important type of information considered by consumers during the decision-making process (Howard 1963; Peter and Olson 1993). Some researchers have discovered that rather than simply consulting with others (opinion leaders) for opinions or recommendations, consumers often relinquish control of all or part of the decision process to external experts, agents, or surrogates (Solomon 1986). In the travel industry, travel agents represent a key influence in the tourism marketing system (Bitner and Booms 1982). In addition to helping travelers book reservations and obtain tickets and vouchers, they influence tourism planning decisions and outcomes. Recommendations of which operator to travel with may be critical to the success of various tourism businesses.

For marketers, it is thus critically important to develop an understanding of the factors that might influence travel agent recommendations. However, given the size and the economic impact of the travel intermediary sector of the tourism industry, surprisingly little research has been reported on travel agencies (Kendall and Booms 1989; Goldsmith, Flynn, and Bonn 1994). Most previous research has focused on travel agents’ consumers, dealing with either their search for information and services (Gitelson and Crompton 1983; Goldsmith, Flynn, and Bonn 1994; Hsieh and O’Leary 1993; Snepenger et al. 1990; Gilbert and Houghton 1991) or with factors that influence their perceptions of and response to travel agency advertising (Kendall and Booms 1989; Laskey, Seaton, and Nicholls 1994). In contrast to these studies that focus on potential tourists, only a few studies have focused on travel agents themselves. One study contrasted travel agents’ perceptions of destination attributes with those of their clients (Michie and Sullivan 1990), and another (Contant et al. 1988) examined travel agents and the impact of terrorism on destination recommendations.

A more recent study by Klenosky and Gittel (1998) presented a conceptual model describing the recommendation process of travel agents (see Figure 1). They empirically examined the impact on agents’ destination recommendations of two factors from the model: trip type and origin. Although the study focused on destination choice as opposed to brochure/tour operator choice (as in this piece of research), it was acknowledged that the role of travel agent recommendations is a neglected but critically important area for study, especially in the current environment of increasing competition and reduced promotional resources. The authors suggest that additional research is needed to develop new models focusing on the other types of recommendations that tourists rely on when making decisions. In particular, they suggest that one potentially fruitful direction would be to examine the impact on recommendations of specific marketing tactics that are typically directed at travel agents, such as sales incentives and commissions. Although these promotional tools are widely used, little is currently known about their differential effectiveness in generating business. Such recommendations are the focus of this study.

INTEGRATION IN THE U.K. TRAVEL INDUSTRY

Expenditure on holidays by the British came to £22.5 billion in 1998 (Mintel 1999), representing a 4% share of all consumer spending. In terms of the type of holiday taken by...
U.K. consumers when they travel abroad, the package holiday or inclusive tour is at the core of the leisure travel industry’s business. In 1997, 28 million holidays abroad were taken, of which 15 million were inclusive tours and 13 million were independently organized. The largest three tour operators, Thomson, Airtours, and Thomas Cook, control about 75% of the market, and each has its own chain of travel agencies. Thomson owns 791 Lunn Poly agencies, Airtours controls 717 Going Places branches, and Thomas Cook has more than 700 retail outlets under the Thomas Cook and Carlson brand names (Buckingham 1999).

Travel agents represent a major communication channel for British travelers (Hsieh and O’Leary 1993). Between 80% and 90% of inclusive tours are sold through travel agents, where vertically integrated tour operators are the dominant retailers (Mintel 1999). The Monopolies and Mergers Commission (MMC) has suggested that the traditional mechanism of visiting the travel agent, taking away brochures for perusal at home, and returning to the agent to confirm the booking, remains the main retail channel for holidays abroad (MMC 1998). This is despite the reported increase in online bookings (Thomson has just announced that it is investing U.S.$160 million to develop Internet sales). The distribution of inclusive tours has come under close government scrutiny in recent years, and after a recent investigation, the MMC came to the conclusion that the vertical integration of tour operators, charter airlines, and major travel agents did not affect consumer choice adversely.

One practice that was of some concern to the MMC was directional selling, which they defined as “the sale or attempted sale by a vertically integrated travel agent of the foreign package holidays of its linked tour operator, in preference to the holidays of other operators” (MMC 1998, p. 4). The practice was seen as being facilitated by the lack of transparency of ownership links. Independent travel agents and smaller tour operators argue that the vertically integrated travel agents deceive customers by posing as impartial agents when primarily selling their parent companies’ holidays. However, in their investigation, the MMC found no evidence that directional selling has resulted in less value for money for consumers and therefore did not rule it to be against the public interest. This has frustrated smaller agents and operators as well as consumer groups, who argue that the practice is anticompetitive and leads to limited and biased choice for the consumer when buying a holiday (Jones 1999). They also argue that the practice is more widespread than the MMC or the larger operators prefer to admit. The MMC ruled that vertical integration in the travel business would not compromise consumer choice so long as the agencies clearly spelled out their ultimate ownership (MMC 1998).
OBJECTIVES

The objectives of this study were to understand the factors that influence travel agency recommendations and to determine the extent of directional selling in the United Kingdom. To achieve this, it was important first to understand the buying process, and in particular the role of the brochure, for both the trade and consumers.

METHOD

The objectives were achieved using a mixture of focus groups, interviews, and “mystery shoppers.” Consumer behaviorists are increasingly embracing qualitative techniques and models to deal with relevant topics in meaningful and pragmatic ways (Walle 1997). Literature suggests that the sensitive use of qualitative (as opposed to quantitative) techniques can contribute immeasurably to better understanding of consumer motivations in vacation selection (Hodgson 1993).

The research design had two main stages, and because the results of the first stage determined the structure of the second, the details of each will be discussed in turn.

1. Interviews and Focus Groups

Five focus group discussions with consumers lasting between 1 and 1½ hours were conducted in various geographical locations. All consumers had been on holiday with a tour operator in the past 2 years and were considering booking a package holiday through a travel agent in the next year. These were complimented by two focus groups with travel agencies’ counter staff and six in-depth interviews with managers. As the research involved two different types of respondent, the focus of the research shifted slightly. For example, travel agents were able to give their perspective on how consumers used their and other companies’ brochures and what influenced their decisions. With consumers, the emphasis was shifted to the use of the brochure and how travel agents might influence their final decision on which tour operator to travel with.

Results

Exploration into the consumer’s perspective of the process of choosing a holiday showed that the brochure plays an important role. There appeared to be two distinct routes to booking a holiday using the brochure. One group would have a country or resort in mind and then gather all the relevant brochures. Having looked at the information, they would narrow it down to a few holidays. They would then go into a travel agent with their options to see what is available. The second group—which seemed to be mainly families on a budget—would get all the brochures before consulting the family. They would then look at prices and decide which destinations were possible. They would then either go into the travel agency to book a holiday or telephone the agent to avoid certain inconveniences such as taking small children to the shop. For them, the travel agent was a key influence on their final decision, especially in choosing which tour operator to travel with.

For the travel agent, however, the brochure was a low priority and was often just used as a reference tool. Other factors, such as vertical integration, tour operator commission levels, habit, availability, an efficient view-data system, and pricing, were found to have considerable influence. The key determining factors appeared to be the level of integration and whether the agent was owned by one of the large tour operators. Based on analysis of this qualitative data, a model was developed for testing (see Figure 2).

Model Indicating the Role and Influence of the Travel Agent in the United Kingdom

The model suggests that the influence of a travel agency, and therefore its likelihood of employing directional selling, will depend on the request of the customer. Based on the results of the qualitative data collected, four typical scenarios were proposed:

Scenario 1: The customer has one specific holiday from one brochure/operator in mind. Here it is hypothesized that the agent has little influence and will most likely make the booking as requested. However, there is a chance that the agent may attempt to switch-sell and direct the customer toward the holiday of its parent company.

Scenario 2: The customer has a number of alternatives chosen from different brochures. The authors suggest that the agent will in this case make an attempt to push the holiday of its parent company.

Scenario 3: The customer has a certain amount of money in mind as well as a destination. In this case, the agent has strong influence and will recommend the holiday of its parent company.

Scenario 4: The customer is looking for a last minute holiday and calls the agent to see what is available. Again, the agent has strong influence over the decision the customer makes and is likely to employ directional selling of parent company products.

In the second stage of this research, the above scenarios were tested using mystery shoppers.

2. Mystery Shopping

Mystery shoppers were used to test travel agent recommendations across the country, with the largest three “linked” travel agency chains coming under investigation. Fifty-two agencies from Lunn Poly (owned by Thomson), Going Places (Airtours), and Thomas Cook or Carlson (Thomas Cook) were sampled. Figure 2 was operationalized, and a mixture of actual visits (n = 36) and telephone calls (n = 120) were used to get an insight into what happens when potential holiday makers call or walk into a travel agent to book a holiday. Chi-square analysis was used to understand any associations between the four different scenarios and the level of directional selling employed by the travel agents.

Mystery shopping is a form of participant observation in which the researcher interacts with the subjects being observed and stems from the field of cultural anthropology (Wilson 1998). Anthropology tended to use unstructured observation with researchers emerging themselves in a situation to uncover the latent reality of that aspect of life. Covert participative observation, in which the observation is
undertaken in a concealed manner to ensure that the experience is natural and not contrived for the sake of the observer, has also been used in the social sciences, for example, in the study of race and sex discrimination in recruitment procedures (Esmail and Everington 1993).

Observational research methods do have their limitations. Smith (1995) suggested that observation requires a careful protocol to ensure that the information collected is not biased as a result of arbitrary or careless selection of observation periods or the observer’s own prejudice of the meaning of the phenomenon being observed. Savage (2000) argued that participant observation is more than mere method and is in need of greater theoretical attention. She suggested that it has no single agreed-on meaning and could even be described as an oxymoron. Additional concerns are proposed by Grove and Fisk (1992), who warned that direct observation can be costly, time consuming, and sometimes infeasible. However, many believe that the distinctive capabilities of observational methodologies for investigating services phenomena have not yet been widely recognized (Crano and Brewer 1986; Jorgensen 1989; Grove and Fisk 1992).

Mystery shopping, the name given to participant observation in the commercial sector, has become a mainstream market research technique (Miller 1998). It differs from the original anthropological approach to observation in terms of its structured and systematic format. In the services context, mystery shopping provides information on the service experience as it unfolds and helps to develop a richer knowledge of the experiential nature of services (Grove and Fisk 1992). The participant can identify dimensions of the service encounter unlikely to be discerned by a distant or nonparticipant observer. Concealment of this observation can ensure that the experience is natural and not contrived for the sake of the observer.

However, concealed observation does raise ethical issues, and observing people without their knowledge of the activity may violate their rights to privacy, confidentiality, and freedom from exploitation (Jorgensen 1989). Clandestinely observing illegal or immoral phenomena compounds the ethicality issue. However, services are often performed in public settings where people are casual observers of fellow customers or workers. Hence, a concealed observer may have no more of an ethical obligation to the service participant than one would have in everyday life circumstances (Jorgensen 1989). But, since concealed observation represents an unannounced intrusion into others’ fields of behavior, services researchers must be sensitive to its ethical ramifications.

Mystery shopping is used quite extensively by organizations in financial services, leisure services, retailing, motor dealerships, hotels and catering, passenger transportation, public utilities, and government departments. The main benefit for these companies is that it gives them a very clear insight into what is happening when their customers meet their staff. In 1998, mystery shopping was worth more than £30 million a year to British marketing research companies (Miller 1998). However, published academic research on mystery shopping is limited to a small number of papers that have mainly focused on its use in specific sectors (Wilson 1998). Mystery shopping has been used in banking to find out if the institution is addressing the customer’s needs, preferences, and priorities (Morroll 1994), but, to the authors’ knowledge, it has not been used by tourism academics for the same purposes.

For the purposes of methodological comparison, a combination of actual visits and telephone calls were used to achieve the study objectives. Time constraints limited the visits to 36 linked travel agents in the London area. However, this itself translated into approximately 18 hours of contact time between mystery shoppers and travel agency sales people. In addition, 120 mystery shopping telephone calls were made to the three largest integrated agencies. An up-to-date list of travel agents was obtained from the Association of
British Travel Agents (ABTA), and the quota sampling technique was employed to ensure that 40 agencies from each integrated company were called and that there was a fair geographical representation. Agents were not warned in advance about the research project, as this would have reduced the effectiveness of the study considerably. Other researchers have recognized that uncoiled observational methods affect the validity of responses (Grove and Fisk 1992).

Attempts were made to maximize the reliability of the exercise through the use of objective measurement and the careful selection and training of the shoppers. It was ensured that the shoppers matched a customer profile that was appropriate for the scenario they were being asked to act out. Shoppers were trained, through role-plays, to adopt a neutral rather than an aggressive or defensive approach in the encounter with agents. The training of data collection skills focused on identifying the elements of the service to be observed as well as the retention and recording of the information. Subjectivity was minimized by using rating scales with labels, supported by verbatim comments from shoppers to justify their rating selection. For example, researchers had to record how forcibly the agent tried to switch-sell on a 5-point scale, then comment on the tactics employed by the agent.

Researchers were given the four different scenarios and a research report form. They conducted the research over a period of 2 weeks. Each interview took an average of 30 minutes, while the telephone calls averaged 15 minutes each. The Market Research Society Code of Conduct specifies that mystery shopping should not involve an unreasonable amount of time or expense on behalf of the organization being researched. The researchers in this case only made tentative inquiries (asking about availability) rather than positioning themselves as serious buyers. At the end of the encounter, the researchers did not reveal themselves to the travel agent, as sometimes is the practice in North America. Such an approach is viewed by those involved in the U.K. marketing research industry as being too confrontational (Wilson 1998).

**Results**

**Level of directional selling.** The results of the mystery shopping exercise have been summarized in Table 1, which indicates the level of directional selling employed as well as the level of transparency (agents indicating that they were owned by a tour operator). Chi-square analysis revealed a significant association between the four different scenarios and the level of directional selling employed by the travel agents ($\chi^2 = 31.90, df = 6, p < .001$). Taken as a whole, of the 156 travel agents approached, 95 (60%) clearly employed directional selling tactics. However, only 9 of the Thomson-owned agencies, Lunn Poly, attempted to steer the researchers toward the Thomson product. So, aside from Thomson, 86 of the other 104 agencies (82%) owned by Airtours and Thomas Cook gave biased advice. Of Going Places agencies, 90% pushed the Airtours brand, while 75% of agencies owned by Thomas Cook tried to sell their own brands, the largest being JMC Holidays.

**Mystery shopping visits.** With the actual visits, for the first scenario none of the agents made an attempt to switch-sell and were happy to check availability as requested. For the second scenario, in which the researcher gave the agent three options, 7 out of the 9 agents made an attempt to push holidays offered by their parent company. Some of this persuasion was of a subtle nature (the Lunn Poly agents, for example, gently convinced the researchers that the Thomson holiday was far better value for money than the rest). Agents from Going Places, however, used more force in their attempt to push their Airtours holidays. In the third scenario, in which the researcher had a sum of money and a destination in mind, every single one of the 9 agencies visited employed directional selling tactics. Thomas Cook, Going Places, and Lunn Poly all attempted to sell the holidays run by their parent companies. In the fourth scenario, 6 of the 9 agents asked about late availability pushed holidays belonging to their owners. Surprisingly, two Lunn Poly agencies and one Thomas Cook agency were keen to sell an Airtours holiday! This could possibly be explained by the fact that their parent tour operator just did not have any late availability.

The researchers were also asked to look for evidence of ownership links, either through printed material or through communication with the agents themselves. Only 1 of the 36 researchers saw a sign indicating ownership (one Going Places agency had small signs on the computer indicating links to Airtours). In addition, only three of the agencies informed the mystery shoppers of their ownership ties. In these cases, the ownership was used as a selling tactic: “this is why we can offer you such a good deal on insurance,” said one agent.

**Mystery shopping telephone calls.** With the telephone calls, the Lunn Poly agencies, owned by Thomson, the largest tour operator, were unbiased in the information and recommendations they provided. They all gave similar and very helpful answers to all questions asked of them and at no time made an attempt to push the client toward a Thomson holiday. Their telephone manner was extremely friendly and professional, indicating a high and consistent level of customer service training. In fact, 93% of Lunn Poly agents offered completely unbiased information. Those few who did recommend a Thomson holiday did so in the last two scenarios, but this was only 3 of 20 agencies and could have been based on product knowledge and preference rather than internal pressure to sell the Thomson product.

On the other hand, the agencies from Going Places (owned by Airtours) and Thomas Cook or Carlson (linked to Thomas Cook) showed strong evidence of directional selling. In fact, 95% of Going Places travel agents made an attempt to push the Airtours product while not disclosing the identity of their owner. It was only when asked that they revealed (reluctantly) the name of the operator whose holiday they were recommending. Of those agencies linked to Thomas Cook, 80% employed directional selling tactics. Again, they did not freely admit the connection to the tour operators, such as JMC Holidays, they had links with.

**IMPLICATIONS**

The results of this study confirm the significance of travel agent recommendations in the decision-making process (Howard 1963; Peter and Olson 1993) and support the long-standing notion that travel agents represent a key influence in the tourism marketing system (Bitner and Booms 1982). The
mystery shopping exercise supported the hypothesized model shown in Figure 2 for two of the vertically integrated companies but not for the largest operator, Thomson, and its travel agency chain, Lunn Poly. Thomson Travel Group has always claimed publicly that it does not have a sales policy of steering customers toward the purchase of Thomson Holidays, and this survey supported that claim. This contradicts results from a previous consumer group survey (Goldsmith 1997) that suggested Thomson was just as guilty of directional selling as its competitors.

Customers entering a travel agent linked to Airtours and Thomas Cook, however, are likely to receive biased recommendations and a distinct lack of choice. This means that these travel agents are much more likely to put the interests of large tour operators before the interests of consumers. Ultimately, this could mean that consumers will end up on package holidays unsuited to their needs, and it is also anticompetitive for the industry. Supporters of directional selling (and some have argued that it makes eminent business sense to control the chain of supply) suggest that the real issue is whether consumers are being left to believe they are getting the best independent advice to suit their holiday needs. The mystery shoppers used for this piece of research did not believe they were receiving such advice, except from the Lunn Poly agents.

The results also showed that the vertically integrated companies are not complying with Office of Fair Trading demands to make their ownership links more transparent. Both the vertically integrated companies that employed directional selling failed to disclose their ownership ties, and some were very reluctant to do so when asked. The MMC (1998) suggested that the lack of transparency means that consumers shop around less for holidays, with the result that there is less competitive pressure on travel agents. Consumers are therefore likely to get less value for their money.

### TABLE 1
RESULTS OF MYSTERY SHOPPING EXERCISE

<table>
<thead>
<tr>
<th>Owned by</th>
<th>Agents Who Tried to Persuade Researchers to Travel with Their Parent Company/Linked Operators instead of Others</th>
<th>If So, Did They Make It Clear That They Were Owned by the Parent Company?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lunn Poly</td>
<td>Going Places</td>
</tr>
<tr>
<td>Thomson</td>
<td>0/13 (0%)</td>
<td>8/13 (61%)</td>
</tr>
<tr>
<td>Airtours</td>
<td>2/13 (15%)</td>
<td>13/13 (100%)</td>
</tr>
<tr>
<td>Thomas Cook</td>
<td>5/13 (38%)</td>
<td>13/13 (100%)</td>
</tr>
<tr>
<td>Going Places or Carlson</td>
<td>2/13 (15%)</td>
<td>13/13 (100%)</td>
</tr>
<tr>
<td></td>
<td>9/52 (17.3%)</td>
<td>47/52 (90%)</td>
</tr>
</tbody>
</table>

\[ \chi^2 = 31.90 \]

\[ df = 6 \]

\[ p < .001 \]

Note: One hundred and fifty-six calls/visits were made to agencies around the United Kingdom, spread evenly among the three largest linked agencies (52 each). Agents were asked the four questions shown in the table (13 agents per question).
Methodologically, there were a few subtle differences between the mystery shopping visits and the telephone calls. For the visits in the first scenario, none of the agents attempted to switch-sell, but 12 of the 30 agents called by phone made an attempt to change the caller’s plans. Perhaps in person the travel agent saw more of an opportunity to close a sale and therefore did not want to confuse the customer. When they did attempt to direct the researcher toward their tour operator, the agents visited in person employed much more subtle tactics, often spending considerable time explaining why the customer should choose another product. This was the case even for the Lunn Poly agents, who were reported to use less force than the other two chains. When called by telephone, the Lunn Poly agents were completely unbiased, and their telephone manner and professionalism indicated a high and consistent level of customer telesales service training.

It could be argued that as the 36 visits to the linked agencies were in the London area, the geographical representation was not as fair as the telephone calls. However, it is worth noting that sales messages and strategies are passed on from central offices to all branches throughout the country. It should not matter, therefore, which agencies were chosen and from which area, as long as a good enough sample was taken from each linked agency (which was the case).

The study has also shown the advantages of direct observational data-collection methods in the tourism sector. Mystery shopping will continue to grow as a result of the increasing emphasis being put on service quality and service standards (Wilson 1988). To date, the distinctive capabilities of observational methodologies for investigating services phenomena have not been widely recognized. Unfortunately, direct observation can be costly, time-consuming, and sometimes infeasible. In this study, mystery shopping, although it was extremely effective, was very time-consuming. Concealed observation also raises concerns over the research’s ethical nature. While reducing the risk of “unnatural” subject behavior, concealed observation represents an unannounced intrusion and may violate rights to privacy. In this study, the authors were sensitive to the ethical ramifications of mystery shopping but recognized that, to glean the most accurate information, it was necessary to employ a concealed observational approach.

CONCLUSION

In a mature package holiday market, shareholder demands for constantly improved profits have left vertically integrated tour operators with three choices. They can increase prices and risk losing market share. Alternatively, they can cut prices to gain market share at the risk of also cutting earnings and perhaps sparking a price war. The third option is to ensure that those who sell holidays sell their holidays rather than competitors’, and that means buying distribution or influencing travel agents. For the time being, it is clear that the big tour operators have chosen the latter tactic. This study and its use of mystery shopping as a powerful research technique has highlighted the critical role that travel agents play in the decision process of consumers. Nearly 20 years ago, Bitner and Booms (1982) observed that retail travel agents played a pivotal role in the tourism distribution channel. Despite the impact of technology and the advent of online bookings, this observation still stands.

REFERENCES


A substantial stream of papers in the tourism literature have focused on the issue of how community residents respond to tourism development in their community. Early studies in this stream of literature include Butler’s 1975 article on tourism as an agent of social change and his seminal 1980 paper on the concept of the tourism area life cycle. Butler noted that residents’ attitudes can be favorable or unfavorable and that their attendant behaviors toward tourists in their community can be active or passive. Building on Butler’s foundations, Dogan (1989) articulated an array of residents’ responses to cross-cultural host-guest relations in his paper, “Forms of Adjustment: Sociocultural Impacts of Tourism.” He identified specific strategies host residents employ in response to the social and economic impacts of tourism. His cross-cultural study of European tourists vacationing in Turkey identified and characterized several types of responses to tourism that ranged from active resistance to a complete adoption of Western culture. He labeled the four strategies resistance, retreatism, boundary maintenance, and adoption.

Following up on the works by Butler and Dogan, Ap and Crompton (1993) developed a continuum of strategies locals may adopt when responding to tourism development. They labeled the array of residents’ responses the embracement-withdrawal strategy continuum. Their study examined interactions among tourists and locals from the same culture. Their continuum was based on personal interviews with tourism business owners and civic officials and open-ended responses from a survey of 738 community residents in four well-known tourist destinations in Texas. They observed that residents facing the same level of tourism development could adopt one of four different strategies. While they used different terms, and the strategies identified were slightly different, Ap and Crompton again found a continuum of responses ranging from positive to negative by residents.

Ap and Crompton (1993) defined the four strategies in the embracement-withdrawal continuum using both attitudes and behaviors. They labeled the four strategies embracement, tolerance, adjustment, and withdrawal. Those who embrace tourism welcome visitors to their community since they directly benefit from tourism either economically or culturally. They enjoy the cultural and social interchange with tourists and believe that tourists add to the vitality of the community. The next strategy, tolerance, characterizes residents who are ambivalent toward tourism. These residents internalize inconveniences or costs and at the same time are aware of the economic and social benefits of tourism. The third strategy, adjustment, depicts those who change their behavior to avoid some of the negative impacts of tourism. These people adjust their lives to avoid areas frequented by seasonal visitors. Often they use local knowledge to avoid the inconveniences brought on by the presence of tourists. Last, a withdrawal strategy was identified. Those who withdraw resent tourism and remove themselves psychologically or physically either temporarily or permanently from the community.

The purpose of this study is to operationalize the embrace-withdraw continuum for responses toward tourism development by community residents. Currently, the impact
literature is void of an empirically reliable and valid measure of the continuum (Ap 1990, 1992). An attitude scale in conjunction with cluster analysis operationalizes the four strategies identified in the embrace-withdraw strategy continuum developed by Ap and Crompton (1993). Then, the continuum of four resident strategies is cross-tabulated with residents’ behaviors and attitudes toward their downtown shopping district in an effort to validate the scale. Downtown shopping districts have been identified as a milieu of social interaction among tourists and locals in rural communities and, thus, serve as a useful indicator of residents’ perceptions of tourism over the life cycle (Snepenger et al. 1998). Finally, some recommendations for future research are provided.

Data

In early 1997, a survey of Bozeman, Montana, residents was conducted that captured information on impacts of tourism on the community. The community has a population of approximately 30,000 full-time residents and 10,000 college students at the local university. Bozeman serves as a gateway to Yellowstone National Park and is also a popular destination for downhill skiing, fly-fishing, and other outdoor recreation pursuits. A geographical cluster probability sampling design was utilized to acquire the data through door-to-door distribution. Twenty different clusters with 15 households in each cluster were chosen in and around the city of Bozeman. A total of 268 residents responded (approximately 90%). Only those survey respondents who had resided in Bozeman for more than 3 years were retained for the study. Those respondents residing in Bozeman for less than 3 years were deemed unable to assess the impact of tourism on the community. This is because many of the respondents were university students who were unfamiliar with the community and often left Bozeman during the peak tourism season. Others had recently relocated to Bozeman and did not have a sense of how the community was changing due to tourism development. This adjustment reduced the sample size to 190 cases. Missing values for critical variables in the study further reduced the final sample to 180 residents. The survey required 5 to 10 minutes to complete. The survey contained six Likert-type scale items designed to operationalize the embrace-withdraw continuum. It also gathered information on downtown shopping, socializing, and participation in community events. In addition, many Likert-type scale questions measured residents’ attitudes and perceptions of their downtown. Several demographic questions were included for classification purposes.

Development of Scale Items

Ap and Crompton’s (1993) exploratory study facilitated the development of the scale items. The content for the scale items was derived from the characterization of the four strategies. Issues identified by participants in the Ap and Crompton study revolved around several categories of tourist-resident interactions. One issue dealt with economic impacts of tourism on the local community. Residents observed that tourism stimulates the economy by providing jobs and at the same time impacts the distribution of income in the community. Second, respondents noted the enhancement or destruction of local culture resulting from interactions between tourists and locals. Some felt that tourism enhanced the vitality of the community, while others thought the community’s social fabric and their personal lifestyles were threatened by interactions with tourists. Third, various forms of congestion due to the influx of tourists during peak and shoulder seasons were identified. Some residents lamented the overcrowding of their favorite recreational places, while others commented on automobile congestion, and still others discussed crowding in public areas. Last, some respondents identified the possibility of estrangement either psychologically or physically from their community. One respondent psychologically withdrew from the community when visitors were around, while another would have moved out of the community, if it had been possible, because of tourism development.

Initially, one question measuring manifest behavior and six attitudinal questions were developed and incorporated into the survey instrument. However, initial data analysis revealed that the behavioral measure did not contribute to operationalizing the construct because it proved to be ambiguous to many survey respondents. Consequently, only the six attitudinal items were used when constructing the scale.

The scale contained items that represented the cognitive or belief component (items 2 and 4), the affective component (item 5), and the behavioral intentions component (items 1, 3, and 6) of an attitude. Collectively the six attitudinal items monitored residents’ reactions toward tourism activity in their community. The attitudinal items captured salient aspects of the continuum by appraising respondents’ perceptions of the impact of tourism on congestion, the economy, and local culture. Furthermore, three of the items monitored psychological or physical coping activities. The 5-point, Likert-type scale items ranged from 1 (strongly agree) to 5 (strongly disagree). The items were

1. I reschedule activities in Bozeman to avoid tourist crowds.
2. Tourism causes congestion in Bozeman.
3. I tend to avoid areas frequented by tourists.
4. I believe that tourism is an important part of Bozeman’s economy.
5. I enjoy having tourism in my town.
6. If I could, I would leave Bozeman because tourism has negatively impacted the community.

FINDINGS

Assessing Scale Reliability

Interitem reliability was assessed using Cronbach’s alpha. The calculation of Cronbach’s alpha requires that all items are coded in the same direction. In the survey instrument, items 1, 2, 3, and 6 were negatively worded statements while items 4 and 5 were positively worded. It was arbitrarily decided that the two positive items (4 and 5) would be reverse coded so that all items were in the same direction. The Cronbach’s alpha for the six items equaled .83. Cronbach’s alpha scores of .7 or higher indicate a reliable scale (Robinson, Shaver, and Wrightsman 1991; Bearden and Netemeyer 1999). In addition, each of the items significantly correlated with the scale. Correlations between the six
items and the embrace-withdraw continuum score ranged from .47 to .81 in absolute value. The strongest correlation was with the statement, “I tend to avoid areas frequented by tourist,” and the lowest correlation was with the statement, “I reschedule activities to avoid tourist crowds.”

In addition, the scale dimensionality for the six items was tested. Unidimensionality is considered by most researchers as a prerequisite to reliability and validity. For discussion of this point, see Bearden and Netemeyer (1999). Principal-components analysis revealed a one-factor solution for the six items that supports the existence of the embrace-withdraw continuum construct.

Operationalizing the Embrace-Withdraw Continuum

Since the six items provided an internally consistent scale, the issue became how best to use the scale to explore the embrace-withdraw continuum. Previous theoretical work by Dogan (1989) and the exploratory investigation by Ap and Crompton (1993) articulated the embrace-withdraw continuum as an ordinal construct. That is to say, it is not continuous but rather consists of groupings of residents holding similar attitudes and/or behaviors regarding the impact of tourism development on their community. Thus, a scale measuring this could not be merely additive but rather needed to identify homogeneous groups that partition the resident population.

Two alternative approaches were considered for operationalizing the embrace-withdraw strategy continuum. First, the responses could be summed and then partitioned into quartiles to develop the four strategies. This approach assumes that there are equal numbers of community residents for each of the four strategies. However, this requires that over the tourism life cycle, there is a point at which there are equal numbers of residents across the four strategies and that the measurement in Bozeman occurred at this point in time. An alternative approach to segment the residents on the embrace-withdraw continuum was to classify homogeneous groups based on their responses to the six items. The preferred objective methodology for this task is cluster analysis. Cluster analysis groups respondents into clusters so that members in the same cluster are more similar to one another than they are to members in other clusters (Hair et al. 1998). Cluster analysis is particularly useful for identifying groupings when the size of the groups is unknown as in this study. The K-means cluster analysis routine in SPSS with a four-cluster solution was selected for developing the embrace-withdraw taxonomy. This approach allows each of the six items to contribute independently to the identification of the four strategies.

The four-cluster solution was chosen both on theoretical and empirical grounds. The original work by Ap and Crompton (1993) proposed four segments of residents’ responses to tourism development. Cluster analysis using three through six cluster solutions were conducted. The trade-off between homogeneity of responses for the six scale items and the number of clusters worked well with the four-cluster solution (Hair et al. 1998).

The four-cluster solution produced the following distribution across the four strategies: 51 (26.8%) embrace tourism, 59 (31.1%) tolerate tourism, 49 (25.8%) adjust to tourism, and 21 (11.1%) withdraw from the community due to tourism. This distribution yielded sufficient observations to compare and contrast each of the four strategies and assess the embrace-withdraw continuum.

Assessing Validity

Assessment of construct validity for the embrace-withdraw continuum scale was undertaken by using both known group validity and criterion validity tests. Known group validity evaluates whether the scale can distinguish between groups of people who should score high on the trait or low on the trait (Saxe and Weitz 1982). Mean score differences between groups for a given scale are typically used as evidence of known group validity (Bearden and Netemeyer 1999). Known group validity was empirically assessed by comparing means across the four groups using analysis of variance with post hoc comparisons. Then, these results of the four-cluster solution were compared with the qualitative and exploratory descriptions of the four residents’ strategies as delineated by Ap and Crompton (1993). Determining the extent to which the scale scores covary with other relevant variables, on the other hand, assesses criterion validity. Cross-tabulating the four strategies with other behavioral and attitudinal variables toward the community’s downtown assessed criterion validity (Dillon, Madden, and Firtle 1994).

Table 1 provides an interitem analysis of the six items across the four strategies. Most of the six items monotonically varied across the four strategies. Mean scores tended to be highest for the embrace strategy, followed by the tolerate, adjust, and withdraw strategies. The one exception to this trend occurred with the first item, “I reschedule activities to avoid tourists.” For this item, the highest mean score occurred for the tolerate group; however, there was not a significant difference between the mean scores for the embrace and tolerate groups based on the Bonferroni post hoc comparison analysis. The adjust and withdraw strategies also did not significantly differ from each other on this item. But there was a significant difference between the first two strategies and the last two strategies with respect to this item. The other five items did not exhibit a purely linear relationship across the four strategies; rather, these items trended in the predicted direction that Ap and Crompton (1993) identified. Collectively, the six attitude scale items demonstrated a continuum from positive to negative.

The six items in the embrace-withdraw scale paint the following picture of the four resident strategies for dealing with tourism. The data in Table 1 correspond well with Ap and Crompton’s (1993) qualitative assessment of the four strategies and Dogan’s (1989) theoretical discussion of the continuum. The 51 residents who embrace tourism tend to believe and act in the following manner: they slightly disagree that they reschedule activities to avoid tourists, that tourism causes congestion, and that they avoid areas frequented by tourists. They strongly agree that tourism is important to the local economy, and they enjoy tourism in their town. They also disagree strongly that they would leave town because of the tourists. Ap and Crompton characterized those who embrace tourism in their community as follows:

Embracement describes those respondents who eagerly welcomed tourists. It was a much more positive reaction than simply accommodating or accepting them. (P. 48)
Those 59 residents who tolerate tourists also slightly disagree that they reschedule activities to avoid tourists or avoid areas frequented by tourists. However, they agree that tourism causes congestion. This is a major distinction identified by Ap and Crompton between those who embrace and tolerate tourism. They also agree that tourism is important to Bozeman’s economy and slightly agree or are neutral to the idea that they enjoy tourism in their town. They would not leave the community because of tourism. These results correspond closely to the observations made by Ap and Crompton, who stated,

Tolerance meant residents exhibited a degree of ambivalence towards tourism. That is, there were parts they liked and elements they disliked. They endured it in the sense that they had a capacity to bear some of its unpleasant aspects without resentment, and often this was because they recognized its contribution to the community’s economic vitality. (P. 48)

The 49 residents who adjust their lifestyles due to tourism slightly agree that they reschedule activities to avoid tourists, that tourism causes congestion, that they avoid areas frequented by tourists, and that tourism is important to Bozeman’s economy. They are neutral with respect to enjoying tourism in their town and only slightly disagree that they would not leave town because of tourists. This corresponds to Ap and Crompton’s (1993) observations that the adjustment strategy described residents who rescheduled activities to avoid crowds and sometimes used local knowledge to avoid the inconveniences caused by tourism. They further stated,

Those adopting an adjustment strategy appear to be disinterested in tourism. That is, they accepted it as a reality associated with living in their community and accommodated it, without expressing any feelings towards it. (P. 49)

The 21 residents displaying withdrawal tendencies had the following responses to the six items in the scale: they slightly agree that they reschedule activities to avoid tourists, and they strongly agree that tourism causes congestion and that they avoid areas frequented by tourists. They are neutral on whether tourism is important to the local economy. They do not enjoy tourism in their town and would leave town if possible because of tourism. Again, this parallels Ap and Crompton’s (1993) observations that the most extreme negative strategy expressed by respondents was withdrawal, which usually meant that residents removed themselves from the community physically or psychologically.

Assessing Criterion Validity

Interactions and attitudes of downtown shopping districts have been shown to serve as a useful indicator of residents’ perspectives on tourism development (Snepenger et al. 1998). Several socioeconomic variables were cross-tabulated with the four strategies. Two of the demographics significantly related to the embrace-withdraw continuum at alpha = .05. These were travel time to downtown from home and gender. Those that have withdrawn tend to live the farthest away from downtown. Furthermore, females are more likely to embrace tourism, while males are more likely to withdraw from the community due to tourism. Years of residence, age, education, number of children younger than 18, number of adults in the households, number of adults employed, and income did not significantly relate to the scale. However, years of residence and age had alpha levels greater than .05 but less than .10. For both of these variables, those employing a tolerate strategy differed from the others. They tended to be younger and had lived in the community fewer years.

Table 2 documents the attitudes of the four groups in the embrace-withdraw continuum with respect to their downtown. With respect to the first item, “downtown is a good place to shop,” those who embrace tourism in their community significantly differ from those who have adjusted or withdrawn. Those who tolerate tourism significantly differ from those who have withdrawn, while the adjusters were not significantly different from those who tolerate or those who withdraw. However, there appears to be a rank-order relationship between perceptions of whether downtown is a good place to shop and the residents’ strategy of dealing with tourism in their community. This was true of the other four items as well. Thus, those who embrace tourism think that downtown is a good place to shop and are neutral toward recent changes downtown. They do not believe that downtown is mainly for tourists or serves newcomers and the wealthy. In contrast, those in the withdraw group do not think downtown

<p>| TABLE 1 | AN INTERITEM ANALYSIS OF THE EMBRACEMENT-WITHDRAWAL STRATEGY CONTINUUM SCALE USING ANALYSIS OF VARIANCE WITH POST HOC COMPARISONS |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|</p>
<table>
<thead>
<tr>
<th></th>
<th>Embrace (n = 51)</th>
<th>Tolerate (n = 59)</th>
<th>Adjust (n = 49)</th>
<th>Withdraw (n = 21)</th>
<th>p Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reschedule activities to avoid tourists</td>
<td>3.4a</td>
<td>3.6a</td>
<td>2.1b</td>
<td>1.9b</td>
<td>.000</td>
</tr>
<tr>
<td>Tourism causes congestion</td>
<td>3.8a</td>
<td>2.2b</td>
<td>1.9b</td>
<td>1.4c</td>
<td>.000</td>
</tr>
<tr>
<td>Avoid areas frequented by tourists</td>
<td>3.8a</td>
<td>3.2b</td>
<td>1.9b</td>
<td>1.5c</td>
<td>.000</td>
</tr>
<tr>
<td>Tourism is important to Bozeman’s economy</td>
<td>1.5a</td>
<td>1.8ab</td>
<td>2.0bc</td>
<td>2.7c</td>
<td>.000</td>
</tr>
<tr>
<td>Enjoy tourism in my town</td>
<td>1.9a</td>
<td>2.6b</td>
<td>2.9b</td>
<td>4.1c</td>
<td>.000</td>
</tr>
<tr>
<td>Would leave because of tourists</td>
<td>4.6a</td>
<td>4.1b</td>
<td>3.9b</td>
<td>2.3c</td>
<td>.000</td>
</tr>
</tbody>
</table>

Note: Responses were given on a 5-point scale ranging from 1 (strongly agree) to 5 (strongly disagree). Groups with the same subscript did not differ significantly from each other, and those with different subscripts did differ significantly, based on Bonferroni’s post hoc comparison tests.
is a good place to shop or that recent changes enhance down-
town. They think that downtown is mainly for tourists and
serves newcomers and the wealthy.

Table 3 examines the relationship between the
embrace-withdraw continuum and perceptions of the mar-
teting mix (product, price, promotion, and distribution)
downtown. Five of the seven items differentiated the four
strategies. None of the groups thought that parking down-
town was easy, and they were all neutral concerning strolling
downtown. However, those who embraced downtown
tought it offered unique products, had reasonable prices,
was not hard to get to, and that downtown was a good place
to see friends and events. Those who had withdrawn were just
the opposite, and those who tolerate tourists and those who
adjust to tourists fell in between as expected.

Table 4 displays the percentage of residents with the four
strategies that participated in the various social events held
downtown each year. As can be seen from the table, only
Sweet Pea, an arts festival and the largest event downtown,
showed significantly different participation between the
groups. Those who embrace and tolerate tourists tended to
attend Sweet Pea, while those who have adjusted to tourists
sometimes participated, and those who have withdrawn did
not attend at all. When the number of events attending was
summed, the means for the first two groups significantly dif-
fered from the means for the second two groups. Those who
embrace and tolerate tourists are much more likely to partici-
pate in community events downtown than are those who
adjust or withdraw from tourists.

**DISCUSSION**

The operationalized scale supports the theoretical argu-
ments proposed in Ap’s 1992 article focusing on the usefulness
of social exchange theory for understanding host-guest rela-
tionships. He proposed that a social exchange paradigm
accounts for both the positive and negative impacts of tour-
ism as perceived by the host population. This theory asserts
that when exchanges of material, social, or psychological
resources occur between residents and tourists, then a logical
and intuitively appealing rationale exists for the array of
responses. When the exchange of resources is high and bal-
anced or in favor of the resident, then tourism impacts are
viewed positively; and when the exchange of resources is
low in the context of either a balanced or unbalanced
exchange relationship, then the impacts of tourism develop-
ment are viewed negatively.

The embrace-withdraw scale captures the positive, nega-
tive, and ambivalent attitudes locals will possess toward
tourism development in their community. Those who
embrace tourism believe that tourism is an important part of
the local economy and that tourism adds to the culture of the
community. They are neutral that tourism has negative social
impacts on the community such as traffic congestion. In this
study, embracers were more likely to be females. However,
like all of the other strategies, it was not possible to demo-
graphically pinpoint who the embracers were. Embracers
like to shop downtown and think that it serves their needs and
not the needs of tourists, newcomers, or the wealthy. They
are neutral with respect to the changing landscape downtown
as it evolves over the tourism life cycle. Specifically, they
believe that downtown offers unique products at reasonable
prices. Furthermore, they think downtown is a good place to
socialize with friends and participate in cultural events.

Those who tolerate tourism manifest a more complex
behavioral strategy that is sanguine, and yet, at the same
time, they are aware of some of the dysfunctional aspects of
tourism development. They believe that tourism is important
to the local economy and enjoy tourism in the community.
They are not likely to psychologically or physically remove
themselves from the community because of tourism. Yet,
they are aware that tourism causes congestion. Their percep-
tions of downtown are similar to those who embrace tourism,
but not quite as positive. They slightly agree that downtown
provides a good place to shop and is neutral with respect to
whether it mainly serves tourists, newcomers, or the wealthy.
They are also neutral with respect to recent changes down-
town. Similarly, they believe that downtown offers unique
products with prices that tend to be a little high. Tolerates do
enjoy socializing and participating in cultural events downtown.

The adjusters tend toward neutrality with respect to the
benefits of tourism in their community. Furthermore, they
think tourism causes congestion, and they avoid areas fre-
quented by tourists and reschedule activities to avoid tour-
ists. They are neutral about whether downtown is a good
place to shop and believe that downtown targets tourists,
newcomers, and the wealthy. They are neutral about the
recent changes downtown. They believe that downtown
offers unique products at high prices and tend toward a neu-
tral position on access to downtown and its benefits as a place
to socialize and participate in community events.

### Table 2

**Table 2**

**COMPARISONS ACROSS THE EMBRACE-WITHDRAW CONTINUUM USING ATTITUDES TOWARD DOWNTOWN BY LOCAL RESIDENTS WITH ANALYSIS OF VARIANCE WITH POST HOC COMPARISONS**

<table>
<thead>
<tr>
<th>Downtown</th>
<th>Embrace (n = 51)</th>
<th>Tolerate (n = 59)</th>
<th>Adjust (n = 49)</th>
<th>Withdraw (n = 21)</th>
<th>p Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good place to shop</td>
<td>2.8a</td>
<td>2.9a</td>
<td>3.0a</td>
<td>3.5b</td>
<td>.054</td>
</tr>
<tr>
<td>Mainly for tourists</td>
<td>3.4a</td>
<td>3.2abc</td>
<td>2.7bc</td>
<td>2.1a</td>
<td>.000</td>
</tr>
<tr>
<td>Serves newcomers</td>
<td>3.3a</td>
<td>3.0abc</td>
<td>2.7bc</td>
<td>2.1a</td>
<td>.000</td>
</tr>
<tr>
<td>Serves the wealthy</td>
<td>3.2a</td>
<td>3.0abc</td>
<td>2.5bc</td>
<td>2.2a</td>
<td>.000</td>
</tr>
<tr>
<td>Changes make me want to shop downtown</td>
<td>3.0a</td>
<td>3.2a</td>
<td>3.4a</td>
<td>4.0abc</td>
<td>.001</td>
</tr>
</tbody>
</table>

Note: Responses were given on a 5-point scale ranging from 1 (strongly agree) to 5 (strongly disagree). Groups with the same subscript did not differ significantly from each other, and those with different subscripts did differ significantly, based on Bonferroni’s post hoc comparison tests.
The smallest number of residents identified withdrawal characteristics \( n = 21 \). Surveys may contain a bias toward nonparticipation by those who have psychologically withdrawn from the community. Also, those who have physically removed themselves from the community due to tourism are obviously not going to be participants in a community survey. Therefore, it is hard to say whether the relatively small number of withdraw residents represents the true distribution of responses in the community and the surrounding areas.

The withdraw group clearly differed from the others along the continuum. They were the least likely to believe that tourism is an important part of the local economy and do not enjoy tourism in the community. Furthermore, they strongly consider relocating because of tourism and are most likely to reschedule activities to avoid tourists and avoid tourism areas. Many strongly believe that tourism causes congestion. For these people, downtown offers high-priced products and does not serve as a good place to socialize or participate in community events.

**Recommendations for Future Research**

Several recommendations are made for integrating the embrace-withdraw continuum scale into research focusing on host-resident responses toward tourism development in their community. First, the four strategies along the embrace-withdraw continuum are likely to be adopted concurrently across most if not all stages of the tourism life cycle (Ap and Crompton 1993). However, the proportion of residents adopting any given strategy is likely to vary with the tourism life cycle. Early in the life cycle, it is anticipated that there will be greater numbers of residents who embrace or tolerate tourism. Later in the tourism life cycle, more residents are likely to demonstrate adjust or withdraw strategies. A fruitful area of research would be to monitor the distribution of responses across the continuum at various stages of the tourism life cycle. One research approach would be a longitudinal research design of monitoring the same community over time using this scale. Another approach would be to examine several communities simultaneously at different stages of the tourism life cycle using the embrace-withdraw strategy scale. Then the distribution of responses could be compared.

Second, the existence of four strategies along the continuum demonstrates the danger of averaging responses to impact questions for all members of a community. Aggregate averages would mask the feelings held by each of the four groups along the continuum. It would be better to classify residents as members of a particular strategy and then develop separate means across a comprehensive scale such as that developed by Ap and Crompton (1998). This would

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**TABLE 3**

**Comparisons across the Embrace-Withdraw Strategies Continuum Using Perceptions of the Marketing Mix of Downtown by Local Residents Using Analysis of Variance with Post hoc Comparisons**

<table>
<thead>
<tr>
<th>Downtown</th>
<th>Embrace ( n = 51 )</th>
<th>Tolerate ( n = 59 )</th>
<th>Adjust ( n = 49 )</th>
<th>Withdraw ( n = 21 )</th>
<th>( p ) Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique products</td>
<td>2.0(_a)</td>
<td>2.1(_a)</td>
<td>2.3(_{ab})</td>
<td>2.7(_b)</td>
<td>.001</td>
</tr>
<tr>
<td>Prices too high</td>
<td>2.7(_a)</td>
<td>2.4(_{ab})</td>
<td>2.3(_b)</td>
<td>1.8(_b)</td>
<td>.002</td>
</tr>
<tr>
<td>Hard to get to</td>
<td>3.6(_a)</td>
<td>3.5(_{ab})</td>
<td>3.4(_{ab})</td>
<td>2.6(_b)</td>
<td>.011</td>
</tr>
<tr>
<td>Enjoy strolling</td>
<td>2.9</td>
<td>2.8</td>
<td>3.3</td>
<td>3.1</td>
<td>.158</td>
</tr>
<tr>
<td>Place to see friends</td>
<td>2.6</td>
<td>2.6</td>
<td>2.8</td>
<td>3.1</td>
<td>.072</td>
</tr>
<tr>
<td>Good for events</td>
<td>2.2(_a)</td>
<td>2.3(_{ab})</td>
<td>2.5(_b)</td>
<td>3.1(_b)</td>
<td>.001</td>
</tr>
<tr>
<td>Parking easy</td>
<td>3.5</td>
<td>3.6</td>
<td>3.5</td>
<td>3.9</td>
<td>.613</td>
</tr>
</tbody>
</table>

Note: Responses were given on a 5-point scale ranging from 1 (strongly agree) to 5 (strongly disagree). Groups with the same subscript did not differ significantly from each other, and those with different subscripts did differ significantly, based on Bonferroni's post hoc comparison tests.

**TABLE 4**

**Comparisons across the Embrace-Withdraw Strategies Continuum Using Percentage of Participation in Social Events by Local Residents Using Chi-Square Tests of Homogeneity with Post hoc Comparisons or Analysis of Variance with Post hoc Comparisons**

<table>
<thead>
<tr>
<th></th>
<th>Embrace ( n = 51 )</th>
<th>Tolerate ( n = 59 )</th>
<th>Adjust ( n = 49 )</th>
<th>Withdraw ( n = 21 )</th>
<th>( p ) Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christmas Stroll</td>
<td>47%</td>
<td>56%</td>
<td>38%</td>
<td>29%</td>
<td>.098</td>
</tr>
<tr>
<td>Sweet Pea</td>
<td>63(_a)</td>
<td>63(_{ab})</td>
<td>48(_{ab})</td>
<td>24(_b)</td>
<td>.007</td>
</tr>
<tr>
<td>Taste of Bozeman</td>
<td>18%</td>
<td>25%</td>
<td>15%</td>
<td>0%</td>
<td>.323</td>
</tr>
<tr>
<td>Crazy Days</td>
<td>49(_a)</td>
<td>39(_{ab})</td>
<td>38(_{ab})</td>
<td>14(_b)</td>
<td>.055</td>
</tr>
<tr>
<td>CNFR Parade</td>
<td>31%</td>
<td>31%</td>
<td>25%</td>
<td>0%</td>
<td>.241</td>
</tr>
<tr>
<td>Total events participation</td>
<td>2.1(_a)</td>
<td>2.2(_{ab})</td>
<td>1.6(_{ab})</td>
<td>0.9(_b)</td>
<td>.000</td>
</tr>
</tbody>
</table>

Note: Groups with the same subscript did not differ significantly from each other, and those with different subscripts did differ significantly, based on Bonferroni’s post hoc comparison tests.
provide a clearer assessment of the various groups within the community.

Third, since the inception of this study, Ap and Crompton (1998) developed a comprehensive tourism impact scale containing 35 items. Researchers may choose to consider adding some of the items from Ap and Crompton’s (1998) general scale to the embrace-withdraw strategy scale. For instance, there is a sociocultural item that measures variety of entertainment in the area and another one that quantifies whether tourism provides opportunities to meet interesting people. Furthermore, their scale has seven economic domain questions that researchers may wish to use to provide a richer measure of economic consequences of tourism development.

Last, the data for this study and the exploratory Ap and Crompton (1993) paper were taken from communities that were accepting of tourism development. In some settings, tourism development may be viewed as an anathema by a portion of the residents. These residents may aggressively oppose tourism development and in the most extreme case would be viewed as eco-terrorists. The operationalized embrace-withdraw scale does not provide for the measurement of this segment of a residential population. If the research setting needs to include this group, then researchers may wish to incorporate survey items that capture this development strategy. Two such items might be “I strongly resist tourism development efforts at public meetings” and “destructive activities by locals are sometimes necessary to protect the environment.” However, survey research may not be able to capture the sentiments of this segment of the population. These people may be reluctant to identify their true feelings in a survey because of concerns for anonymity. Furthermore, these people may be unwilling to participate in a survey because they view surveys as co-opting the prodevelopment perspective. Consequently, researchers may have to utilize other indirect measures to monitor the existence and size of this segment of the resident population in appropriate research settings.

Concluding Remarks

The findings in this study demonstrate that the embrace-withdraw continuum can be operationalized using survey research. The scale is parsimonious, consisting of a six-item instrument that incorporates cognitive, affective, and behavioral components of an attitude that residents may hold regarding tourism development. It captures both mental and potential behavioral responses locals will have regarding the economic and social impacts of tourism development. The scale demonstrated reliability with a high Cronbach’s alpha statistic, and known group and criterion validity were also established. Furthermore, the findings from this study support Ap and Crompton’s (1993) contention that there exist four distinct strategies community residents employ when interacting with tourists with similar cultural backgrounds.

REFERENCES

An Integrative Approach to Tourism Forecasting: A Glance in the Rearview Mirror

CARMEN TIDESWELL, TREVOR MULES, AND BILL FAULKNER

In 1996, the South Australian Tourism Commission initiated a tourism forecasting and economic impact study to assess their future tourism industry potential. The integrative forecasting approach adopted advocates a combination of quantitative top-down and bottom-up approaches, along with a qualitative delphi survey to gather key industry input to the forecasting process. The article provides a retrospective assessment of the forecast accuracy for South Australia's domestic and international tourism markets. Consideration of the most appropriate methods for updating existing state tourism forecasts, based on the South Australian experience, is also made. The findings suggest that the forecast accuracy for both international and domestic visitors was quite high overall. However, this apparent accuracy disguises some significant inaccuracies for particular segments, such as New Zealand and Other Asia, illustrating the difficulty of using time-series-type approaches to tourism forecasting in situations where the numbers are quite small and subject to significant volatility.

The application reported here is for forecasts of tourism to 2005 in the Australian state of South Australia. South Australia is not a mass tourism destination. As Faulkner, Oppermann, and Fredline (1999) reported, the state relies heavily on its wine regions (e.g., Barossa Valley, Clare Valley, and McLaren Vale regions) and the “big river” theme associated with the Murray River in attracting tourists. The state accounts for only 4% of visitor nights by international visitors to Australia and 7% of domestic Australian visitor nights. However, the state tourism authority (South Australian Tourism Commission, or SATC) regards tourism as a growth industry and is keen to capitalize on the economic potential of growth in tourism to destinations within the state, hence the value placed on the forecasting process.

Forecasting is an attempt to anticipate the future, and in many business endeavors, its value lies in enabling operators to minimize losses due to disparities between demand and supply. In tourism, it is necessary to anticipate future demand for transport, accommodation, skilled labor, retail, and entertainment facilities. Given the lead time usually involved in the development of the infrastructure required to service markets, future demand must be anticipated several years in advance.

Should a tourism destination underestimate future demand, the result will be lack of amenity, congestion, poor service, missed market opportunities, and ultimately, loss of market share as a result of visitors seeking alternative destinations. Overestimation of future demand will result in excess supply of infrastructure, inefficient use of resources, and low returns on investment. If provision of tourism infrastructure is left to market forces, it is likely that the lead time involved will result in a cycle of excess demand followed by excess supply, resulting in considerable damage to visitor perceptions and investor confidence.

It is unlikely that any approach to tourism forecasting will provide accurate forecasts for all times and all destinations. Witt and Witt (1992) provided a review of many statistical approaches to tourism forecasting, including detailed econometric modeling and time-series modeling. Specifically excluded from their study was the use of qualitative forecasting methods, such as the delphi or expert opinion technique. Other research studies have, however, included coverage of this qualitative forecasting method (Calantone, di Benedetto, and Bojanic 1987; Uysal and Crompton 1985).

In this study, we report on a case study of tourism forecasting that combined statistical techniques with expert opinion in a quasi-delphi process that enabled tourism industry practitioners to respond to the opinions of their peers. They were encouraged to form and review their own opinions about the future in light of both their peer group opinion and the mechanistic forecasts based on statistical methods.

TOURISM FORECASTING

There is a large quantity of academic and other literature on tourism demand forecasting (e.g., Uysal and Crompton 1985; Calantone, di Benedetto, and Bojanic 1987; Martin and Witt 1987; Witt and Martin 1987; Witt and Witt 1991; Turner, Kulendran, and Fernando 1997). Some of this forecasting work is based on time-series methods, whereby intrinsic qualities of the past behavior of the data are used to drive projections regarding visitor numbers into the future. For example, Turner, Kulendran, and Fernando (1997) compared forecast accuracy using Autoregressive Integrated

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Moving Average (ARIMA) models, autoregressive models, exponential smoothing models, and econometric models (demand-based models).

Econometric models concentrate on the demand relationship and the statistical relationship between visitor numbers and economic variables such as air fares, income of tourists, exchange rates, and tourism promotion expenditure being estimated. Crouch (1995) consolidated 30 studies of this type, covering tourism demand in all of the world’s major destinations. In the Australian context, Poole (1988) used this approach to produce regression equations for each of seven of Australia’s major tourism foreign-origin markets, while Hamal (1996) has applied a similar approach to domestic Australian holiday tourism.

This economic approach is often referred to as “structural demand modeling,” relying as it does on the structure of demand for household consumption items of which tourism and travel is but one. Lim (1997) surveyed this field, finding more than 100 published articles of the genre. She was highly critical of the statistical robustness of most of the articles surveyed, many of them relying on proxies for missing variables.

Witt and Witt (1992) found that quite naïve forecasting methods, such as the assumption of no change, performed generally better than structural demand models using various tests of forecast accuracy such as Mean Absolute Percentage Error (MAPE). Turner, Kalendran, and Fernando (1997) also found that simple models tended to outperform more complex time-series models using similar measures of forecast accuracy. Elsewhere, Faulkner and Valerio (1995) have questioned the value of highly technical statistical approaches, which have the effect of alienating the users of the forecasts from the forecasting process. It is suggested that in the strategic planning context, many practitioners have lost sight of the suggestion that the process of forecasting is as important as the outcome. Accordingly, a method that actively engages decision makers in the forecasting exercise can contribute more to the broader strategic planning process than one that does not.

As will be discussed subsequently, this study incorporated a qualitative component using expert opinions in developing the forecasts. In considering the quantitative approaches that would provide the foundation of this expert opinion phase, it was decided not to employ economic-demand modeling techniques, partly because of the statistical problems alluded by Lim (1997). In addition, when using such models for forecasting, it is necessary to first forecast the values of the independent variables, such as air fares, exchange rates, and gross domestic product in originating markets. This requirement means that regardless of the virtue of the structural equations, the accuracy of forecast tourism numbers depends critically on the accuracy of the forecasts of the independent variables. The forecaster is therefore an unavoidable error compounding effect.

In the area of event tourism, neither time-series nor structural equation approaches are of much use because special events are, in a sense, statistical outliers. Mules and McDonald (1994) therefore relied on an approach to forecasting the visitor impact of the Sydney 2000 Olympic Games using data from a brace of special events, including other Olympic events.

Bearing these considerations in mind, the South Australian study used time-series approaches to generating statistical forecasts, rather than structural equation approaches because of the impracticality of developing credible forecasts out to 2005 of originating country exchange rates and GDP. These quantitative techniques were complemented by a qualitative quasi-delphi method, a forecasting approach that is discussed in the following section.

**THE DELPHI AND CONSULTATION PROCESS**

As noted by Frechtling (1996), “The delphi method is designed to produce a group consensus on forecasts while avoiding some of the problems of other group forecasting methods, such as the jury of executive opinion” (p. 185). The problems that it is specifically intended to overcome include the undue influence of “recognised experts” and respondent unwillingness to go against the “popular view” of panel respondents (Frechtling 1996).

The delphi method, which evolved in the 1950s in the area of U.S. defense research, involves a panel of respondents with recognized expertise in the subject area, who are invited to respond to a series of questionnaires covering a similar range of questions. After each round of the questionnaire, respondents receive feedback on the group’s response and are invited to adjust their responses to the questionnaire in light of this information. The anonymity and confidentiality of individual responses is preserved through this process (Faulkner 1987). The ultimate aim of the exercise is to guide panel members toward an informed assessment of the issues in question and to arrive at some degree of consensus (Faulkner 1987). The basic premise of the delphi approach is to involve the panel in several iterations of the survey, with feedback on each occasion designed to drive the group toward a consensus or at least toward a clearly recognizable polarization of views that enables alternative scenarios to be identified.

**OVERVIEW OF THE INTEGRATIVE APPROACH**

To put the overall approach adopted in this study into perspective, a combination of quantitative and qualitative forecasting methods have been used as advocated by Frechtling (1996). In particular a combination of naïve forecasts, single exponential smoothing forecasts, and a delphi panel were used in the study.

**THE SOUTH AUSTRALIAN FORECASTING APPROACH**

Tourism into South Australia was segmented according to origin as shown in Table 1. For each international segment, six different time-series forecasting methods were applied to past data to generate six different forecasts of visitor numbers for each year up to 2005. As at the time of carrying out this exercise, the latest available data were for 1995; all years beyond 1995 are treated as forecasts.
For international visitors to the state, annual data on visitor numbers from 1984 to 1995 were used. Three simple time-series approaches, and one “top-down” approach, were applied to each of the originating segments shown in Table 1. The time-series approaches were the following:

1. Holt’s exponential smoothing. This time-series method incorporates average changes in the long-run trend (Pindyck and Rubinfeld 1991). With this model, greater emphasis is placed on the more recent trends within the data, and hence the resulting forecasts are most reflective of the latest trends.

2. A form of “naïve” method based on the assumption that the average annual rate of change from the past 11 years would continue in the future.

3. A simple linear trend fitted to the annual data using regression analysis. Here, the forecasting model assumes that the series will increase by a constant absolute amount in each time period. The amount of such an increase is based on the average change from the first to the last point in the actual data set.

The top-down approach consisted of using forecast numbers of tourist arrivals for Australia as a whole, generated by the Australian Tourism Forecasting Council (TFC), and applying a percentage for South Australia’s share of visitors from each originating market. The TFC publishes forecasts of international inbound tourism to Australia for each of our originating segments using a process whereby forecasts derived from an economic-demand model are modified by industry practitioners. While an 11-year series (1985 to 1995) of historical data to South Australia was available for use in the study, the forecasting methods, which relied on South Australia’s market share of national forecasts, were based on median shares of visitation during more recent times (i.e., 1989 to 1995). This time frame was chosen as it was considered to more accurately reflect more recent trends, providing a sounder basis for the forecasts. For South Australia’s share of the national total, three different percentages based on the highest, the lowest, and the median share of the past 7 years of data were used.

Table 2 provides an example of the type of information that resulted from the forecasts. Tables such as this for each of the originating international segments were included in the delphi instrument. The top half of the table shows the actual tourism numbers for the segment from 1984 to 1995, while the numbers in italics are the forecasts. Note that there was no data collection for 1987.

For the domestic market segments shown in Table 1, there were no available TFC forecasts on the required state-of-origin basis, so it was not possible to use the top-down approach. The same three time-series methods used for the international market (i.e., last three columns of Table 2) were used for the domestic market, and tables similar to Table 2 for each domestic market segment were distributed to the panel.

For all forecasts, visitor numbers were used rather than visitor nights as it was felt that tourism industry people would be better able to relate to numbers of visitors. Extensions of this work to produce estimates of future economic impacts of tourism growth would require the conversion of the forecasts to visitor nights so that the expenditure parameter can be more readily devised (Mules 1998). Details of the statistical methods used to generate each set of forecasts are given in the next section.

### THE SOUTH AUSTRALIAN DELPHI PROCESS

The complete set of statistical forecasts were mailed out in July 1996 to a delphi panel of 45 people involved in the local South Australian tourism industry, ranging from airline management, inbound tour businesses, hospitality sector management, and tourism marketers and planners from the SATC. The mail out included a nontechnical (i.e., layman’s terms) explanation of how the alternative forecasts were derived and an invitation to participate in the study. The panel was asked to choose the forecasts they considered to be the most plausible from the sets mailed out to them and to return their responses to the researchers. For each segment, the responses were averaged, or in a small number of cases where responses were skewed, the mode was used to represent the group view.

Of the 45 tourism industry practitioners invited to participate in the delphi process, 26 responded. Their preferred forecast for each segment and forecast method are shown in Table 3 for international tourists and in Table 4 for domestic tourists. There was a clear modal dominance in preference in most cases. The exceptions were Other Europe, where both TFC median and Holt’s method were equally popular, and perhaps Other Asia and Other, where in both cases the dominant opinion was “don’t know.”

As time constraints associated with the SATC’s strategic planning agenda did not allow for more than two iterations of the delphi process, a workshop involving panel participants was convened. In essence, as a result of these actions, the nature of the qualitative component of the forecasting process moved more toward an expert opinion–type method rather than a pure delphi approach. As two of the key principles of delphi, according to Frechtling (1996), were not strictly adhered to from this point onward (i.e., ensuring respondent anonymity and conducting several rounds of the survey), it must be acknowledged that the resulting process was a variation on the true delphi approach. As described below, the final workshop was used to supplement the

<table>
<thead>
<tr>
<th>International Market</th>
<th>Domestic Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Origin</td>
<td>%</td>
</tr>
<tr>
<td>United Kingdom/</td>
<td>South Australia</td>
</tr>
<tr>
<td>Ireland</td>
<td>27</td>
</tr>
<tr>
<td>Other Europe</td>
<td>25</td>
</tr>
<tr>
<td>United States/</td>
<td>Australian Capital</td>
</tr>
<tr>
<td>Canada</td>
<td>16</td>
</tr>
<tr>
<td>Other Asia</td>
<td>15</td>
</tr>
<tr>
<td>New Zealand</td>
<td>10</td>
</tr>
<tr>
<td>Japan</td>
<td>4</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>
produced by the Holt method (Table 3). However, there was followed by other European countries. For the first of these, lia, in terms of visitor nights, is the United Kingdom/Ireland, of the delphi panel of 26. This workshop consisted of some introductory discussion of the factors affecting growth in tourism in South Australia. This included a review of supply of accommodation, a consideration of attractions and price competitiveness, and a discussion of tourism promotion initiatives.

With this background information fresh in their minds, the participants were then presented with the results of the delphi survey, which showed what their peers’ opinions were of the various forecasts. This process was employed to enable participants to modify their earlier opinions in light of their peers’ revealed opinions and, ultimately, to move toward a group view regarding the forecasts for each market segment.

The information contained in Tables 3 and 4 provoked discussion at the workshop, with various participants debating with each other about likely future scenarios for tourism in South Australia. The workshop moderator’s task was to attempt to steer the group toward a consensus about the preferred forecasts for each segment. This was achieved for all segments except United Kingdom/Ireland, where the workshop participants were polarized between the Holt and “naive” forecasts, eventually agreeing that their preference was for a forecast midway between two sets of forecasts.

Forecasts for each segment were discussed in turn until a consensus was reached. This process enabled industry participants to see where their views were placed in relation to their peer group and also enabled the researchers to add “on the ground knowledge” to the forecasting exercise. An added attribute was the sense of involvement in, and understanding and ownership of, the forecasting process that members of the tourism industry in the state took away with them from the workshop. This contrasts with the feeling of alienation and “black box” impression that industry participants often have about tourism forecasting being carried out by government agencies.

A comparison of the before and after preferences of the group is shown in Table 5. The workshop discussion caused a change in the most preferred forecast for every international market segment, except New Zealand. Conversely, the participants did not alter any of their preferred forecasts for domestic tourism segments.

One possible explanation for this difference between the domestic and international outcomes is that participants generally felt that they had a better understanding of the factors that affect domestic tourism and were therefore in a better position to assess future scenarios in this area from the outset. On the other hand, they are less familiar with more distant international markets, which are exposed to more volatile, and therefore less predictable, influences. Another possible explanation is that some of the original 26 respondents were not present at the workshop. The missing respondents may have been key people in international rather than domestic tourism, and this may have led to more instability in the group’s responses at the workshop.

### ASSESSMENT OF SOUTH AUSTRALIAN VISITOR FORECAST ACCURACY, 1996-1998

In general, there are three types of papers produced in the tourism forecasting arena. The first type of work aims to report the results and draw conclusions as to what the future holds for the tourism industry in a given region in light of these forecasts (Evans 1996). The second group contains technical forecasting papers written with the aim to discuss qualitative process by providing the tourism forecast team with an opportunity to discuss the delphi results in person with the expert panel. To this extent, therefore, the anonymity of the panel was sacrificed, but only to the extent that each knew who else had submitted questionnaire responses. No confidential details regarding individual responses prior to the workshop were divulged by the forecasting team. Obviously, however, the problem of biases with unwanted group discussion effects was encountered during the workshop, but it was felt that the previous delphi rounds had allowed all respondents to indicate their views in an unaffected manner that then fed into the workshop discussion.

The most important international market to South Australia, in terms of visitor nights, is the United Kingdom/Ireland, followed by other European countries. For the first of these, there was a solid weight of opinion supporting the forecasts produced by the Holt method (Table 3). However, there was some division of views regarding Other Europe, which possibly reflects the diversity of nationalities that are embraced under this heading.

The second stage of the delphi process involved the full-day workshop with a subgroup of 18 of the original delphi panel of 26. This workshop consisted of some introductory discussion of the factors affecting growth in tourism in South Australia. This included a review of supply of accommodation, a consideration of attractions and price

<table>
<thead>
<tr>
<th>Year</th>
<th>Low</th>
<th>Median</th>
<th>High</th>
<th>Holt</th>
<th>Naive</th>
<th>Trend</th>
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<td>2003</td>
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<td>91.0</td>
<td>50.0</td>
<td>55.7</td>
<td>49.5</td>
</tr>
<tr>
<td>2004</td>
<td>67.1</td>
<td>76.3</td>
<td>92.9</td>
<td>51.1</td>
<td>57.8</td>
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<td>2005</td>
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<td>78.2</td>
<td>95.2</td>
<td>52.1</td>
<td>59.9</td>
<td>51.0</td>
</tr>
</tbody>
</table>

Note: Figures for 1984-1995 are actual historical data (not generated forecasts); hence no difference exists across the alternative methods. Note that there was no data collection for 1987. The figures in italics are the forecasts.
the relative merits of different forecasting approaches in terms of their potential forecasting accuracy (Uysal and Crompton 1985; Calantone, Di Benedetto, and Bojanic 1987; Martin and Witt 1987; Witt and Martin 1987). The third type of study aims to provide a retrospective assessment of the accuracy of forecasts produced in previous studies. Several studies have included some form of retrospective evaluation of the methodologies used to forecast tourist visitation (e.g., Athiyaman and Robertson 1992; Choy 1984; Martin and Witt 1989; Witt, Newbold, and Watkins 1992). Of note, however, is the exclusion of the use of the qualitative delphi methods in deriving the final forecasts reviewed in any of these studies.

Undoubtedly, part of the “integrative approach” to tourism forecasting should involve a means for systematically updating past forecasts on a regular basis to ensure that more recent changes in the marketplace are considered as time goes by. One approach to achieving this is to simply update the original forecasts using the most recent data available via the same methods conducted in the original studies. However, to do so without reference to the performance of previous forecasts using similar methods is inadvisable. The remainder of this article will focus on the assessment of the forecast accuracy of the original South Australian visitor forecasts, followed by an assessment of the approach to forecast updating as just described.

Forecasting Model Assessment

The accuracy of tourism demand forecasts (i.e., to what extent they predict reality) has been found to be the most important evaluation criterion required by the users and producers of tourism forecasts (Witt and Witt 1992). A series of measures that can be used to evaluate the accuracy of forecasts is discussed by Frechtling (1996), who noted that the “one of the most useful . . . due to its simplicity and intuitive clarity, is the mean absolute percentage error, or MAPE.” MAPE is defined by Frechtling as “the sum of the absolute errors for each time period divided by the actual value for the period this sum is divided by the number of periods to obtain a mean value” (and multiplied by 100 to arrive at a percentage figure). The relative MAPEs of alternative forecast models can then be assessed to determine how accurate various models are. A suggested interpretation of the resulting MAPE values has been given as follows:

- Less than 10% (highly accurate forecasts)
- 10%-20% (good forecasting)
- 20%-50% (reasonable forecasting)
- 50% or more (inaccurate forecasting). (Lewis 1982, quoted in Witt and Witt 1992, p. 40)

The remainder of this article assesses the accuracy of the South Australian tourism demand forecasts using MAPE as the assessment criterion in most instances.
What Really Happened to South Australian Tourism, 1996-1998?

With 3 years having lapsed since the initial South Australian forecasts were produced in 1996, it is possible to assess the forecast accuracy against actual visitation achieved by the state between 1996 and 1998. The Bureau of Tourism Research’s International Visitor Survey and Domestic Tourism Monitor results for these years are presented in Tables 6 and 7, respectively, along with forecast visitation levels for these periods.

International Forecast Assessment

As Table 6 reveals, total international visitor forecasts for each of the 3 years forecast by the research were within 5% of the actual level of visitation achieved by South Australia in these years. While the forecasts underestimated (–4.6%) visitation in 1996, the more recent years have been overforecast by just more than 2%, suggesting that the forecast methods used, at the overall level, have been considerably accurate. MAPE (3.0%) suggests that the overall international forecasts were “highly accurate” according to the criteria established by Lewis (1982).

When the forecasts of specific origin markets are considered, however, assessment of the level of accuracy becomes less clear. In general, the accuracy of the forecasts fluctuate in each market from year to year. For example, in the Other European market (South Australia’s main source of international visitors), the 1996 forecast underestimated visitation by 8.1%. The accuracy of the forecasts for 1997 improved slightly, but the forecasts were still underestimated (–3.5%). By 1998, preliminary data from the Bureau of Tourism Research suggest that the forecasts exceeded actual figures by 7.9%. At 6.5%, the MAPE for this key market suggests that the forecasts for Other Europe were “highly accurate.” Forecasts for the next largest market, the United Kingdom/Ireland were also within an acceptable margin (i.e., less than 10%) for 1996-1997, although by 1998, they were underestimating reported visitation levels by almost 25%. However, with an overall MAPE of 11.9%, a good forecast result was obtained overall. Forecasts for the third major market, the United States and Canada, were within an acceptable error range (less than 5%) for all years, with an impressive MAPE of 2.5%.

With the exception of the Japanese market (which was forecast using the Holt exponential smoothing method and resulted in a MAPE of 17.4%), all of the remaining markets were estimated by some form of top-down forecasting method (i.e., pro rata share of national forecasts) and accounted for just 30% of South Australia’s international visitation in 1998 (Bureau of Tourism Research 1999). In general, the accuracy of the forecasts produced via this method is more questionable given the resulting errors shown in Table 6. In the Other Asian market, for instance, forecasts were consistently overestimated by between 10% and 40%, despite a “reasonable” MAPE of 24.5%. This is perhaps not surprising considering the Asian economic crisis, which was not predicted at the time the forecasts were developed. The application of the TFC’s methodology therefore significantly overestimates South Australia’s potential in this market. A similar situation is reported for the New Zealand market (MAPE of 22.7%). What this suggests is that where a market is not as dominant in South Australia as it is to Australia as a whole, the application of the TFC’s methodology, in fact, may not be the best option, and time-series modeling of the state’s historical performance should be considered more suitable.

Domestic Forecast Assessment

Table 7 summarizes the accuracy of the domestic visitor forecasts, all of which were derived using time-series methods as previously outlined. It must be emphasized that the break in series associated with the replacement of the Domestic Tourism Monitor by the National Visitor Survey in
1998, complicates the assessment of the visitor forecasts accuracy in this year.

Overall domestic trips were underestimated by the forecasts by as much as 11.5% in 1996 (8.5% in 1997). The total MAPE for domestic trips between 1996 and 1997 was 10%, suggesting that the forecasts in overall terms were highly accurate. Although these forecasts were based on historical data reported for South Australia, it is clear that the forecast methods used should be reconsidered in light of more recent trends. For instance, the more aggressive domestic marketing campaigns now being pursued by the South Australian Tourism Commission should ensure that a new, increased level of domestic travel to the state is witnessed, hereby altering past trends less likely to continue as new strategies are adopted. One possible explanation of the general trend across all origin markets is that the time series used in deriving the original forecasts took into account too much of history and failed to detect the more recent trends of higher growth rates in South Australia’s domestic tourism. This would certainly explain the poor performance of these forecasts, the majority of which were based on a linear trend function of past visitation from 1984 to 1995. An alternative time-series method, such as the “naive” method, which is based on the average annual growth rate, appears to be more appropriate. As indicated in Table 8, it is clear that the MAPE (2.5%) is minimized under this method. This finding should not be surprising, given that previous studies described by Frechtling (1996, p. 59) show that the naive forecast models are often more accurate than more complex forecast models.

### TABLE 6
ACTUAL VERSUS FORECAST INTERNATIONAL VISITORS TO SOUTH AUSTRALIA, 1996-1998

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Europe</td>
<td>98.2</td>
<td>90.2</td>
<td>93.5</td>
<td>90.2</td>
<td>97</td>
<td>104.7</td>
<td>6.5</td>
</tr>
<tr>
<td>United Kingdom/Ireland</td>
<td>47.2</td>
<td>48.8</td>
<td>54.6</td>
<td>50.4</td>
<td>69.1</td>
<td>52.2</td>
<td>11.9</td>
</tr>
<tr>
<td>United States/Canada</td>
<td>44</td>
<td>42.9</td>
<td>42.7</td>
<td>44.6</td>
<td>46.5</td>
<td>46.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Other Asia</td>
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<td>35.8</td>
<td>33.1</td>
<td>41.3</td>
<td>34.2</td>
<td>47.3</td>
<td>24.5</td>
</tr>
<tr>
<td>New Zealand</td>
<td>30.7</td>
<td>31.5</td>
<td>24.6</td>
<td>34.4</td>
<td>27.7</td>
<td>34.8</td>
<td>22.7</td>
</tr>
<tr>
<td>Japan</td>
<td>24</td>
<td>14.8</td>
<td>16.9</td>
<td>16.7</td>
<td>16.7</td>
<td>18.8</td>
<td>17.4</td>
</tr>
<tr>
<td>Other</td>
<td>7.2</td>
<td>6.6</td>
<td>12.5</td>
<td>6.5</td>
<td>13.4</td>
<td>6.4</td>
<td>36.2</td>
</tr>
<tr>
<td>Total</td>
<td>283.7</td>
<td>270.6</td>
<td>277.9</td>
<td>284.1</td>
<td>304.6</td>
<td>311</td>
<td>3.0</td>
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</tbody>
</table>


Note: MAPE = Mean Absolute Percentage Error.

### TABLE 7
ACTUAL VERSUS FORECAST DOMESTIC TRIPS TO SOUTH AUSTRALIA, 1996-1997

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>South Australia</td>
<td>3,444</td>
<td>3,069</td>
<td>-10.9</td>
<td>3,388</td>
<td>3,095</td>
<td>-8.6</td>
<td>3,638</td>
<td>3,121</td>
<td>-14.2</td>
<td>9.8</td>
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<td>Victoria</td>
<td>602</td>
<td>544</td>
<td>-9.6</td>
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<td>551</td>
<td>1.7</td>
<td>899</td>
<td>558</td>
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<td>5.7</td>
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<td>New South Wales</td>
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<td>261</td>
<td>-0.4</td>
<td>311</td>
<td>268</td>
<td>-13.8</td>
<td>512</td>
<td>276</td>
<td>-46.1</td>
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<td>Queensland</td>
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<td>63</td>
<td>-43.2</td>
<td>73</td>
<td>65</td>
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<td>142</td>
<td>67</td>
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<td>51</td>
<td>32</td>
<td>-37.3</td>
<td>72</td>
<td>31.5</td>
<td>-56.3</td>
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<tr>
<td>Tasmania</td>
<td>11</td>
<td>17</td>
<td>54.5</td>
<td>17</td>
<td>18</td>
<td>5.9</td>
<td>25</td>
<td>19</td>
<td>-24.0</td>
<td>30.2</td>
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<tr>
<td>Total</td>
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<td>4,032</td>
<td>-11.5</td>
<td>4,456</td>
<td>4,076</td>
<td>-8.5</td>
<td>5,437</td>
<td>4,119</td>
<td>-24.2</td>
<td>10.0</td>
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</tbody>
</table>

Source: Based on data from the Bureau of Tourism Research, Domestic Tourism Monitor (1996-97) and National Visitor Survey (1998); Mules, Faulkner, and Tideswell (1996).

Note: MAPE = Mean Absolute Percentage Error.

a. Forecast accuracy for 1998 is not assessed due to change in survey method.
Given the poor performance of forecasts produced for the smaller domestic markets (i.e., Queensland, Western Australia, Northern Territory, and Tasmania) under the methods chosen in the original study following industry consultation, it seems a logical step to reconsider the most appropriate forecast method for each domestic market by taking into account the overall accuracy of the 1996-1997 forecasts. Table 9 presents a retrospective list of most appropriate forecast methods based on a review of the alternative forecasts vis-à-vis actual visitation in these years.

As illustrated in Table 9, only two of the forecasts (Western Australia and Northern Territory), originally chosen by the delphi panel in conjunction with the forecasting team, appear to be considered the most appropriate forecast in light of actual visitation levels. In fact, in the case of New South Wales and Australian Capital Territory (ACT), Queensland, and South Australia, the naive forecast method produced the forecasts with the lowest overall error in 1996-1997, with New South Wales and ACT and South Australia falling within the highly accurate range (i.e., less than 10%), while the Queensland forecasts are considered to be reasonable (i.e., MAPE = 23.1%). Although it is tempting to suggest that future tourism forecasts for the domestic market in South Australia should use the methods shown in Table 9, applying the wisdom of hindsight could be hazardous in this context. The dynamics of markets are continually changing, and consequently, the forecasting method that is most effective in a period may not necessarily be so in another.

An alternative strategy was employed in this study to determine if, in fact, the original forecast methods were simply not suitable for the South Australian context, or rather, if they were merely based on data that were not up-to-date enough to reflect more recent changes in the marketplace. For example, at the time of reporting the original forecasts, the most recent domestic data available were for 1995. As the study was finalized at the end of 1996, it is quite clear that the most recent changes in the South Australian tourism industry were not incorporated into the initial forecasts.

**SOUTH AUSTRALIA TOURISM FORECAST UPDATE: 1998-2005**

In recognizing that the tourism forecasts originally produced were clearly out-of-date, the South Australian Tourism Commission commissioned an update of the original forecasts at the end of 1998. The process of updating the forecasts was done, subject to project time and budget constraints, via merely updating the original forecast methods advocated (see Table 5) using the most recent data available (i.e., up to 1997). With the change in the domestic survey occurring in 1998, it is not feasible to report on the accuracy of the updated domestic forecasts in comparison to the new survey results. This section is therefore focused on detecting if there has been any improvement in the accuracy of the updated international tourism forecasts using actual visitation to South Australia in 1998. Table 10 summarizes the original study’s accuracy with that of the updated forecasts in forecasting international visitation in 1998.

It is evident from Table 10 that the updating exercise has improved considerably the forecast accuracy for 1998 for the two major international markets for South Australia, namely, the United Kingdom/Ireland and Other Europe, where the errors dropped from 24.5% and 7.9% to 12.7% and 1.5%, respectively. A similar improvement is evident for Japan, although this is not a major market for South Australia.

Interestingly, the updated forecast was far too pessimistic about the Other Asian market. Clearly, the Asian financial crisis has not had as big an impact as expected. This may be due to the particular weightings of different Asian countries in this category for South Australia. For example, Singapore is a relatively important component of this segment but was less affected by the crisis than other Asian countries.

Overall, however, the updated forecast did not outperform the original for 1998 (6% error compared with 2.1%). The main reason for this was the substantial overestimation for New Zealand and the United States, which are two moderately significant segments for South Australia. Further research is needed into the reasons for this.

Clearly, no forecasting method should be evaluated on one year’s results. The tourist numbers for any particular market for any particular year will always be subject to
TABLE 10

COMPARING THE ACCURACY OF ORIGINAL VERSUS UPDATED INTERNATIONAL FORECASTS, 1998

<table>
<thead>
<tr>
<th>Visitors' Country of Origin</th>
<th>Original Forecast</th>
<th>Updated Forecast</th>
<th>Actual</th>
<th>Original Error (%)</th>
<th>Updated Error (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Europe</td>
<td>104.7</td>
<td>98.5</td>
<td>97</td>
<td>7.9</td>
<td>1.5</td>
</tr>
<tr>
<td>United Kingdom/Ireland</td>
<td>52.2</td>
<td>60.3</td>
<td>69.1</td>
<td>-24.5</td>
<td>-12.7</td>
</tr>
<tr>
<td>United States/Canada</td>
<td>46.8</td>
<td>49.7</td>
<td>46.5</td>
<td>0.6</td>
<td>6.9</td>
</tr>
<tr>
<td>Other Asia</td>
<td>47.3</td>
<td>24.5</td>
<td>34.2</td>
<td>38.3</td>
<td>-28.4</td>
</tr>
<tr>
<td>New Zealand</td>
<td>34.8</td>
<td>35.9</td>
<td>27.7</td>
<td>25.6</td>
<td>29.6</td>
</tr>
<tr>
<td>Japan</td>
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<td>12.6</td>
<td>6.0</td>
</tr>
<tr>
<td>Other</td>
<td>6.4</td>
<td>6.2</td>
<td>13.4</td>
<td>-52.2</td>
<td>-53.7</td>
</tr>
<tr>
<td>Total</td>
<td>311</td>
<td>322.8</td>
<td>304.6</td>
<td>2.1</td>
<td>6.0</td>
</tr>
</tbody>
</table>

influences that are unique to the particular situation. Frechtling (1996) suggested that forecasting methods should be evaluated on the basis of accuracy across a number of years and that the evaluation should include the ability to predict turning points. This research for the South Australian data awaits the passage of time and the accumulation of data.

**CONCLUSION**

This article has reported on an innovative approach to tourism forecasting that moderates forecasts obtained using statistical methods by consultation with tourism industry participants. The moderation process was a combination of the delphi and expert opinion method.

The forecasts of tourism numbers for the major markets for the state of South Australia were evaluated during a 3-year period postforecast. The forecast accuracy for international visitors was found to be quite high overall (MAPE of 3.0%). However, this apparent accuracy disguised some significant inaccuracy for particular segments, such as New Zealand and Other Asia.

This result illustrates the difficulty of using time-series-type approaches to tourism forecasting in situations where the numbers are quite small and subject to significant variability. In the Australian context, this study has specifically highlighted the difficulty associated with adopting the top-down approach to tourism forecasting, whereby an individual state’s historical share of a given market is applied to national tourism forecasts to derive a state-based forecast. With South Australia accounting for only 4% of international visitor nights to Australia, particular segments will always be subject to variation due to specific circumstances. The inaccuracy of the forecasts produced by the top-down approach highlights the need to avoid simply accepting national forecast trends as being indicative of what individual states can expect to achieve. In cases where such markets do not dominate a state’s tourism market to the extent to which they do the country as a whole, the time-series modeling approach to tourism based on state-specific historical data is preferred. In the case of some markets, however, the moderation process appears to have worked well in allowing for technical forecasting and market-specific issues to be ascertained in some market segments prior to the finalization of the forecasts.

Despite the highly acceptable performance of overall domestic market forecasts in this study (MAPE of 10%), forecasts for the smaller individual segments were characterized by highly inaccurate forecasts.

**REFERENCES**


Travel-Style Preferences for Visiting a Novel Destination: A Conjoint Investigation across the Novelty-Familiarity Continuum

SANDRA L. BASALA AND DAVID B. KLENOSKY

This research examines the contention made in the travel-style literature that individuals with different travel styles differ in terms of how they prefer to travel when on vacation. Study participants classified into travel-style groups evaluated conjoint profiles for a vacation to a hypothetical novel destination described in terms of three factors: type of accommodations, type of travel companions, and type of language. The findings indicated that preferences for the study factors differed by travel-style group, although not always in the direction suggested by the literature.

The purpose of this research was to develop a better understanding of these general preference predictions for travel-style groups that differ in terms of the degree of novelty or familiarity they prefer to experience when traveling. Specifically, the objectives were (1) to determine whether individuals with a novelty-seeking as opposed to familiarity-seeking travel style differ in terms of their intentions to visit a particular novel destination and (2) to assess whether these intentions to visit this destination would differ as a function of specific vacation experience factors as has been suggested by the travel-style literature. The particular factors examined (the type of accommodations, the type of travel companions, and language of the host community) were selected to represent variations in the degree of cultural and social interaction experienced by the guest at the host destination. Prior research by Cohen (1972, 1979) and others suggests that such factors are used by tourists to control the level of familiarity or novelty desired when traveling.

Rather than examining the effect of the study factors directly by asking respondents to provide self-stated ratings concerning their perceived impact on intentions to visit the destination, a less direct, conjoint analytic approach was used. In conjoint analysis, respondents provide overall evaluations for a set of stimulus profiles, that is, alternatives described in terms of the levels of specific product attributes. These evaluations are then used to derive or decompose the importance (or utility) associated with each attribute and attribute level (Green and Rao 1971). Since all factors are considered by the respondent simultaneously, the approach provides a more realistic, ecologically valid approach for studying consumer preferences and decision making (Green and Srinivasan 1978). A key advantage of the conjoint approach is that it allows researchers to examine consumer preferences for hypothetical alternatives, that is, product options that are proposed but that may not currently be available in the marketplace (Morton and Devine 1985). This use of conjoint analysis has been employed successfully in prior recreation and tourism research (e.g., Daellert, Borgers, and Timmermans 1995, 1997; Haider and Ewing 1990; Hu and Hiemstra 1996; Lieber and Fesenmaier 1984; Louviere and Timmermans 1990, 1992; Perdue 1995; Roehl et al. 1993; Timmermans 1987; Toy, Rager, and Guadagnolo 1990; Wind et al. 1989). In the present study, conjoint analysis is used in a similar but slightly different manner; specifically, to examine intentions to travel to a hypothetical novel destination that certain types of travelers (especially those with a familiarity-seeking as opposed to novelty-seeking travel style) might be assumed to ignore but that under the right conditions might still be of interest. Examining the relative impact of these conditions (i.e., the three study factors) on travel intentions provides a useful compliment to recent research that has examined the actual travel behavior of different travel-style groups (e.g., Keng and Cheng 1999; Mo, Havitz, and Howard 1994).

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BACKGROUND

Travel-Style Typologies

Of the different traveler typologies that have been developed, the most notable include those proposed by Cohen (1972), V. L. Smith (1989), and Plog (1974, 1987, 1990, 1991b). The first, developed by Cohen (1972, 1979), classifies tourists into four categories based on the particular combination of novelty/excitement and familiarity/security preferred when traveling. The four categories are the organized mass tourist, the individual mass tourist, the explorer, and the drifter. The organized mass tourist seeks the most familiarity when traveling, preferring to experience the host community through the protection of an “environmental bubble” that allows him or her to interact and function at a familiar level of comfort and security. Guided all-inclusive package tours, air-conditioned buses, and fixed, well-planned itineraries all serve to minimize the novelty of the host community and maximize the familiarity of the guest’s home environment. The individual mass tourist also relies on the presence of a familiar environmental bubble, typically based on arrangements made by a travel agent, but as a result is less structured or itinerary bound compared with organized group tourists. Nevertheless, individual mass tourists still stick to sightseeing and trips to well-known attractions as the primary focus of the visit. The third category, the explorer, arranges his or her trip alone and attempts to get off the beaten path while still maintaining comfortable accommodations and reliable forms of transportation. The explorer is willing to leave the environmental bubble and interact with the host culture but is ready to return to it if things get too rough or uncomfortable. The drifter, on the other hand, is not bound by any such concerns. The drifter plans to travel wholly alone and in the most inexpensive way possible, avoids tourist attractions, and prefers to live with members of the host society, sharing food, shelter, and habits. The drifter is similar to the long-term budget traveler, whom both Riley (1988) and Pearce (1990a) define in social rather than economic terms. Along a dimension ranging from familiarity to novelty, the organized mass tourist seeks the most familiarity and the drifter the most novelty (Cohen 1972).

The second typology, developed by V. L. Smith (1989), identifies seven types of tourists based on their adaptations to the local norms. Smith’s categories range from charter tourists—who arrive en masse, wear name tags, are assigned to numbered buses, counted aboard, and are continually reminded to get on the right bus—to explorers—who have a quest for discovery and new knowledge. Explorers are less tourists and more akin to anthropologists living as active participant-observers, eating local foods and living the local lifestyle. Between these extremes are mass tourists, incipient mass tourists, unusual tourists, off-beat tourists, and elite tourists.

The third typology is Plog’s often cited psychographic model that relates travel choices to personality types (Plog 1974, 1987, 1990, 1991b). This model presents tourists along a continuum of traveler types ranging from psychocentrics to allocentrics. Psychocentrics focus on life’s small problems and prefer familiar and commonplace travel, while allocentrics focus on varied activities and prefer unfamiliar, novel trips (Plog 1974, 1991b). According to the model, the population of travelers can be viewed as being normally distributed with psychocentrics (representing 2½% of the population) at one extreme, allocentrics (representing 4% of the population) at the other, and the remainder (the majority of the population) in the midcentric ranges. Plog suggested that sites go through an evolution, attracting different types of visitors at different stages over time. Initially, small numbers of adventuresome travelers (allocentrics) visit an area. Then, as the area becomes more accessible and well-known, less adventure-some travelers (the midcentrics) dominate. Finally, the area becomes older and less different from the visitor’s area of origin, and the psychocentrics, who seek less variation and novelty, visit the location (Godbey and Graefe 1991). By this time, the allocentrics have moved on to other more novel locations.

As shown in Figure 1, although these three typologies differ, each suggests that travelers can be viewed along a travel-style continuum based on the level of familiarity or novelty desired when traveling. At one extreme of this continuum are those who prefer to maintain a high level of familiarity when traveling, while at the other are those who prefer to seek out more novel experiences. Although they are widely cited in the tourism literature, the above typologies have only recently been subjected to independent empirical testing.

Previous Empirical Research on Travel Styles

Previous empirical examinations related to the travel-style concept have been based either on Plog’s typology (Griffith and Albanese 1996; Madrigal 1995; Nickerson and Ellis 1991; S. Smith 1990b; Williams, Ellis, and Daniels 1986) or Cohen’s typology (Keng and Cheng 1999; Mo, Howard, and Havitz 1993; Mo, Havitz, and Howard 1994; Snapenger 1987; Yiannakis and Gibson 1992). Investigations of Plog’s psychocentric/allocentric model have resulted in varying degrees of support. Stephen Smith (1990a, 1990b) found no support for Plog’s psychocentric/allocentric model, while Williams, Ellis, and Daniels (1986); Nickerson and Ellis (1991); and Madrigal (1995) found partial support. More recently, Griffith and Albanese (1996) examined the association between Plog’s psychocentric/allocentric scale and three key personality characteristics—adventuresomeness or sensation seeking (territory boundedness), generalized anxieties (a stronger-than-normal feeling of insecurity and unfocused anxiety), and a sense of powerlessness (a feeling of having little impact on daily events)—believed to underlie the characteristics of allocentric and psychocentric individuals. The results of their study generally supported the validity of these underlying traits.

The key idea underlying Cohen’s typology is that tourists’ preferences depend on the degree to which they seek novelty or familiarity in their travel experiences. Research examining this perspective has focused mainly on developing standardized tourism-specific measures of the novelty-seeking concept. These measures include the Tourist Role Preference Questionnaire (TRPQ) developed by Yiannakis and Gibson (1992) and the International Tourism Role (ITR) Scale created by Mo, Howard, and Havitz (1993). The TRPQ consists of 13 pairs of items developed to represent distinct tourist styles or roles, many of which were included in Cohen’s original conceptualization. The TRPQ is a behavioral scale, meaning that respondents are asked to indicate the extent to which each item describes their actual behavior.
while on vacation. Subsequent analyses revealed three bipolar dimensions that underlie the TRPQ: familiarity-strangeness, stimulation-tranquility, and structure-independence.

The ITR Scale measures three related but slightly different dimensions (see Mo, Havitz, and Howard 1994 for a discussion of these differences). The first, the Destination Oriented Dimension (DOD), represents a person’s preference for novel or familiar tourist destinations; the second, the Travel Services Dimension (TSD), measures preferences for using tourist services, such as travel agencies or guided tours; and the third, the Social Contact Dimension (SCD), measures the extent and degree of contact desired between the tourist and the local people at a destination. In contrast to the TRPQ, which is most useful for analyzing past travel experience, the ITR can be used to investigate either past behavior or future travel preferences and intentions. For instance, past research conducted by Mo, Havitz, and Howard (1994) and Keng and Cheng (1999) used the ITR scale to test its adequacy in identifying market segments using samples consisting of both experienced travelers and nontravelers.

The focus of the present research was on examining factors that influence travel intentions, rather than actual or past travel behavior. Thus, the ITR Scale was selected to operationalize the travel-style concept—that is, to distinguish individuals seeking a high level of familiarity from those seeking a high level of novelty. Mo, Howard, and Havitz (1993) noted that the ITR Scale was in need of further verification; thus a preliminary study objective was to assess the usefulness of the ITR Scale for classifying individuals into different travel-style groups.

CONCEPTUAL FRAMEWORK FOR STUDYING TRAVEL-STYLE PREFERENCES

A key proposition suggested by the different travel-style typologies is that one’s travel style has an important influence on preferences and subsequent travel behavior. In particular, individuals who prefer familiar travel experiences would be most likely to select travel options that allow them to maintain their comfort and security but that may minimize the contact they have with the host community. These travelers would thus be expected to select well-known destinations; stay in well-known, comfortable types of accommodations; and travel as part of a group tour. In contrast, those who prefer novel experiences would be more likely to forego the comforts of home in favor of more authentic options that allow them to interact and immerse themselves in the culture of the host community. These travelers would thus prefer to travel to unique “nontouristy” destinations; use relatively simple, local accommodations; and travel alone. Although this pattern of expectations is generally consistent across typologies, previous empirical examinations have concentrated mainly on destination preferences—primarily on preferences for different countries or nations (S. Smith 1990b; Williams, Ellis, and Daniels 1986). The results of this line of inquiry, however, have been somewhat controversial (Plog 1990, 1991a; S. Smith 1990a, 1990b). For example, it has been argued that a given country is likely to possess a variety of destinations, some of which might appeal to familiarity seekers, while others might appeal to novelty seekers. Consequently, it has been suggested that it may be more productive for researchers to shift their focus from examining preferences for different destinations to examining preferences for other aspects related to the travel-style concept (S. Smith 1990a).

The present research holds the destination constant, by examining intentions to travel to a particular novel destination, and instead examines the impact on these intentions of three specific vacation experience factors: type of accommodations, type of travel companions, and language of the host destination. Although a number of additional vacation experience factors may have been examined (including how the trip was booked, the purpose of the trip, length of stay, etc.), the three study factors were selected to vary the degree of social contact experienced by the guest at the host destination, with specific options chosen to span the range from very intimate contact to very limited contact. The remainder of this section examines the relationship of the three factors to the travel-style concept and summarizes research expectations concerning their likely impact on travel preferences.
Accommodations

The type of accommodations selected for a vacation can have an important influence on one’s vacation experience. In comparing the characteristic tendencies of people preferring mass tourism versus those preferring alternative tourism options, Weaver (1991) suggested that mass tourists are more likely to prefer larger-scale, integrated resort accommodations owned by corporations, while tourists seeking alternative options are more likely to prefer facilities owned by local families or small businesses. Staying at a resort provides a setting that is often a world apart from the local setting. A resort is a “delimited area on the fringe of ordinary life. Tourists are grouped into a hotel or complex containing all the services necessary for maintenance and pleasure” (Lafant and Graburn 1992, p. 96). Doing so allows the tourist to remain relatively insulated from the residents of the destination. In contrast, staying at local accommodations such as small hotels, bed-and-breakfasts, or guest houses allows and often requires the traveler to interact and immerse themselves in the local culture (Morrison, Pearce, et al. 1996; Norman 1988; Pearce 1990b). Previous research has found differences in tourists who use various forms of accommodations, ranging from resorts (Morrison, Braunlich, et al. 1996) to less elaborate, locally owned facilities (Morrison, Pearce, et al. 1996; Norman 1988; Pearce 1990b).

In the present research, the accommodations factor is operationalized in terms of four specific categories: (1) locally owned facilities with few amenities or comforts, (2) locally owned facilities with many amenities or comforts, (3) international chain hotels, and (4) all-inclusive resort complexes. Novelty seekers are expected to prefer locally owned facilities with few amenities where they would be the most likely to interact with the residents and culture of the host community. In contrast, familiarity seekers are expected to prefer to stay in all-inclusive resorts or chain hotels where they would have some degree of insulation from the host community and a clearer expectation of the type of service and facilities that would be provided.

Travel Companions

Another factor that can affect travel experiences relates to the individuals who might accompany a traveler on vacation. In general, travel can be experienced on one’s own, in small groups consisting of friends or family members, or in larger groups such as when on an organized guided tour. Previous research has found differences between tourists who travel on group tours and those who travel using independent travel arrangements (Snapenger 1987; Sheldon and Mak 1987; S. Smith 1990a).

The present research examines this issue by measuring preferences for traveling: (1) alone (on your own), (2) with your family, (3) with one or more friends, and (4) as part of an organized group tour. It is expected that familiarity seekers, who often feel the need to minimize the discomfort and uncertainty of travel, would be more likely to prefer traveling via organized group tours; novelty seekers, who eschew the controlled experience of organized group travel, would be more likely to prefer more personal and independent travel experiences and be the most likely to prefer to travel alone.

Language

Tourists’ fluency, or lack of fluency, with the language spoken at a particular destination can serve as an important barrier in international travel. As Cohen and Cooper (1986) noted, the language of the host community can have important effects on tourists’ choice of prospective destinations, their preparations for a trip (e.g., taking language classes or buying dictionaries), the scope and content of their interactions with local residents, and the quality of their experience. Although recognized as important, the impact of language has received very little attention in the tourism literature (Cohen and Cooper 1986). Butler (1992) mentioned that mass tourists prefer being able to obtain services and comforts without having to learn a foreign language but offers no data to support this conclusion. Similarly, Cohen and Cooper (1986) argued, based largely on past anthropological observation, that tourists differ in their need and willingness to accommodate language differences. This issue of how language barriers are accommodated by travelers as well as by local residents and tourism businesses is clearly an important area that has yet to be fully examined by tourism researchers.

The present research examines a related but more fundamental issue. In particular, do travel-style groups differ in their preferences for traveling to a destination where the language spoken is (1) the same as their native language or (2) different than their native language? The previous discussion suggests that familiarity seekers will be less tolerant and novelty seekers more tolerant of language differences.

METHOD

A self-administered questionnaire was developed to segment respondents into travel-style groups and examine each group’s preferences for the three study factors (accommodations, travel companions, and language). The main portions of the questionnaire consisted of the ITR Scale developed by Mo, Howard, and Havitz (1993) and a conjoint rating task in which respondents evaluated choice options for taking a vacation to a hypothetical novel destination, referred to as Country M in the questionnaire. A hypothetical (versus real) destination was chosen to eliminate the possible effects of respondents’ prior knowledge and travel experience. As a context for completing the questionnaire, respondents were told to assume that their name was being placed in a drawing for an all-expenses–paid 2-week vacation to a foreign country. They were told that the questions in the survey would help identify the type of trip that would appeal to them. They were also told that they should consider only their own personal desires and disregard others who might travel with them when responding to each question.

Questionnaire and Measures

The 20-item ITR Scale (Mo, Howard, and Havitz 1993) was used to operationalize the travel-style concept. Following the suggestion of Mo, Havitz, and Howard (1994), the stem of the ITR Scale was changed from “I prefer to” to “I’d prefer to” to accommodate respondents who may not have traveled internationally before. Items were measured using a 5-point Likert-type scale ranging from strongly disagree (1)
to strongly agree (5). The reliability of the ITR Scale was assessed using Cronbach’s coefficient alpha. The subscale coefficients for the present study were .86 (DOD), .78 (TSD), .75 (SCD), which compare well with those reported by Mo, Howard, and Havitz (1993): .90 (DOD), .83 (TSD), and .87 (SCD). For purposes of the present study, the three subscales were combined to generate a total ITR score for each respondent. The coefficient alpha score for this total ITR measure was .87.

Travel preferences were assessed by having respondents read a news release that described the opportunity to visit a hypothetical foreign destination (see Figure 2). The scenario described a highly novel destination designed to appeal to novelty seekers but not to familiarity seekers. Respondents were then instructed to rate their likelihood of visiting that destination using a 9-point intention scale, where 1 was extremely unlikely to visit and 9 was extremely likely to visit. This rating was used as a baseline measure of respondents’ intentions to visit Country M.

Following this baseline rating, participants completed the conjoint rating task. In this portion of the questionnaire, participants were asked to evaluate descriptions of options that might be available when traveling to Country M. The vacation options were described in terms of the three factors of interest: type of accommodations, type of companions, and language of the host community. The levels of each factor, which were described earlier, are summarized in Table 1. To minimize the number of profiles to be evaluated, and because the study factors were assumed to operate independently, a main-effects-only design was used (Goldberg, Green, and Wind 1984). This design required respondents to evaluate only 16 profiles, rather than 32 profiles that would have been needed for a full factorial (4 × 4 × 2) design. Respondents were instructed to rate each option using the same 9-point intention scale used for the baseline measure. An example of the conjoint rating task is given in Table 2.

The next section of the questionnaire instructed respondents to assume that they could design a trip to Country M that would have the type of accommodations, travel companions, and language they preferred. They were then told to rate their intentions to visit Country M under these preferred conditions. This measure served as a follow-up measure of respondents’ travel intentions. The final section of the questionnaire collected information on key demographics and past travel behavior.

### Study Participants

Data for the study were obtained from individuals in a variety of groups including senior citizens participating in programs at two senior centers (n = 49), county park visitors (n = 75), individuals attending a travelogue program at a high school (n = 57), undergraduate students at a commuter campus of a midwestern university (n = 49), undergraduate and graduate students at a residential campus of a midwestern university (n = 32), and employees of a county public library system (n = 63). All data were collected from an area in central and northwest Indiana from August 1996 through January 1997. Surveys were distributed by the lead author and then picked up either immediately upon completion or at a later time. Of the 462 surveys distributed, 325 usable surveys were returned for an overall return rate of 70%.

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**TABLE 1**

<table>
<thead>
<tr>
<th>STUDY ATTRIBUTES AND LEVELS</th>
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<tbody>
<tr>
<td>Accommodations</td>
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<tr>
<td>1. Locally owned facilities with few amenities or comforts</td>
</tr>
<tr>
<td>2. Locally owned facilities with many amenities or comforts</td>
</tr>
<tr>
<td>3. International chain hotels</td>
</tr>
<tr>
<td>4. All-inclusive resort complexes</td>
</tr>
<tr>
<td>Travel companions</td>
</tr>
<tr>
<td>1. Alone (on your own)</td>
</tr>
<tr>
<td>2. With your family</td>
</tr>
<tr>
<td>3. With one or more friends</td>
</tr>
<tr>
<td>4. As part of an organized group tour</td>
</tr>
<tr>
<td>Language</td>
</tr>
<tr>
<td>1. Same as your native language</td>
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<tr>
<td>2. Different than your native language</td>
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**TABLE 2**

<table>
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<tr>
<th>EXAMPLE OF THE CONJOINT RATING TASK USED IN THE STUDY</th>
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<tr>
<td>Option 1</td>
</tr>
<tr>
<td>You would stay in: All-inclusive resort complexes</td>
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<tr>
<td>You would travel: With one or more friends</td>
</tr>
<tr>
<td>The primary language would be: The same as your native language</td>
</tr>
<tr>
<td>Extremely UNLIKELY to visit</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Extremely LIKELY to visit</td>
</tr>
</tbody>
</table>

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NEWS RELEASE: Government officials of beautiful “Country M” have voted to eliminate previously enforced restrictions on allowing visitors into the country. The decision to encourage tourism has overturned decades of an isolationist attitude. Officials believe that people will want to visit Country M because of its natural beauty and rich history. They downplay the governmental instability of recent years and further assure visitors that peace agreements have been accepted by terrorist groups who have plagued the countryside.

The area has a warm climate, sandy beaches, rare natural and animal habitats, historic ruins, museums, and an excellent native cuisine. This is an opportunity to be among the first visitors to experience this unique culture firsthand.
The resulting sample was 27% male and 73% female, ranging in age from 18 to older than 72 years; 26% were between 18 and 25, 17% were between 26 and 35, 25% were between 36 and 54, 13% were between 55 and 65, 8% were between 66 and 72, and 11% were older than 72. Thirty-six percent were single, 44% were married, 9% were divorced, and 11% were widowed. Fifteen percent had a high school education or lower, 47% had completed some college, and 38% had earned at least a bachelor’s degree.

RESULTS

Using the ITR Scale to Analyze Travel-Style Differences

The first step in the analysis of the study data was to test the usefulness of the ITR Scale for classifying individuals into different travel-style groups. Potential scores on the total ITR measure could range from 20 to 100, where 20 indicates high novelty seeking and 100 indicates high familiarity seeking. The actual range of scores for all respondents was 20 to 94, with a mean of 60.7 and a standard deviation of 10.6. An examination of the ITR scores across the different survey groups indicated that the senior citizens group had the smallest range (from 39 to 77), while the residential campus respondents had the largest (from 20 to 84). The scores for the other four groups ranged from a low of 29 to a high of 94. Only the mean for the residential campus group significantly differed from the other groups. In sum, ITR scores varied considerably within and to only a small degree across, the different sample groups.

Respondents’ ITR scores were standardized and breakpoints closest to plus and minus one standard deviation were identified. Respondents with a score smaller than minus one standard deviation were classified as novelty seekers (NS), those with a score between minus one and plus one standard deviation were classified as average travelers (AT), and those above plus one standard deviation were classified as familiarity seekers (FS). This procedure yielded 62 respondents in the FS group, 205 in the AT group, and 58 in the NS group.

The validity of the three travel-style groups was assessed by examining the groups for differences on key demographic and past travel behavior characteristics. The results of this analysis, summarized in Table 3, indicated consistent with prior expectations for those in the FS group. Consistency in the FS group was significantly lower, to only a small degree across the different sample groups.

The first study objective was to examine whether the three groups differed in terms of their intentions to visit Country M. It was expected that the baseline intention ratings would be lowest for those in the FS group and highest for those in the NS group. The results of an ANOVA analysis supported this prediction ($F = 17.32, df = 2, 322, p < .001$). The mean baseline intention ratings were 2.86 for the FS group, 4.12 for the AT group, and 5.48 for the NS group. A series of $t$-tests (using the Student-Newman-Keuls procedure) indicated that all three differences were statistically significant ($p < .05$). Taken together, these results support the use of the ITR Scale for creating travel-style groupings.

Impact of the Three Factors

The second and main study objective was to determine whether individuals with different travel styles differ in terms of their preference for specific types of vacation experience factors (e.g., the type of accommodations, the type of travel companions, and type of language) as has been suggested by the travel-style literature. To examine the effect of the three factors, an aggregate-level analysis of variance was performed for each travel-style group. The results of this analysis, shown in Table 4, revealed statistically significant main effects of the three factors for all three travel-style groups. Hays’s (1981) omega-squared ($\omega^2$), a measure of explained variance, was used to assess the relative importance or magnitude of these effects. Thus, this measure provided an approach for comparing the impact of each study factor on the likelihood of visiting Country M for each group of respondents. Taken together, the three factors explained 24.8% of the variance for the FS group, 16.2% for the AT group, and only 7.0% for the NS group. For those in the FS group, the type of language spoken had the largest impact (accounting for 12.1% of the explained variance in respondents’ likelihood of visiting ratings), travel companions had the next largest impact (accounting for 10.3% of the explained variance), and type of accommodations had the least impact (4.2% of the explained variance). This pattern was slightly different for the other two groups. For the AT group, travel companions had the largest impact (9.4%), followed by language (4.4%) and then by travel accommodations (3.3%). For the NS group, travel companions also had the largest impact (4.4%) but was followed by accommodations (1.1%) and then by language (1.0%).

Post hoc analyses were conducted to examine how the mean intention scores varied by factor level. This analysis, summarized in Table 5, revealed that although those in the NS group were least affected by variations in the factors, their likelihood of visiting Country M was generally higher for each level of each factor compared with individuals in the two other groups. Looking at the levels of travel accommodations, those in the FS group had the strongest preference for international chain hotels, followed by resort complexes, and locally owned facilities with many amenities; they had the lowest preference for locally owned facilities with few amenities. Those in the AT group had the strongest preference for international chain hotels and resort complexes, followed by locally owned facilities with many amenities, and the lowest preference for locally owned facilities with few amenities. The preferences of those in the NS group differed in that they had the strongest preference for locally owned facilities with many amenities, and a lower preference for chain hotels, all-inclusive resort complexes, and locally owned facilities with few amenities (all three of which were not significantly different from each other). The pattern of means observed for the accommodations factor is generally consistent with prior expectations for those in the FS group. The FS in the present study preferred facilities either owned and operated by well-known hotel corporations (as part of an international chain) or that were perceived to provide a high level of comfort and convenience (inclusive resorts and local...
facilities with many amenities). In contrast, although those in the NS group did prefer locally owned facilities over the other choices, they preferred those local facilities to have many rather than only a few amenities. Apparently, the NS in the present study balanced the desire to interact with members of the local community (by staying in locally owned accommodations) with the desire to maintain a certain level of comfort in their use of accommodations (thus the preference for many amenities over only a few). Nevertheless, although the locally owned facilities with few amenities was the least preferred accommodations option for all three groups, the pattern of means across the three groups was consistent with prior expectations in that preferences for facilities with few amenities were lowest for those in the FS group, slightly higher for the AT group, and highest for the NS group.

For the travel companion factor, those in the FS and AT groups most preferred traveling either with family, with friends, or in a tour group (none of these means were significantly different for the two groups) and least preferred traveling alone. The mean intentions for the NS group was highest for traveling with either friends or family (which did not differ from each other), next highest for traveling as part of a tour group, and lowest for traveling alone (which was significantly different from the other factor levels). This is contrary to the expectations of the theoretical framework, which predicted that the NS group would be most likely to prefer to travel alone and least likely to prefer to travel as part of a group tour. One possible explanation is that the scenario describing Country M made reference to terms such as government instability and past terrorist activity, which may have heightened respondents’ concerns for personal safety and security. Another possible explanation is that participants simply were not provided with enough information about Country M, which may have led to an aversion for traveling alone. As above, however, the pattern of means showed that the NS group was more likely to prefer to travel alone compared with the members of the other two groups.

For the final factor, language, the mean intention rating for all three travel-style groups was highest when the language was the same as the respondents’ native language and lowest when it was different. Once again, although it was not preferred by those in the NS group, the mean for the

<table>
<thead>
<tr>
<th>TABLE 3</th>
<th>RESPONDENT PROFILE BY TRAVEL GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic and Past Travel Behavior Characteristics</td>
<td>Familiarity Seekers</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>16 (25.8%)</td>
</tr>
<tr>
<td>Female</td>
<td>46 (74.2%)</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>18-25</td>
<td>11 (17.7%)</td>
</tr>
<tr>
<td>26-35</td>
<td>15 (24.2%)</td>
</tr>
<tr>
<td>36-54</td>
<td>11 (17.7%)</td>
</tr>
<tr>
<td>55-65</td>
<td>7 (11.3%)</td>
</tr>
<tr>
<td>66 and older</td>
<td>18 (29.0%)</td>
</tr>
<tr>
<td>Number of vacation or pleasure trips taken in the last 12 months</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>20 (32.3%)</td>
</tr>
<tr>
<td>1</td>
<td>9 (14.5%)</td>
</tr>
<tr>
<td>2</td>
<td>18 (29.0%)</td>
</tr>
<tr>
<td>3</td>
<td>11 (17.7%)</td>
</tr>
<tr>
<td>4 or more</td>
<td>4 (6.5%)</td>
</tr>
<tr>
<td>Number of vacation or pleasure trips to foreign countries in the last 5 years</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>33 (53.2%)</td>
</tr>
<tr>
<td>1</td>
<td>15 (24.2%)</td>
</tr>
<tr>
<td>2</td>
<td>6 (9.7%)</td>
</tr>
<tr>
<td>3</td>
<td>6 (9.7%)</td>
</tr>
<tr>
<td>4 or more</td>
<td>2 (3.2%)</td>
</tr>
<tr>
<td>Other measures</td>
<td></td>
</tr>
<tr>
<td>Frequent flyer program member</td>
<td>6 (9.7%)</td>
</tr>
<tr>
<td>Passport holder</td>
<td>27 (43.5%)</td>
</tr>
<tr>
<td>N</td>
<td>$n = 62$</td>
</tr>
</tbody>
</table>

*p < .05. **p < .01.
The travel-style concept is a key topic in the travel and tourism literature. A common feature in most textbooks, the concept provides an intuitive and useful framework for characterizing differences in travel behavior and preferences. The objective of this research was to determine the degree to which individuals with different travel styles, as measured by the ITR Scale, differ in terms of their intentions to visit a particular novel destination and to assess whether these intentions would differ as a function of specific vacation experience factors (the type of accommodations, the type of travel companions, and language of the host community). These factors were selected to represent variations in the degree of social interaction experienced by the guest at the host destination and were expected to appeal differentially to novelty seekers compared with familiarity seekers.

The study results indicate that intentions to visit Country M did differ by travel-style group. As expected, the NS had the strongest intentions to visit, the AT had slightly lower intentions, and the FS had the lowest intentions to visit Country M. Also, as expected, the impact of the three study factors was different for each travel-style group. Interestingly, however, these differences did not always concur with the characterizations suggested by the travel-style literature. In particular, although the pattern of preferences for FS was consistent with maintaining familiarity (e.g., FS did prefer to stay at chain hotels and resorts, travel via organized tours, and speak the same language), the observed pattern of preferences for NS did not always correspond with selecting the most novel option. The NS in the present research preferred locally owned facilities, as was expected, but preferred local facilities with many amenities over those with few amenities, which ran counter to what was expected. Similarly, the pattern of preferences for NS’s choice of traveling companions was different than prior expectations. The general characterization suggested by the travel-style literature was that NS would prefer to travel on their own and least prefer to travel on an organized group tour. For the NS in the present study, however, the most preferred option was traveling with friends, followed closely by traveling with family members, then traveling as part of an organized group tour, and lastly traveling alone. One possibility mentioned to explain NS’s preference for a group tour over traveling alone was that the particular scenario used in the study, which described Country M as having a history of instability and terrorist activity, together with only a limited amount of information about the destination, may have led to an aversion to travel alone. Nevertheless, the mean intention score for traveling alone was highest for the NS group compared with the other two travel-style groups. This finding is similar to those reported by Keng and Cheng (1999), who found that while NS prefer to travel with friends or family members, they are still the most likely to consider traveling alone compared with the other travel-style groups.

It was also notable that even though the FS group had the lowest baseline intentions to visit Country M, they were the most responsive to changes in the levels of the three factors and showed the most improvement in the posttask intention measure. Apparently, although the FS in the study were not initially attracted to visiting Country M, they were more willing to visit if they could combine aspects of familiarity such as staying in chain hotels, traveling via a group tour, and avoiding language differences. Using Cohen’s (1972) perspective, they felt less hesitant to visit this novel destination but only if they could maintain an acceptable “environmental bubble” that insured them of an acceptable level of security and comfort. This information can be of great value to promoters of tourist locations attempting to attract less-adventurous travelers. In particular, it suggests that locations attempting to lure FS may benefit from promoting familiar, “standardized” hotel facilities and the availability of translators or tour guides.
Limitations and Future Research Directions

As with any initial research project, several factors limit the generalizability of the study results. These limitations, however, simultaneously point to several directions for future research. First, and foremost, the particular sample used in this study represents a key limitation. Although steps were taken to collect data from a broad range of age-groups, the resulting study sample was by definition a convenience sample. Furthermore, the study respondents were all from the United States, all from the same midwestern state, and were predominantly female (73%)—all of which are characteristics that are likely to be associated with having a familiarity-seeking versus novelty-seeking travel style. The study results should be viewed as exploratory and should not be generalized beyond the particular sample used in this research.

Another limitation concerns the use of only one scenario and a scenario that involved some unique aspects such as having a history of terrorist activity and experiencing governmental instability. This issue raises questions about how the findings would generalize to other scenarios, especially those that might be perceived as being less risky or threatening. The scenario issue also raises the question of the results that would have emerged if the focus had been on a relatively familiar, as opposed to novel, scenario. Future research should be conducted using a broader range of scenarios.

Another set of limitations relates to the particular factors examined in this research. As noted, the three study factors were chosen to represent variations in the degree of social contact experienced by the guest at the host destination. It is important to note that the context provided by the research approach (i.e., the use of a hypothetical scenario and the directions to focus only on one’s own personal desires rather than the desires of others) was designed to remove/mitigate the effects of other potential issues and focus participants’ attention on only the impact of the three study factors. Although effects were found for the three study factors, a variety of other factors may be related to differences in one’s travel style, such as how travel arrangements are made (on one’s own versus through a travel agent), anticipated length

### Table 5

**Mean Intention Scores for the Effects of Accommodations, Travel Companions, and Language by Travel-Style Group**

<table>
<thead>
<tr>
<th>Travel-Style Group</th>
<th>Type of Accommodations</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Locally Owned Facilities with Few Amenities</td>
<td>Locally Owned Facilities with Many Amenities</td>
<td>International Chain Hotels</td>
<td>All-Inclusive Resort Complexes</td>
<td></td>
</tr>
<tr>
<td>Familiarity seekers</td>
<td>2.76&lt;sub&gt;a&lt;/sub&gt;</td>
<td>3.62&lt;sub&gt;b&lt;/sub&gt;</td>
<td>4.13&lt;sub&gt;c&lt;/sub&gt;</td>
<td>3.69&lt;sub&gt;b&lt;/sub&gt;</td>
<td></td>
</tr>
<tr>
<td>Average travelers</td>
<td>3.56&lt;sub&gt;a&lt;/sub&gt;</td>
<td>4.32&lt;sub&gt;b&lt;/sub&gt;</td>
<td>4.65&lt;sub&gt;c&lt;/sub&gt;</td>
<td>4.58&lt;sub&gt;c&lt;/sub&gt;</td>
<td></td>
</tr>
<tr>
<td>Novelty seekers</td>
<td>4.54&lt;sub&gt;a&lt;/sub&gt;</td>
<td>5.22&lt;sub&gt;b&lt;/sub&gt;</td>
<td>4.69&lt;sub&gt;a&lt;/sub&gt;</td>
<td>4.51&lt;sub&gt;c&lt;/sub&gt;</td>
<td></td>
</tr>
</tbody>
</table>

### Table 6

**ANOVA for Differences Between Baseline Question and Follow-Up Question on Intention to Visit Country M by Travel Style**

<table>
<thead>
<tr>
<th></th>
<th>Familiarity Seekers</th>
<th>Average Travelers</th>
<th>Novelty Seekers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline intention mean</td>
<td>2.86&lt;sub&gt;a&lt;/sub&gt;</td>
<td>4.12&lt;sub&gt;b&lt;/sub&gt;</td>
<td>5.48&lt;sub&gt;c&lt;/sub&gt;</td>
</tr>
<tr>
<td>Follow-up intention mean</td>
<td>5.05&lt;sub&gt;a&lt;/sub&gt;</td>
<td>5.62&lt;sub&gt;b&lt;/sub&gt;</td>
<td>6.86&lt;sub&gt;b&lt;/sub&gt;</td>
</tr>
<tr>
<td>Difference</td>
<td>2.19&lt;sub&gt;a&lt;/sub&gt;</td>
<td>1.50&lt;sub&gt;b&lt;/sub&gt;</td>
<td>1.38&lt;sub&gt;b&lt;/sub&gt;</td>
</tr>
</tbody>
</table>

Note: For each travel-style group, means with different letters are significantly different from each other (p < .05).
of stay, available budget, hotel cost and location, stage in family life cycle, trip activities engaged in, health/fitness considerations, and so forth. The role of these additional factors should be examined in future research.

A related concern pertains to one of the factors examined in this research, namely, the language of the host destination. Language differences were viewed as a key determinant of the degree and type of social interaction experienced and having important implications for both travelers and marketers alike. Indeed, as noted by Cohen and Cooper (1986), tourists often take language classes, buy dictionaries, or select organized tours in anticipation of language barriers, and tourist destinations and businesses are often compelled to accommodate language differences by hiring appropriate staff, using multilingual signage, and so forth. The findings of this research demonstrate that travelers differed in terms of the importance that they attached to this factor—language differences were of key importance to FS and of only limited importance to NS. Future research is needed to examine the extent to which the findings would have been affected if factors related to other cultural differences (such as uniqueness in customs, clothing, diet, religious beliefs, etc.) were examined in addition to language differences.

It is also important to note that this research focused on examining preferences and intentions rather than actual past travel behavior. Although marketers ultimately seek to influence actual travel behavior, influencing consumer preferences and intentions has long been viewed as an important intermediate objective for marketing and promotional activities (e.g., Lavidge and Steiner 1961; van Raaij 1986). Of course, a multitude of factors and circumstances beyond the control of the individual traveler (e.g., situational and social influences) often interfere or constrain an individual’s ability to act on his or her intentions (e.g., Belk 1974, 1975; Filiatrault and Ritchie 1988). Nevertheless, preferences and intentions represent important constructs that have been found to be significantly related to actual behavior, provided that they are measured appropriately and under the right temporal and situational conditions (Belk 1974; Fishbein and Ajzen 1980; Woodside and Lyonski 1989). Future research should be conducted to examine the degree of correspondence between the findings of this research and actual travel behavior.

While this study examined travel style using a cross-sectional approach, several concepts in the literature suggest the potential of studying travel style using a longitudinal perspective. One direction would be to expand on the travel career model (Pearce 1988, 1995; Pearce and Caltabiano 1983) by examining the relationship between early life travel experiences and later life travel involvement. This could be similar to the approach taken by McGuire, Dottavio, and O’Leary (1987), who investigated longitudinal influences in outdoor recreation activities, or to that of Iso-Ahola, Jackson, and Dunn (1994), who examined starting, ceasing, and replacing activities. Similarly, the interactionist approach used by Iso-Ahola (1980) to examine the interaction of persons and situations in leisure behavior might prove useful in examining how travel preferences and behavior change depending on the situation, the person’s age, and past travel experience.

Finally, a more in-depth examination of individuals across the novelty-familiarity continuum should be conducted. One possibility would be to conduct in-depth personal interviews with very high FS and very high NS to better understand their travel motivations and preferences. Riley (1988) used a similar approach to develop a better understanding of the international long-term budget traveler. Developing a more complete understanding of the differences between different travel-style groups clearly remains an important topic for future research.

NOTE

1. It should be noted that of the prior studies claiming to test Plog’s model, only those conducted by Griffith and Albanese (1996), Madrigral (1995), and Nickerson and Ellis (1991) actually used the scale developed by Plog to measure the psychocentric/allocentric construct (see, e.g., Plog 1990, 1991a).

REFERENCES


Challenges Facing Tourism Markets in Latin America and the Caribbean Region in the New Millennium

Nicolino Strizzi and Scott Meis

Latin American and Caribbean (LAC) region outbound tourism will remain highly sensitive to current and future income and employment growth. As such, LAC outbound travel volumes and spending patterns will be adversely affected by the region’s worsening macroeconomic conditions and gloomy employment outlook. Weaker regional income and job growth will lead to lower consumer buying power and lower demand for such discretionary spending as travel. In addition, weaker LAC currencies will further discourage outbound travel flows, especially long-haul pleasure travel, in favor of cheaper and closer tourist destinations. The outbound flow of LAC travelers will most likely remain at a steady or possibly even at a slower pace instead of reaching rapid speeds in coming years. Competition to attract new LAC outbound tourists and encourage repeat travelers will get more difficult.

The currency devaluations in the Latin American and Caribbean (LAC) region, especially the Brazilian currency in early 1999, and the resulting economic and financial volatility that occurred in its wake drastically depressed investor and creditor enthusiasm in the region’s growth potential. The ongoing economic and financial weakness in much of Asia and Russia, world industrial overcapacity, sluggish global demand, rising U.S. Trade and current account deficits, growing international protectionist sentiments, and higher energy prices further aggravated the region’s macroeconomic problems.

Slower income and job growth in many countries in the LAC region will lead to lower consumer buying power and lower demand for such discretionary spending as travel. In addition, continued exchange and interest rate uncertainty and increased stock market volatility will further discourage outbound travel flows, especially long-haul pleasure travel, in favor of cheaper and closer tourist destinations. An improvement in the LAC’s political, economic, and social conditions is most likely to be a long way off.

This article briefly examines the extent and economic importance of inbound and outbound tourism for countries in the LAC region. It then assesses the prospect of the LAC region as a tourism-generating market and identifies and evaluates the major factors that will likely limit the region’s tourism growth potential over the next decade or so. Summary remarks conclude the article.

Inbound Travel Activity

Recent data from the World Tourism Organization (WTO) (2000a) show that the LAC region attracted almost 41 million international tourists (6.2% of world total) in 1999, up 6% from 1998. According to the WTO, 20.2 million international tourists (49.5% of region’s total) visited Mexico in 1999, ranking Mexico as the region’s most popular international tourist destination. Meanwhile, nearly 6.0 million tourists (14.6% of region’s total) traveled to Argentina, around 5.1 million tourists (12.3% of region’s total) traveled to Brazil, more than 3.0 million tourists (7.4% of region’s total) traveled to Puerto Rico, and 2.6 million tourists (6.3% of region’s total) traveled to the Dominican Republic.

Close to three-quarters of international tourist arrivals in the LAC region originated from North America and intraregionally. European and Asian markets are also important source markets for the LAC’s tourism industry. Meanwhile, Africa and the Middle East figure less prominently as tourist-generating markets. Intraregional tourism will remain a high and growing share of current and future tourism flows to LAC tourist destinations, especially given lackluster growth in Europe and lingering economic and financial instability in Asia and elsewhere.

In 1999, the LAC region earned about $23.7 billion (5.2% of world total) (all figures throughout this paper are in U.S. dollars unless otherwise stated) from international travelers, up some 6.7% from the year before. Mexico earned almost $7.9 billion (33.1% of region’s total) from international tourists, making it the region’s largest earner of international tourism receipts. At the same time, Argentina earned more than $5.6 billion (23.7% of region’s total), and...
The LAC's inbound pleasure travel market has strong potential to grow given its abundant natural endowments (including sand, sea, and sun), diverse cultures, and rich historical heritage. In addition, greater regional economic integration will most likely facilitate increased business travel within and outside the region. The prospect of the creation of the Free Trade Area of the Americas (FTAA) by the year 2005, with around 800 million potential consumers and a combined gross domestic product (GDP) in excess of $12 trillion, will support this trend.

Even so, corporate travel budget reductions together with the growing popularity of videoconferencing and the Internet will likely have somewhat of a dampening impact on the volume and spending of future business travelers to, from, and within the region. This suggests that corporate earnings and profitability of LAC and international airline carriers, the accommodation and hospitality sectors, and car rental firms will be squeezed.

**Outbound Travel Activity**

LAC outbound tourism growth has fluctuated considerably since the late 1980s, largely reflecting the region's uneven and volatile economic performance (Strizzi and Meis 1998). Preliminary WTO (2000b) data show that the LAC region generated more than 29.7 million tourists worldwide (6.2% of the world total) in 1998, 10.3% above 1997. Within the LAC region, a small number of countries accounted for a very large share of total outbound travel volumes and spending. For instance, the top five LAC tourist-generating countries accounted for more than three-quarters (75.7%) of the region's total outbound travel. Mexico, at greater than 9.8 million tourists (33% of region's total), was the region's major outbound-generating travel market, with Argentina (18.6%) at a distant second, followed closely by Brazil (15.5%), Chile (4.5%), and Puerto Rico (4.2%). The duration and severity of the current economic and financial difficulties in the LAC region will most likely result in slow or negative growth in outbound tourist volumes and spending.

Meanwhile, international travel expenditures by LAC tourists reached almost $20.9 billion in 1998 (5.7% of world total), almost 1.4% below 1997. In terms of spending on travel abroad, five LAC countries also accounted for roughly three-quarters (74.9%) of the region's total outbound travel. Mexican tourists outspent their regional counterparts in 1998, spending more than $5.7 billion (27.4% of the region's total), with Mexico (20.4%) far behind in second place, followed by Venezuela (11.6%), Argentina (10.1%), and Colombia (5.4%).

LAC outbound travel volumes and spending growth will continue to be largely driven by current and future economic development, employment growth, and income gains. Yet, most major tourism-generating countries in the LAC region, including Argentina, Brazil, Colombia, and Venezuela, are either in economic recession or their economic growth has slowed markedly. Making matters worse, the slow Asian economic and financial recovery, a slowing U.S. economy, government spending cutbacks, higher tax increases, increased energy prices, exchange and interest rate uncertainty, rising foreign debts and debt repayment burdens, excess global industrial capacity, commodity price volatility, and rising international protectionist pressures will further undercut the region's economic and export prospects as well as job-creation capacity. Not surprisingly, this will bring about a reduction in the number of outbound LAC travelers and spending in the next 2 to 3 years.

**Factors Affecting Inbound and Outbound Travel**

The growth of inbound and outbound travel flows to, from, and within the LAC region will to a large extent depend on regional economic growth and to a somewhat lesser degree on political, social, and environmental factors. In the following section, we will determine and assess the leading economic and noneconomic factors that will most likely affect travel activity in the LAC region. These are economic and financial instability, structural unemployment, inflationary pressures, unequal income distribution, ongoing urbanization, safety and security risks, health threats, aviation infrastructure limitations, and political uncertainty.

**Economic and Financial Instability**

The LAC region experienced unimpressive economic growth rates during the past two decades or so. For example, the LAC economy grew by an average annual real rate of 1.8% during the 1982 to 1991 period, 4.1% in 1993, 1.7% in 1995, 5.4% in 1997, and 0.1% in 1999 (IMF 2000). Unsurprisingly, growth in real per capita GDP has been lackluster and continues to vary widely. Recent data show that real per capita GDPs ranged from a low of $244 in Bolivia in 1997, $969 in Honduras, $2,107 in Brazil and to a high of almost $4,021 in Argentina (Table 1).

Per capita GDP will continue to differ widely within the region given the different stages of economic and industrial development among LAC countries. Current regional depressed economic and financial conditions and slower global economic growth will further exacerbate per capita GDP growth differences between LAC countries. Income disparities within most LAC countries will also widen.

To significantly lift the material well-being of the majority of the region's citizens, LAC countries will need to achieve and sustain growth rates in excess of 6% (Mann 1998). Yet, there is little clear statistical evidence to suggest that most LAC countries will be able to achieve, let alone sustain, economic growth rates in the 6% range in the coming decade. In fact, the IMF (2000) recently estimated that the LAC economy might grow by 4.0% in 2000 and 4.7% in 2001. Meanwhile, the World Bank estimated that the LAC economy will grow by an average annual real rate of 3.5% during the 1999 to 2008 period (World Bank Group 1999). Clearly, these growth rates are simply too low to have significant and lasting impact on current and future poverty alleviation, employment creation, and income gains regionwide.

As Table 1 shows, Argentina, Brazil, and Mexico accounted for more than three-quarters (76.7%) of the region's GDP in 1997. Brazil, at some 41% ($820 billion), was by far the region's largest economy, followed by Mexico ($403 billion) and Argentina ($325 billion). This suggests that the recovery in the region's economy will in part depend on the speed, scale, and scope of economic recovery in Brazil.
Table 1 also shows that 11 LAC countries out of 23 had Human Development Index (HDI) values above the average LAC HDI value of .756. Barbados and the Bahamas, at .857 and .851, respectively, had the highest regional HDI values, followed by Chile, Argentina, Costa Rica, Venezuela, Panama, and Mexico. Notwithstanding the progress made on the social front, more than 210 million people in the LAC region are still without social security coverage (Table 1). Continued macroeconomic instability together with ongoing government spending reductions on public services including health care and education; far-reaching public-sector pension reforms; and tax hikes to improve federal, state, and local fiscal deficits suggest that social indicators in most LAC countries will most likely deteriorate in coming years. The incidence of poverty and the number of poor people will rise, creating favorable conditions for increased future social unrest and political instability in many countries in the LAC region. This could lead to potentially destabilizing out-migration flows, both regionally and internationally.

It can be expected that ailing LAC banks will continue to be increasingly reluctant to renew old loans or provide new loans, including commercial, mortgage, and credit card loans, to protect the quality of their loan portfolios. A more cautious stance toward lending, tighter credit conditions, and higher interest rates will bring about credit allocation disruptions. For example, the supply of loans available to support tourism renewal and construction plans, market development or promotion, and start-up loans for new tourism businesses might get scarcer. That will force faster-than-desired industrial corporate restructuring and financial reorganization, even among LAC travel agencies, tour operators, and the hospitality sector. Household debt-service burdens also look set to further worsen given tighter credit conditions and less-than-desirable income and employment opportunities.

As the number of business and consumer bankruptcies climb, the region’s already fragile banking system will be saddled with even more nonperforming loans and bad debts. Banks’ exposure to problem loans is especially high in
Unemployment in the LAC region is likely to remain high and growing given slower economic growth, an expanding workforce, continued corporate consolidation, government downsizing, declining unionization, increased globalization, heightened competitive pressures, and the adoption of effective insolvency and bankruptcy procedures. Cutbacks in foreign assistance and the eventual removal or phasing out of preferential tariff treatment for the region’s exports to major international markets including Japan, the European Union, and the United States, will further undermine the region’s long-run economic growth potential, trade diversification, and job creation capacity.

Failure to generate sufficient job opportunities could force many more people into the region’s black market economy. At present, roughly 59% of LAC laborers are employed in the region’s underground economy (Taylor 1999). This development has facilitated widespread tax evasion and avoidance which, in turn, has further weakened government budget and financing problems regionwide. In fact, one estimate indicates that “while the more industrialized countries averaged tax revenue collection equivalent to 23 percent of GDP, governments in Latin America collected less than two-thirds of that amount—or approximately 15 percent of GDP” (Federal Reserve Bank of Atlanta 2000, p. 4). This, in conjunction with deteriorating macroeconomic conditions, higher unemployment, and increased corporate failures, will strike a further blow to region’s tax revenue-raisings capabilities.

To offset lower tax revenues, regional governments will be forced to reduce spending, raise taxes, or both. Shortfalls in public revenues also mean that there will be greater pressure on the LAC’s tourism industry to become financially self-reliant. This could decrease future travel flows to, from, and within LAC tourist destinations.

If, as seems highly likely, regional per capita incomes and job growth remain flat or grow slowly, there will be fewer numbers of people entering and remaining in the ranks of the region’s middle- and upper-class income groups. Cash-strapped LAC consumers are more likely to curb their discretionary spending patterns, including expenditures on travel. Stock market declines and currency volatility will further erode the wealth and purchasing power of most LAC tourists abroad. Long-haul travel demand from most LAC markets will likely decline or remain weak in the next 2 years or so. Increasingly price-sensitive LAC travelers are more likely to choose cheaper and closer tourist destinations, contributing to shifts in the direction and composition of outbound travel and spending.

Inflationary Pressures

Inflation has declined dramatically across the LAC region since the 1980s. This was largely attributed to the implementation of fiscal austerity measures and reduced monetary growth. The average annual rate of inflation in the LAC region, for example, as measured by consumer prices, was greater than 167% during the 1982 to 1991 period, 203% in 1993, 34% in 1995, 13% in 1997, and 9% in 1999 (IMF 2000). It is expected that the region’s average annual rate of inflation will reach some 8% in 2000 and more than 6% in the following year (IMF 2000).

Despite bringing inflation under control, most LAC economies remain highly vulnerable to runaway inflation, with Argentina, Brazil, Jamaica, Mexico, Nicaragua, Peru,
Unequal Income Distribution

In the LAC region, it is estimated that “the poorest 20 percent of the overall population receives only three percent of total income, while at the other extreme the wealthiest 20 percent holds 60 percent, the same proportions as in the early seventies” (IADB 1997, p. 40). Within the region, the wealthiest 20% of Brazil’s population controlled more than 64% of national wealth, whereas the wealthiest 20% of the populations in Guatemala, Paraguay, Colombia, Chile, and Panama controlled, respectively, some 63%, 62%, 62%, 61%, and 60%.

Redressing poverty and wage and income disparities will be a long-term process. Consequently, rich LAC households will most likely maintain or increase their share of national income in coming years. Meanwhile, the vast majority of middle and lower income LAC households will either suffer sharp income decreases or experience only modest income gains. The widening gaps in educational attainment will also lead to increased wage and income differences regionwide.

Poverty levels continue to be high regionwide. By one estimate, as many as 150 million people, or around one-third of the region’s population, survive on incomes of less than $2 daily (Lustig and Deutsch 1998). Within the region, the World Bank (1999) estimated that around three-quarters of the population in Honduras (76%) and Nicaragua (75%) live on less than $2 a day. The number of people living on less than $2 a day is also high in Ecuador, Guatemala, Costa Rica, and Brazil, with some 66%, 50%, 44%, and 44%, respectively. The deepening and protracted regional economic downturn and slower global economic and export growth will hamper the region’s antipoverty efforts.

Before the breakout of the Asian and Russian economic and financial problems, it was estimated that there could be roughly 120 million (23% of region total) middle- and upper-class people living in the LAC region by the year 2000 and more than 200 million people by 2010 (Abolfathi 1997). But if, as seems highly probable, regional per capita incomes and job growth slow, there will likely be fewer numbers of people entering and remaining in the ranks of the region’s middle- and upper-class income groups in coming years. The elimination or lowering of most regional subsidy programs for all types of goods and services including food, fuel, and electricity, in conjunction with ongoing deregulation, mass privatization, public sector downsizing, and corporate consolidation will increase the incidence of poverty and the number of poor people in the LAC region. It will also further exacerbate already wide and growing gaps between the rich and poor people in most LAC countries, contributing to potentially destabilizing political and social pressures.

Capturing new and repeat LAC outbound tourists will get tougher. This is especially true today, given that all tourist-receiving countries may be competing for a bigger slice of a smaller LAC pie.

The region’s new democracies and newly elected governments will face greater pressure from its growing and dissatisfied numbers of poorer working people, students, dislocated laborers, and labor unions. Public demonstrations and dissatisfaction against the region’s political and corporate leadership as well as deeper macroeconomic and structural adjustments will most likely grow in number and frequency. The region’s attractiveness as a business and tourist destination will fade.

It will take many years for incomes and wages in the LAC region to fully recover from current economic and financial difficulties. Economic security will therefore remain paramount for the majority of people throughout the LAC region. Many LAC residents will continue to spend the bulk of their annual incomes on satisfying basic human needs such as food, clothing, health care, and housing. Consequently, taking vacations abroad, notably long-haul trips, is unlikely to become a top priority for these people anytime soon. Tourism marketers will face tougher competition to capture and retain the region’s shrinking long-haul pleasure market travelers.

Ongoing Urbanization

The LAC region is highly urbanized. By the year 2015, it is estimated that almost 80% of the area’s population will live in cities, compared to 74% in 1997 and 61% in 1975 (UNDP 1999). In 1997, only five LAC countries remained below the urban threshold of not having more than one-half of their total population living in cities: Guyana (36%), Guatemala (39%), Honduras (45%), El Salvador (46%), and Barbados (48%). As urbanization advances, more and more limited tourism marketing and advertising resources will increasingly be targeted at the region’s fastest-growing cities and markets in terms of job and personal income growth. These cities include Buenos Aires, Mexico City, Rio de Janeiro, São Paulo, and Santiago. Advancing urbanization will bring about increased urban political, economic, social, and environmental problems.

Urban LAC dwellers will face worsening air quality and land and water pollution in the years ahead. In the LAC region, “an estimated 300 million city dwellers generate 225,000 tons of solid waste every day, much of which is discharged into water bodies, open dumps and wetlands, contaminating surface and ground water” (World Bank, n.d., p. 1). The World Bank (1999) also estimated that 27% of the population in the LAC region is without access to safe water, while 43% is without access to sanitation. Worse still, less than “5% of cities’ sewage is treated. . . Urban air is severely polluted by motor vehicles and uncontrolled industrial emissions” (World Bank, n.d., p. 1).
In terms of greenhouse gas emissions, the UNDP (1999) calculated that the LAC region generated more than 1,195 million tonnes (nearly 5% of world total) of carbon dioxide emissions in 1996. Mexico, with almost 350 million tonnes, was the region’s largest generator of carbon dioxide emissions. This was followed by Brazil (274 million tonnes), Venezuela (145 million tonnes), and Argentina (130 million tonnes). The latest data show that per capita emissions of carbon dioxide was 2.5 tonnes in 1996, well below the world average of 4.1 tonnes. Demographic pressures, persistent poverty, ongoing urbanization, increased motor vehicle ownership, continued industrialization and modernization, higher energy consumption, and the widespread use of outdated plants, equipment, and technologies will most likely boost the region’s carbon dioxide emissions, both as a share of the world total and emissions per capita.

Damage to the region’s environment will put greater pressure on the region’s supplies of food, water, land, and air. That will negatively impact current and future human welfare and economic productivity. It will also limit the scale and scope for tourism development and expansion. The allure of the region’s tourism sites, especially in major LAC cities and urban centers, will most likely fade.

Decades of civil conflict, massive underinvestment, fiscal adjustment and consolidation, foreign currency constraints, and destructive natural disasters have left the region’s physical and social infrastructures in very poor condition (Strizzi, Kindra, and Svoboda 1997). Most LAC countries will need to significantly upgrade and modernize their infrastructures to support socioeconomic progress and tourism development. In fact, the World Bank (1995) estimated that investment in the region’s infrastructure, namely in the power generation sector, transportation networks, water and sanitation systems, and the telecommunication sector, would have to reach some $60 billion annually during the 1991 to 2000 period.

But the recent economic and financial difficulties in Asia, Russia, and the LAC region have made international investors extremely skittish and less eager to invest or lend to emerging economies. This, in turn, has made international borrowing very costly. Infrastructure upgrading and development projects in many LAC countries, as elsewhere, have therefore been delayed, downsized, or cancelled. In the competition for scarcer public resources, the LAC tourism industry might get squeezed out.

As regional economic and tourism infrastructures further deteriorate, it will reduce the attractiveness of many LAC countries as international tourist destinations. Fewer tourist arrivals and less spending mean reduced economic growth, decreased job possibilities, declining tax revenues, and lower foreign exchange receipts, particularly for the region’s tourism-dependent, less diversified economies in the Caribbean and Central America. Cash-strapped LAC countries are more likely to become delinquent on their large and growing foreign contractual commitments.

According to the WTO (1998), there were more than 21,000 hotels (6.7% of world total) in the LAC region in 1995, with some 740,000 hotel rooms (6% of world total). Nearly 1.8 million employees (16% of world total) worked in the region’s hospitality industry. Within the LAC region, Mexico, with 39,221 hotel rooms (33.1% of region’s total), had the largest number of rooms supplied by major international hotel firms (Todd and Mather 1998). Brazil was far behind in second place with 15,735 rooms (13% of region’s total), and there were 6,943 rooms (5.9%) in Puerto Rico and 5,687 rooms (4.8%) in Venezuela. According to Todd and Mather (1998),

With Mexico and Brazil accounting for almost half of all the major international companies’ rooms in the region, important countries in economic size such as Argentina and potentially Chile, Venezuela and Colombia have a relatively under-developed hotel sector as far as the major companies are concerned. (P. 48)

As stated earlier, macroeconomic and financial weaknesses in most LAC countries will continue to disrupt credit allocation to the region’s tourism industry. As loans available to fund tourism development and expansion plans decline, fewer hotel rooms will be built and decisions to purchase advanced technologies (reservation and communications systems) will be postponed. The failure of the region’s hotel industry to keep pace with increased tourist demands for modern facilities and conveniences, including first class, middle grade, and budget hotels, will constrain tourism development in prime LAC sites. Widespread mergers and consolidations in the region’s hotel and accommodation sectors will result in fewer but larger hotels, especially among the leading international hotel companies.

Employment in the region’s hospitality industry will most likely decline as hotels cut employees to improve cash flow and operating profits. The introduction of labor-saving technologies to increase productivity and enhance competitiveness also supports this trend.

If, as is widely predicted, the accumulation of greenhouse gases in the earth’s atmosphere contributes to climate change, global warming, and higher sea levels, it could endanger coastal development in the LAC region and elsewhere. Beachfront development disputes between developers and local environmentalists will most likely heat up in coming years. The region’s vulnerability to natural disasters such as forest fires, earthquakes, hurricanes, and floods, means that historical sites, national parks, and other natural treasures as well as local infrastructures will come under increased risk. Efforts to boost the LAC region’s tourism business, especially such special-interest travel as ecotourism, could be undermined. Having appropriate emergency management systems and disaster recovery plans in place will lessen the tourism industry’s financial and human costs associated with natural and man-made disasters.

Safety and Security Risks

A number of countries in the LAC region remain high-risk destinations for international travelers. Reportedly, the LAC region—Colombia in particular—continues to record the world’s largest numbers of kidnappings, with more than 2,000 abductions taking place in Colombia in 1998 (Timmins 1998; Olive 1999). Mexico, Brazil, Ecuador, Venezuela, Guatemala, and Peru are also prone to high numbers of kidnappings (Macko 1997). By one estimate, kidnapping generates around $170 million and $60 million, respectively, for Colombian and Mexican abductors (Whitelaw
1999). Bringing this activity under control will be a long-term process, given the huge financial payoffs and low probability of getting apprehended.

In many countries in the LAC region, chronic poverty, greater income and wealth concentrations, weak social-safety-net systems, rising unemployment, rampant drug trafficking, lax legal and regulatory regimes, foreign investments, continued demobilization of military and guerrilla forces, and rising numbers of street children will foster increased tourism-related crime opportunities. The extent and severity of the current regional economic and financial crises and the global economic slowdown only supports the trend toward increased numbers of international tourists being targeted by kidnappers and criminals in the LAC region and beyond.

Rising criminal activity and public disorder also threatens the personal safety of international tourists in many LAC countries. In fact, it was reported that in Mexico City, “an average of 20 tourists are attacked each day in the city . . . with the most common crimes and thefts in the streets, hotels or taxis” (Stevenson 1998, p. A14; Cothran and Cothran 1998). Meanwhile, “São Paulo police may deal with 100 to 150 shootings daily . . . Every weekend, there is an average of 70 homicides” (Brown 2000, p. A11). Worse still, more than 23,170 killings were reported in Colombia in 1999, giving it “a rate ten times as high as that of the United States” (Assault on democratic society in Colombia 2000, p. 35). Furthermore, Falcoff (1999, p. 2) observed that “even in Guatemala, a country where one would have thought that politics would be about land, indigenous rights, or simply unemployment, physical security has become the overarching concern of ordinary citizens, at least in the cities.” Sadly, these trends are unlikely to reverse anytime soon given the region’s ill-equipped and underpaid judicial and enforcement regimes.

Continued rebel and insurgency activities, especially in Colombia, Ecuador, Mexico, and Peru, along with drug trafficking, means that foreign executives and vacationers will become increasingly vulnerable to serious harm or injury, extortion, robbery, and kidnappings. International travelers and in particular ecotourists and groups on trekking expeditions in rural and border areas are at increased risk. Foreign workers and businesspeople involved in the region’s natural resource exploration and development should also be extremely alert and cautious. This, coupled with widespread corruption, will raise the costs of vacationing in and doing business in the region. That will reduce the relative long-run competitiveness of many LAC countries as business and leisure travel locations.

As criminal activity rises, enclave tourism development might be given greater priority in the LAC region to allay the personal safety and security concerns of many travelers to the region. Cothran and Cothran (1998, p. 485) noted,

There are risks to both enclave and non-enclave tourism. Enclave developments may face less daily crime but a greater risk of a major terrorist attack on an inviting target, while non-enclave tourism faces a greater danger of day-by-day crime.

Left unaddressed, “adverse publicity about safety or security in any tourism destination will tend to reduce demand for that destination, especially since there are usually plenty of alternatives on offer” (Brayshaw 1995, p. 70).

To counter the negative image of high-risk destinations, regional LAC tourism officials will need to undertake stepped-up “actions to fight the fear of crime, and actions to prevent actual crime” (Brayshaw 1995, p. 67). These, inter alia, include greater law enforcement, closer working relationships with the media, intensified promotional campaigns, and increased dissemination of safety literature (Brayshaw 1995). The region’s tourism and tourism-related industries will also need to allocate more resources on improved safety and security systems to safeguard visitors, employees, and physical assets. In the current fiscal climate, this will put extra strains on already tight public and private sector tourism budgets.

Health Threats

The Joint United Nations Programme on HIV/AIDS (UNAIDS) and the World Health Organization (WHO) recently estimated that there could be around 33.6 million people infected with the human immunodeficiency virus (HIV) globally at the end of 1999 (UNAIDS 1999). Of these, 1.66 million (4.9%) of HIV-infected people lived in the LAC region. Within the LAC region, it is reckoned that more than one-half of the countries “have concentrated HIV/AIDS epidemics, meaning that HIV has risen to high levels among those practicing the riskiest behaviours and is set to spread more widely in the rest of the population” (World Bank Group n.d., p. 1). Meanwhile, six LAC countries have “low HIV prevalence whereas Guyana and Haiti have generalized epidemics” (World Bank Group n.d., p. 1).

It is believed that

the high prevalence of HIV among injecting drug users, homosexual and bisexual men and sex workers in Latin America suggest that in many of these countries the virus is poised to spread to the low-risk sexual partners of people who engage in high-risk behavior.

(World Bank Group n.d., p. 1)

Worse still, “Epidemiological data suggest that young people (particularly females) aged fifteen to twenty five are the most vulnerable to infection” (World Bank 1996, p. 1). This has serious implications for the spread and incidence of HIV/AIDS since “it is this group that tends to be highly mobile or involved in tourism or commercial sex industries but are typically the least accessible to government or international HIV/AIDS programs” (World Bank 1996, p. 1).

HIV/AIDS affects all businesses through

reduced productivity due to increasing loss of experienced staff; growing costs of employee welfare packages, including medical services, pension funds; [and] loss of morale in the workforce when companies are unable to respond to the challenge of HIV/AIDS in their workplaces. (UNAIDS and the International Hotel and Restaurant Association [IH&RA] 1999, p. 9)

The growing concern of travelers and tourism employees to health issues implies that the region’s tourism industry and in particular the hospitality sector must “develop their own
HIV/AIDS policies and educational awareness programmes, and to help employees understand the causes and risks associated with this global epidemic or pandemic” (UNAIDS and IH&RA 1999, p. 5).

Public health officials estimate that, in developing countries, it costs around $10,000 to $15,000 annually to treat AIDS victims with triple drug antiretroviral therapy (Ainsworth 1998; Gatti n.d.; Picard 1998). Unfortunately, UNAIDS (1999, p. 9) observed that “in Central America and the Caribbean island states, access to antiretroviral therapy is far more limited than it is in South America.” Furthermore, UNAIDS (1999, p. 9) noted that “Guatemala, for example, which spends US $64 per person per year on health, estimates that just 185 people have access to antiretroviral drugs out of an estimated number of over 50,000 living with HIV and AIDS.” Tuberculosis treatment costs are also onerous, especially for antibiotic-resistant tuberculosis (Pirages 1996; Jacobs 1997).

Eleven LAC countries had public spending on health, as a percentage of GDP, at or near the regional average of 2.5%. As a share of GDP, Cuba and Costa Rica had the region’s highest public spending on health: almost 8% and 6%, respectively. On the other hand, Brazil, the Dominican Republic, Guatemala, Paraguay, Uruguay, and Venezuela had the lowest expenditures on health.

Recent estimates by the ILO (1999b) suggest that more than 140 million people in the LAC region do not have access to health services, whereas 218 million people are excluded from social security systems. The region’s recurring macroeconomic disruptions and growing budget and funding problems suggest that fewer government resources will be channelled toward health care systems, both as a share of GDP and total expenditures. Chronic poverty, worsening water supplies, poor sanitation facilities, massive urban overcrowding, escalating disease treatment costs, and mounting debt-servicing burdens will put greater strains on already weak health care infrastructures.

If expenditures on health care decrease even further, it will seriously hinder regional efforts to detect and treat infectious diseases. That will facilitate the spread and incidence of communicable and highly infectious diseases, including HIV/AIDS, tuberculosis, malaria, and cholera, regionwide and elsewhere. There is a strong possibility that the health of foreign executives and leisure tourists traveling to high-risk LAC areas might be endangered. Declining health indicators will mostly likely raise tourism-related health concerns.

To minimize negative international media coverage and declining consumer demand, the region’s tourism industry will need to implement carefully selected public relations and marketing campaigns in major source markets. This will require increased tourism marketing and promotion budgets. But, it can be anticipated that there will be rising taxpayer resistance to increased public funding of such activities, especially in light of massive government social spending reductions in many LAC countries. There will be greater pressure for the region’s tourism industry to foot the bill in coming years.

**Aviation Infrastructure Limitations**

In 1999, passenger and cargo traffic and aircraft movements at LAC airports continued to be adversely affected by the region’s macroeconomic disruptions and slower global economic activity. According to preliminary statistics recently released by the Airports Council International (ACI) (2000, p. 1), passenger traffic in the LAC region reached 112.7 million (3.8% of world total) in 1999, down 0.9% from 1998. At the same time, the LAC region recorded a 0.3% increase in cargo traffic in 1999 to almost 1.6 million tonnes (2.6% of world total) from the year before. Finally, aircraft movements in the region in 1999 reached more than 2.3 million landings and takeoffs (4% of world total), up 3% from 1998. As the region’s economies recover, so too will passenger and cargo traffic and aircraft movements at LAC airports.

The LAC region still has one of the world’s smallest and oldest aircraft fleets, with an average aircraft age of more than 18 years (Skapinker 1996) and a fleet size of roughly 1,005 airplanes in 1998 (Jet Information Services 1999). Yet, average air travel growth rates are forecasted to reach 7.2% in South America and 5.1% in Central America during the 1998 to 2017 period (Boeing Commercial Airplane Group 1999). To meet the anticipated growth in air travel, many countries in the LAC region will need to purchase many new airplanes and invest tens of billions of dollars in upgrading and developing their respective aviation infrastructures.

By one estimate, the LAC region will need to purchase almost 1,400 commercial airplanes of all types to meet rising air travel demand during the 1999 to 2018 period. The cost of these aircraft is estimated at more than $80 billion, with Brazil, Mexico, Argentina, and Chile having the region’s largest aviation capital requirements and expenditures. While the LAC’s demand for new aviation products and services is huge, the purchasing power of many LAC countries is limited.

Fiscal budget cutbacks and growing hard currency constraints suggest that fewer government resources will be devoted toward replacing and expanding the region’s aircraft fleet and upgrading airport and air traffic control systems. Continued industry-wide rationalization and consolidation, higher personnel and fuel costs, the long economic slowdown, heightened competitive pressures, currency devaluations, higher landing and airport usage fees, and poor corporate earnings will force the region’s aviation industry to either delay, cancel, or scale back their spending and investment plans on aircraft fleet renewal and expansion. This bodes ill for the region’s inbound and outbound travel and tourism industries.

To recapitalize its aviation industry and develop new markets, LAC carriers will continue to aggressively pursue strategic alliances, code sharing or joint service agreements, privatization, foreign investment, and industry restructuring and consolidation. For example, it was reported that Brazil’s four leading carriers—Varig, Vasp, Transbrasil, and TAM—might merge into two airlines due to excess capacity problems and weak corporate earnings (International: Brazil’s four major airlines 1999). Meanwhile, another report observed that Argentina’s government refused to bail out heavily indebted Aerolineas Argentinas, putting it at increased risk of bankruptcy (Warn 2000). In the longer term, fewer, but larger, regional air carriers will emerge in the LAC region.

The cost of air travel will remain well beyond the reach of most ordinary people in many LAC countries. The number of LAC air travelers will be limited, especially given mounting economic and financial woes for most LAC households. It was reckoned that “air travel in Brazil has reached only 20 per cent of the level in South Korea” (Dyer 1998, p. 7).
Without sharp air travel cost reductions, the development of regional air passenger and freight traffic will be seriously hampered. The absence of improved flight service, including flight connections and nonstop flights, will also limit tourism growth to new and old destinations regionally and internationally.

Air travel safety remains a serious and growing concern across the LAC region. A study by the U.S. Flight Safety Foundation on airplane accidents, for example, concluded that during the 1984 to 1995 period, “airports in Latin America averaged 32 accidents per million landings” (Associated Press 1996). That made the LAC region the world’s most accident-prone area. A series of recent plane crashes—including the crashes of the Cubana-run Yak-42 in Venezuela and the DC-10 in Guatemala City, the LAPA-operated Boeing 737 at Buenos Aires’ city airport and the Tesa DC-9 crash in central Mexico—has further increased the flying public’s concern over air safety (Argentina plane crashes on takeoff 1999; Mexico investigating Tesa DC-9 accident 1999; World news roundup 2000). A failure to decrease airplane landing accidents will further undercut public confidence over air safety and lead to reductions in passenger and freight traffic within and outside the LAC region.

The region’s old aircraft fleet will also heighten domestic and international concern over engine emissions and their contribution to global greenhouse gases and global warming. If air travel were to rise as predicted, aviation emissions, particularly carbon dioxide emissions, in the earth’s atmosphere could rise sharply. In fact, the U.S. General Accounting Office (2000, p. 4) recently noted that “aviation emissions comprise a potentially significant and growing percentage of human-generated greenhouse gases and other emissions that are thought to contribute to global warming.” The region’s transportation industry and regulators will likely come under greater pressure from domestic and international environmentalist groups as they intensify their lobbying efforts for stricter aviation emission controls.

Political Uncertainty

Across the LAC region, democracies will remain shaky and highly vulnerable to growing political, economic, and social pressures. If regional governments fail to bolster living conditions and adequately address persistent unemployment and huge income and wealth disparities, there will be growing resistance to deeper economic and institutional reforms. Indeed, ongoing economic and financial instability as well as massive job layoffs have already provoked mass labor unrest, strikes, and public protests in such countries as Argentina, Bolivia, Brazil, Colombia, Ecuador, Jamaica, Mexico, Peru, and Venezuela. Political uncertainty has only exacerbated the situation. If current trends continue, democratically elected LAC governments will find it increasingly difficult to stay in power.

Ongoing leftist guerrilla and paramilitary activity, deep-seated hostilities with indigenous people, longstanding border and territorial disputes, insufficient land reform, and widespread corruption will contribute to investor skittishness and macroeconomic instability. This will further undermine the legitimacy and credibility of many of the region’s nascent democracies and newly elected governments to manage the reform process. There is a possibility that populist-authoritarian governments, dictatorships, and single-party political dominance could once again come into fashion in many of the region’s poorest and most vulnerable countries. The process of multiparty development, civilian rule, civil society, and political democratization, as well as greater openness and transparency in the region’s politics, could be delayed.

CONCLUSION

LAC outbound tourism will remain highly sensitive to current and future income and employment growth. The region’s outbound travel volumes and spending patterns will continue to be adversely affected by deteriorating economic and financial volatility in many countries in the LAC region and unfavorable international economic conditions. Slower economic and export growth will lead to weaker regional income and job growth. As personal incomes drop, consumer purchasing power and lower demand for such discretionary spending as travel will decline. Persistent economic and financial problems in Asia and Russia, a slowing U.S. economy, commodity price volatility, higher energy prices, exchange and interest rate uncertainty, rising international protectionist pressures, and escalating foreign debt loads and debt servicing costs will further constrain the region’s economic growth and tourism potential. Sharp regional stock market declines and currency devaluations mean that increasingly price-conscious LAC travelers will favor cheaper and closer tourist destinations. Fewer numbers of LAC residents will likely be traveling to long-haul international tourist destinations in the future.

At the same time, rising income and wealth disparities, weak economic and tourism infrastructures, and worsening environmental degradation will likely reduce the attractiveness of many LAC countries as tourist destinations. The further deterioration of law and order, rising criminal activity, and the spread of infectious diseases will also raise tourism-related security and health concerns, potentially reducing tourism volumes and spending by incoming foreign visitors.

REFERENCES


The Impact of Gender and Religion on College Students’ Spring Break Behavior

ANNA S. MATTILA, YORGHOS APOSTOLOPOULOS, SEVIL SONMEZ, LUCY YU, AND VINOD SASIDHARAN

The authors investigated the influence of gender and religion on health-risk behavior potentials and destination-related expectations of college students on spring break vacation using a random sample of 534 students from two U.S. universities. Results indicated that gender and religion had a significant impact on students’ potential to engage in health-risk behaviors during spring break as well as their choice of spring break destinations and their expectations for hospitality service quality and characteristics of the destinations. Important social marketing and public policy implications for the tourism and hospitality industry are discussed.

Knowledge regarding travel-related behavior, motivations, and preferences of major tourism markets is of utmost importance to the travel and tourism industry. Ongoing, relentless attempts to attract new traveler segments have prompted the travel and tourism industry to target their marketing efforts toward the college student market (Field 1999). In the United States, there were more than 14 million students enrolled in colleges in 1994, and the enrollment in U.S. colleges and universities is expected to grow to 16 million by 2007 (Kessler 1998). School vacations and extended holidays provide college students with many opportunities for travel, mainly during spring break and the summer. For example, in Field’s (1999) study of Clemson University students, more than 70% of domestic students indicated that they were likely to travel over the break. Approximately 1 million U.S. students engage in some form of spring break vacation (Josiam, Clemons, and Hobson 1995). Therefore, the college student market represents a potentially viable and lucrative target for many hospitality service providers. The purpose of this study was to gain insight into how gender and religion of students affect their spring break behavior.

The spring break environment has been characterized by college students as an atmosphere that provides opportunities to indulge in “unusual” activities, in which personal rules and codes “do not apply” or are “temporarily suspended” (Maticka-Tyndale, Herold, and Mewhinney 1998, p. 262). Focusing on having fun and engaging in hedonic behavior in a non-routine, break-loose environment comes with a sense of freedom that unfortunately might lead to potentially risky behaviors by college students. A recent Center for Disease Control and Prevention (CDC) study suggested that college students in general were highly inclined to engage in risky behavior such as unprotected sex, substance abuse, and smoking (Selingo 1997). In particular, the potential for risky behavior of college students is exponentially magnified in a typical spring break environment conducive to unregulated alcohol consumption and casual sex. Prior studies have suggested that gender (Maticka-Tyndale, Herold, and Mewhinney 1998; Smeaton, Josiam, and Dietrich 1998; Corbin, McNair, and Carter 1996), religion (Slicker 1997; Engs, Diebold, and Hanson 1996), and other sociodemographic variables can significantly influence health risk behaviors of college students. This study empirically investigated the roles played by gender and religion in influencing alcohol consumption and risky sexual behavior among college students during spring break.

Considering the aforementioned public health ramifications of typical spring break vacations, this study also explored social marketing implications for providers of spring break–related services. Social marketing—defined as an effort to use effective marketing skills and techniques to influence individual behavior to improve the social welfare of the community by improving its members’ physical and mental well-being (Andreasen 1995)—can be instrumental in enhancing the college students’ spring break experience while increasing their awareness regarding the consequences of health risk behaviors.

REVIEW OF RELEVANT LITERATURE

Alcohol Consumption and Risky Sexual Behavior among U.S. College Students

According to past drinking surveys, the college student population had the largest proportion of drinkers in the United States as compared to other population groups in the country (Gonzalez 1986). Although more college students are saying no to alcohol, more of those who drink do so to get drunk (Reisberg 1998). In a 1997 study of 116 colleges, 19% of students abstained from drinking (Reisberg 1998). However, data from the 1993 Harvard School of Public Health
College Alcohol Study suggested that, on a national scale, one out of five college students was a frequent binge drinker (Wechsler et al. 1998, 1999). Binge drinking is generally defined as five or more drinks at a setting for men and four or more for women (Reisberg 1998). Smeaton, Josiam, and Dietrich (1998) reported that binge drinking was particularly common among spring break students. In their study at Panama City Beach, the average number of drinks consumed the previous day was 18 for men and 10 for women. Students who were motivated to visit the destination because of its party image consumed significantly more alcohol than students who had cited other motivations.

Research findings indicate that a vast majority of U.S. college students are sexually active. For instance, Douglas et al. (1997) found that 86% of college students had engaged in sexual intercourse and 34% of the respondents had had six or more sexual partners in the past. According to the latest University of California, Los Angeles (UCLA) Higher Education Research Institution annual survey, the number of students supporting casual sex is dropping; it reached an all time low of 40% in 1997 (Women in Higher Education 1999). Despite this decrease in favorable attitudes toward casual sex, the students’ behavior might not be changing as rapidly. For example, Hawkins, Gray, and Hawkins’s (1995) study suggested that a substantial number of students at a northwestern university engaged in risky sexual practices. Furthermore, in their random sample of college students Hill et al. (1995) reported that a majority of heterosexual respondents had behaved in a way that placed them at risk for both sexually transmitted diseases (STDs) and unplanned pregnancy.

Religion and Risky Behaviors

Prior studies (Hawks and Bahr 1992; Cochran 1991; Burkett 1980) have determined that religiosity (especially among those affiliated to certain denominations) can have a deterrent and inhibitory influence on deviant and risky behaviors among youth. Results from a study conducted at a southern state university indicated that religious-moral taboos was the primary reason for abstaining from alcohol consumption; the abstinent group and light drinkers endorsed religious-moral reasons significantly more often than others (Slicker 1997). Studies examining the relationship between religiosity and drug use among European youth have suggested that religious affiliation was a significant predictor of attitudes toward drug use (Mullen and Francis 1995) and that youngsters with minimal or no church contact (attendance) demonstrated the most liberal attitudes toward substance use (Francis and Mullen 1997). Furthermore, the effects of religiosity have also been found to be fairly consistent across drug types (Cochran 1991).

Poulson et al.’s (1998) study of college students in a rural region of the southwestern United States concluded that women with strong religious beliefs consumed less alcohol and were less likely to engage in casual sex than women with weaker religious beliefs. Among men, religion was not significantly correlated with alcohol consumption or risky sexual behavior (Poulson et al. 1998). More than 50% of the females and 36% of the males who were abstaining from alcohol in Slicker’s (1997) study chose religious beliefs as their main reason for avoiding alcohol consumption. Beeghley, Bock, and Cochran’s (1990) U.S. study on alcohol behavior indicated that the strongly religious reported a high probability of alcohol nonuse compared to the weakly religious, who were more likely to misuse alcohol. Considering the relationship between religious affiliation and permissive attitudes toward drinking, alcohol consumption has been found to be highest among Jews, followed by Catholics, and lowest among Protestants (Engs, Diebold, and Hanson 1996; Carlucci et al. 1993). It can be inferred that strong religious messages (and moral messages proposed by the church) about alcohol abstinence can have a major impact on personal rates of alcohol consumption (Poulson et al. 1998; Beeghley, Bock, and Cochran 1990; Burkett 1980).

Gender and Risky Behaviors

Consistent gender differences in alcohol consumption have been reported in recent as well as past studies (e.g., Humara and Sherman 1999; Zucker and Harford 1983)—male alcohol users outnumbered female alcohol users, and a greater preponderance of heavy alcohol consumption existed among males compared to females. Engs, Diebold, and Hanson’s (1996) gender analysis of at-risk drinkers from a national sample of college students categorized about one out of three men as being at risk, compared to about one out of five for females. Men were also more likely to report that it was socially acceptable to be intoxicated occasionally (Svenson, Jarvis, and Campbell 1994). Variations in drinking behavior among men and women might be partially caused by differences in societal and cultural attitudes regarding the use of alcohol (Schall, Kemeny, and Maltzman 1992). Getting drunk may be viewed as permissible for men but inappropriate for women (Poulson et al. 1998). In addition, a heightened “concern for physical safety and well-being, recognition of potential dangers attributed to drug and alcohol use; and exclusion of sex and dating as activities done for fun” (p. 70) among women may be important factors in augmenting women’s resistive attitudes toward alcohol and drug abuse (Doherty and Szalay 1996).

Studies have documented significant gender differences in risky sexual behavior patterns with men engaging in more risk-taking behavior relevant to partner choice and sexual practices than women (Jadack, Hyde, and Keller 1995; Poppen 1995). Furthermore, men are more likely to get aroused through unwanted, sudden, and involuntary sexually intrusive thoughts (Byers, Purdon, and Clark 1998) and are more likely to engage in sexual intercourse for “reasons of lust, pleasure, physical release, or being aroused” (Hill and Preston 1996, p. 29) compared to women. Gender differences in sexual behavior may be attributed to the influence of gender roles on beliefs and social behaviors. In addition, alcohol consumption is one of the predominant factors that has been repeatedly associated with unsafe sexual behavior and practices (Wechsler et al. 1994). In Desiderato and Crawford’s (1995) study, alcohol consumption had preceded the latest occurrence of sexual activity for 66% of the men and 53% of the women.

To summarize, prior studies have documented strong relationships between risky behavior patterns, that is, alcohol consumption, substance abuse, and unsafe sexual practices and factors such as gender (Humara and Sherman 1999; Reisberg 1998; Smeaton, Josiam, and Dietrich 1998; Engs, Diebold, and Hanson 1996; Jadack, Hyde, and Keller 1995; Poppen 1995) and religiosity (Slicker 1997; Hawks and Bahr
1992; Cochran 1991; Burkett 1980) among college students. Although some studies have separately investigated gender differences in drinking patterns (Smeaton, Josiam, and Dietrich 1998) and casual sex (Maticka-Tyndale, Herold, and Mewhinney 1998) among college students, little theory-based research has been conducted to comprehensively examine the relationship between alcohol consumption and unsafe sexual practices and religion and gender among college students on spring break. The primary focus of this article is on gender- and religion-based differences in health-risk behavior among college students on spring break vacation.

METHOD

Data Collection

Self-administered surveys were distributed at one northeastern and one southwest U.S. university between February and March 1999. To ensure that the sample would represent a cross-section of all students at each university, general education classes were used as the sampling frame. The targeted classes were selected from the universities’ lists of general education classes using probability sampling proportionate to enrollment size. Once a class was selected, a research assistant verbally explained the purpose of the study to students and encouraged their participation in the study. A raffle for a free dinner for two at an on-campus restaurant was used as an incentive. A total of 534 students responded to questions regarding substance use and sexual intentions and behaviors while at home and while on spring break vacation. Since we were concerned about potential interaction effects between the two classification variables, gender and religion, an analysis of variance (ANOVA) method was used to analyze the data.

Measures

Since many of the scales were adapted to fit the specific context of spring break vacations, the measurement scales were first factor analyzed and then checked for their internal consistency and reliabilities.

An eight-item semantic differential scale was employed to capture the respondents’ attitudes toward getting drunk, experimenting with drugs, fooling around, and using a condom when having sex with someone they just met. The adjective pairs were fun-loving-serious, good/bad, exciting/dull, pleasant/unpleasant, adventurous/ordinary, smart/stupid, good/bad, and responsible/irresponsible (see Maticka-Tyndale, Herold, and Mewhinney [1998] for the development of this scale). The internal reliabilities for these unidimensional scales were high, ranging from .90 to .93.

A 4-item scale was used to measure the students’ frequency of impulse behavior regarding drinking, drugs, fooling around, and having sex with strangers during the vacation (Cronbach’s alpha of .77). A social norm scale, composed of 4 items, was used to identify the influence of friends and people around on the student’s behavior during the break (internal reliability coefficient of .89). Situational influences on one’s likelihood of having sex were measured with 12 items reflecting typical spring break settings (break-loose mood, wet T-shirt contests, dirty dancing, being under the influence of alcohol, being picked up, etc.). A 4-point scale ranging from never to frequent was employed to capture the frequency with which participants expected to be involved in each of the experiences (Maticka-Tyndale, Herold, and Mewhinney 1998). The Cronbach’s alpha coefficient for this scale was .96. The respondents’ opinions regarding negative health consequences of getting drunk, using drugs, and fooling around/having sex were separately examined using multiple-item (3- to 4-item) constructs that were measured via a 7-point scale. The Cronbach’s internal consistency coefficients were .78 for drinking, .89 for drugs, and .96 for sexual activities.

Finally, the students’ expectations for their upcoming spring break destination were measured with a nine-item scale. The factor analysis revealed a two-dimensional structure of marketing-related variables (price, service quality of the hotel, hotel facilities) and sex/drugs/drinking. The Cronbach’s internal consistency coefficients were .72 and .69, respectively. Students were also asked to rate the importance of various items in choosing a spring break location. This scale was composed of three dimensions: destination image (Cronbach’s alpha of .74), opportunities for sex/drugs/alcohol (reliability coefficient of .73), and opportunities for relaxation and non-sex adventure (Cronbach’s alpha of .63).

Sample Characteristics

Slightly more than 60% of the 534 respondents in this study were female. Ages ranged from 18 to 46 with an average of 21. Whites (84.3%) dominated the sample, with only 4.5% Hispanics, 3% African Americans, and 3.6% Asians. Furthermore, 3.4% of the respondents rated themselves to be multiethnic or multiracial. In terms of religious beliefs, 37.1% of the students were Catholic, 13.1% were Protestant, and 20.5% fell in the “other Christian” category. More than 17% of the respondents in the sample had no religious affiliation, 4.9% were Jews, and 6.2% indicated they had other religious affiliations.

Ninety-seven percent of the students identified themselves as heterosexual and 1.9% as bisexual. Only one student self-identified as homosexual. In terms of the students’ dating status, 38% rated themselves as not dating anyone, 32% said they were in a steady relationship with one person, 21% were casually dating, and 8% were engaged/married or living with partner.

RESULTS

The results of an ANOVA showed that none of the interaction effects between gender and religion were significant, thus enabling us to focus on the main effects. The most important scale means and $F$ values are summarized in Table 1. Please refer to scale anchors noted in Table 1 when interpreting the cell means.

Reasons for Taking Vacation during Spring Break

To gain insight into college students’ reasons for taking vacations during spring break, the respondents were asked to rate items in terms of their importance in destination choice. Gender and religion main effects were present for the sex/drink/drug factor, $F(1, 449) = 31.66, p < .001$ for gender
and $F(2, 449) = 3.97, p < .05$ for religion. Male students in this sample gave higher importance ratings for party-related factors ($M = 4.09$) than female students ($M = 5.26$). Non-Catholic Christians had the lowest ratings for the sex/drink/drug factor ($Ms = 5.06$ for this group, $4.56$ for Catholics, and $4.41$ for the no religious affiliation group). Only the gender main effect was also significant for the marketing factor, $F(1, 449) = 9.91, p < .01$. Female students gave higher importance ratings for the scale reflecting attractive prices and destination image than their male counterparts ($Ms = 3.1$ for women and $3.68$ for men). Students seemed to want to have relaxation, adventure, and excitement during spring break regardless of their gender or religion.

**Attitudes and Intentions**

The semantic differential scales used to capture the respondents’ attitudes toward various behaviors during the spring break indicated the following. Gender main effect was significant for the students’ attitudes toward getting drunk, experimenting with drugs, and having sex with someone they just met over the spring break: $F(1, 449) = 18.02, p < .001$; $F(1, 449) = 12.33, p < .001$; and $F(1, 449) = 101.60, p < .001$, respectively. As expected, female students rated all of these behaviors in a more negative light. Religion seemed to influence the students’ attitudes toward experimenting with drugs, $F(2, 449) = 4.72, p < .05$. Students with no religious affiliation gave more positive ratings toward drug use over the spring break than the other two groups ($Ms = 42.31$ for the no affiliation group, $46.11$ for Catholics, and $46.19$ for non-Catholic Christians). Only the gender main effect was significant for the students’ attitudes toward using condoms, $F(2, 449) = 4.72, p < .05$. Females showed a more positive attitude toward condom use when having sex with someone you just met ($M = 24.53$) than males ($M = 20.16$).
Significant gender differences were found for the social norm scale, $F(1, 449) = 15.26, p < .05$. Male students agreed to the influence of friends on their spring break behavior to a greater extent than female students ($M_s = 5.42$ for men and 5.97 for women). Interestingly, women in this sample reported a higher likelihood of impulse behavior related to alcohol, sex, and drugs during the break, $F(1, 449) = 36.16, p < .01$. Regarding negative health consequences of certain activities, the gender difference was present for having sex with someone the student just met and for experimenting with drugs during the spring break, $F(1, 449) = 19.95, p < .01$ and $F(1, 449) = 4.34, p < .05$, respectively. Female students were more likely to indicate negative consequences ($M_s = 2.8$ for sex and $3.07$ for drugs) than males ($M_s = 3.64$ for sex and $3.48$ for drugs). The students’ ratings reflecting negative consequences of drinking too much did not differ significantly among the two sexes or among the three religious groups.

The gender differences persisted when the respondents were asked to indicate the influence of certain conditions on their likely sexual behavior over the break. Being in a break-loose mood, wet T-shirt contests, dirty dancing, drinking, or having an impression that others were having sex had a higher impact on the male students’ likelihood of fooling around ($M = 3.74$) than on females ($M = 5.31$), $F(1, 449) = 86.65, p < .001$. The main effect for religion was not significant (i.e., religion did not have a significant effect on fooling around). The same pattern of results was obtained when the conditions were related to the students’ likelihood of drinking or using drugs, $F(1, 449) = 32.27, p < .001$ for the gender main effect.

Expectations

Gender had a significant effect on the students’ expectations for their upcoming spring break destination, $F(1, 449) = 4.08, p < .05$. Female respondents had higher expectations for the scale composed of destination-related variables such as weather, hotel pricing, availability of nice restaurants, service quality offered by the hotel/motel, and exciting image ($M = 2.1$) than their male counterparts ($M = 1.94$). Similarly, the gender main effect was significant for the destination’s reputation for sexual activity, drinking opportunities, and opportunities to experiment with drugs, $F(1, 449) = 38.22, p < .001$. As expected, male respondents’ expectations for these party-reputation variables were significantly higher than their female counterparts ($M_s = 3.35$ for males and 4.19 for females).

Behavior during Latest Spring Break

To get a better idea of the actual behavior among college students, the respondents were asked about their experiences during the latest spring break. More than half of the respondents reported that they got drunk during the vacation, 51.2% and 64.2% for females and males, respectively. Fooling around was also common among the male respondents (42.2%), whereas this figure was significantly lower for the female students (21.5%). Nearly 30% of the male respondents indicated that they used drugs during their latest spring break; this statistic was lower among the females (18.6%). Finally, more than 20% of the male students reported having had sex with someone they met during the spring break. Again, the corresponding number was lower for females (4.9%). Twenty-three percent (both female and male) of the respondents reported having taken along condoms during their past spring break vacation.

General Behavior

Eighteen percent of the respondents indicated that they did not drink alcohol, but of those who did drink, 42% indicated that when they went out they typically consumed five or more drinks. When asked how often they got drunk, 44% of those who consume alcohol stated they got drunk half the time or more. Male students reported having suffered from the negative consequences of drinking (passing out, throwing up, hangovers) more often than female students ($M_s = 4.28$ for males and 5.23 for females). Of the respondents, 19.7% had been warned or arrested for alcohol use. Sixty percent of the students indicated that they had driven a motor vehicle within 2 hours of consuming alcoholic beverages. Slightly more than 2% of the sample population had been in medical counseling for drugs, and 5.2% had been warned or arrested for drugs. Of those who had had sex with someone they just met, nearly 70% said that they had used a condom.

DISCUSSION

During the past 40 years, spring break has turned into an American college ritual known for extreme behavior—casual sex, excessive drinking, and drug taking (Smeaton, Josiam, and Dietrich 1998). Popular spring break destinations are known for their perpetual party atmosphere, high alcohol consumption, and sexually suggestive contests or displays (Mewhinney and Maticka-Tyndale 1995). Activities on spring break are typically considered as exceptions to the everyday experience and hence personal norms can be temporarily suspended in that environment (Maticka-Tyndale, Herold, and Mewhinney 1998). An understanding of determinants of college students’ spring break behavior can be beneficial in improving current tourism and hospitality marketing efforts toward college students. Essentially, strategies for attracting college students through innovative, targeted advertising and marketing strategies should be adopted by spring break marketers, in conjunction with health education and social marketing skills and techniques, to provide college students with the knowledge to make informed and healthy decisions during the spring break.

Marketing Implications

Recent research suggests that hospitality marketers must take into consideration gender differences when constructing their marketing strategies (Iverson 1997; Sussman and Rashovsky 1997; Oppermann 1993). Many beachfront properties are currently being advertised as “sun, surf, and fun” destinations, yet our findings suggest that developing gender-specific positioning and promotional strategies might produce additional benefits to hospitality service providers aiming at college students. Men in this study reported significantly more favorable attitudes toward party-related behaviors such as drinking, drugs, and casual sex than women did. Furthermore, consistent with past research (e.g. Smeaton, Josiam, and Dietrich 1998), students’ actual behavior during the latest spring break indicated similar gender differences in
an individual’s propensity to engage in risky behavior. Maticka-Tyndale, Herold, and Mewhinney (1998) have previously reported this clustering effect for casual sex among college students during spring break. In consequence, promoting the reputation of party image of a spring break location might be an effective way to attract male college students. For instance, an advertising campaign that emphasizes partying in a nonroutine environment associated with a destination could be developed to appeal to the male student segment.

Conversely, female students’ attitudes, intentions, and expectations tend to be less supportive of drinking, drug taking, and casual sex. This target segment might be more effectively reached by appealing to the destination’s fun but nonsex image. Moreover, female students in this study had higher expectations for lodging facilities, including the level of service provided by the hotel/motel. Advertising attractive prices for good quality services might thus be an efficient way to communicate with female students looking for spring break destinations. Since today’s college students tend to be heavy “Web surfers,” using the Internet as a promotional vehicle might truly improve the efficiency and profitability of marketing activities aimed at spring break travelers.

As an additional segmentation variable, hospitality marketers might want to consider college students’ religious beliefs. The findings of this investigation as well as past research (Engs, Diebold, and Hanson 1996; Carlucci et al. 1993) suggest that college students’ attitudes toward drinking, drugs, and casual sex vary significantly depending on their religion and religious beliefs; students identifying themselves with certain religions exhibit widely liberal (or conservative) attitudes compared to others. Hence, their destination choices might be influenced accordingly.

Social Marketing Implications

Advocates of social marketing suggest that marketing theories and methods should be applied to improve the health of individuals (Andreason 1995; Manoff 1985). The implications of the present study are limited to substance abuse and risky sexual behavior among college students during spring break. Unfortunately, knowledge of risk factors such as casual sex does not necessarily change people’s behavior (Baldwin, Whitley, and Baldwin 1990; Francis and Chin 1987). The population of college students continues to be at risk (Bush, Ortinau, and Bush 1994).

According to the Health Belief Model (Kirsch and Joseph 1989), healthy behavior is determined by perceived susceptibility, perceived severity, perceived benefits, and perceived barriers. Most college students have an unrealistic, self-serving bias that minimizes their perceptions of STDs as a personal threat (Hansen, Hahn, and Wolkenstein 1990). Personal-level risk refers to the individual’s vulnerability (i.e., How likely am I to suffer from the negative consequences of risky behavior?) (Basil and Brown 1994), whereas societal risk examines the individual’s estimate of the generalized risk to the rest of the population (i.e., How likely are others to suffer . . . ?). Since an individual’s own risk perceptions seem to be most influential in changing behavior (Yep 1993), the question, How can students’ risk perceptions be effectively changed? is a crucial one. The results obtained in this study suggest that female students might be more aware of the negative consequences of casual sex and drug use than male college students.

From a public policy intervention standpoint, using the “one size fits all” approach might not be effective, since behavioral norms for alcohol consumption, for example, vary widely among students (Wechsler et al. 1999). The results of this study suggest that college students exhibit varying levels of risky behavior depending on their gender. In consequence, segmenting the audience based on sex might result in a more focused and hence more effective intervention strategy. Targeting of materials should increase the effectiveness of intervention efforts by directing the appropriate intervention to the most receptive audience (Rose, Bearden, and Manning 1996). The findings of this study indicate that male students might be more heavily influenced by peer pressure during vacations than female students. This finding is congruent with past research suggesting that men’s intentions toward casual sex might be more heavily influenced by peer pressure than women’s (Maticka-Tyndale, Herold, and Mewhinney 1998). Hence, intervention programs that are intended to reduce conformity might be effective in changing male students’ drinking and casual sex behaviors. Since students easily overestimate the acceptability and the actual drinking behavior of their peers (e.g., Wechsler et al. 1999), norm correction strategies might be effective in reducing risky behaviors among college students during spring break. Maybe the stakeholders in the travel and tourism industry could act in a socially responsible manner by developing campaigns that create contrasts with expectations regarding sexual behavior and alcohol and drug use at popular spring break destinations. Presenting actual norms for risky behavior can send a message that, contrary to common beliefs, most students are not fooling around, getting drunk, or experimenting with drugs during the vacation. Manipulating the actual environment might be another way to change college students’ behaviors. For example, campaigns against public drinking at popular destinations might deter excessive alcohol consumption among college students. Or maybe hotels and motels, in conjunction with local communities, could develop attractive and affordable activity programs with a nonalcohol, nondrug focus.

Most important, all sectors of the travel and tourism industry have to exercise a high degree of self-regulation and social responsibility by discouraging risky behavior among the college student travel segment. For example, regulations that limit or control situational variables such as wet T-shirt contests, dirty dancing, and so on at tourist destinations are likely to reduce the potential of risky behavior among college students during spring break.

CONCLUSIONS

A close look at the findings of this study reveals an alarming propensity of college students to engage in health-risk behaviors during spring break. Results indicate obvious gender and religiosity differences in college students’ potential for alcohol consumption, drug use, and unsafe sex during spring break. Gender differences were found to have a significant impact on students’ expectations for hospitality service quality and tourism destination (e.g., party image). Differences in gender and religiosity were also apparent on examination of the students’ attitudes toward alcohol consumption,
drug use, and casual sex during spring break as well as their intentions to engage in health-risk behaviors while at the spring break destination. Differences in general behavior and health-risk behavior among college students on spring break need to be carefully addressed by tourism and hospitality service providers and marketers. Understanding these differences would assist the tourism and hospitality industry in minimizing the unfavorable consequences arising from college students’ spring break behaviors by increasing college students’ awareness of these consequences. This would facilitate the provision of a safe, risk-free, high-quality spring break vacation environment that would potentially enhance college students’ spring break experience while allowing tourism and hospitality service providers to gain a marketing edge over competitors targeting the spring break market segment.

Limitations

The student population surveyed in this study does not necessarily represent the general college student population. Hence, the generalizability of the findings of this study pertaining to college students’ health-risk behaviors during spring break needs to be treated with due consideration, caution, and thought until further investigation has been conducted. Also, our data were based on self-reports; hence, the potential for social desirability bias exists. Prior research suggests that if report bias does occur, it is more likely to result from underreporting rather than overreporting the frequency of problematic behavior (Midanik 1988). Furthermore, owing to the exploratory nature of this study, the survey instrument used in this study was lengthy and would have taken the respondent approximately 25 to 30 minutes to complete. Study participants could have been prone to responding to some of the questionnaire items in haste due to stress and lack of time associated with the intense schedule of midterm exams just before the spring break vacation. Finally, the survey instruments were administered to students enrolled in general education classes. The student composition of these classes tends to lean heavily toward the freshmen population. Such students may be more inclined to engage in health-risk behaviors compared to sophomores, juniors, and seniors owing to the “first time away from home” mindset, which may be highly prevalent among the freshmen student population. This necessitates the need for future inquiry to understand the influence of academic standing on the potential for health-risk behaviors among college students on spring break.

NOTE

1. One decision rule for using measurement scales is that the Cronbach’s alpha coefficients must exceed .60 to be considered a reasonable construct for research purposes (Cohen and Cohen 1983, p. 412). Given the large sample sizes here, the .60 level seemed unlikely to result in a Type 1 error.

REFERENCES


Does the Visiting Friends and Relatives’ Typology Make a Difference? A Study of the International VFR Market to the United States

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Using data from the In-Flight Survey of International Travelers for 1997, this study analyzed international visiting friends and relatives’ travelers (VFRs) to the United States. Three of the factors in an initial typology of VFRs were tested for their effects on travel expenditures. These typology factors (sector, scope, accommodation used) were found to have a significant influence on the expenditures of international VFRs to the United States. VFRs for whom VFR was the main travel purpose differed in their spending patterns from those for whom it was a secondary purpose. VFRs who used commercial accommodation had different expenditures from those who exclusively stayed in private homes. VFRs from individual countries differed in travel expenditures. Besides partially validating the typology, this study determined that international VFRs made substantial use of commercial accommodation and had significant expenditures on food and beverages, transportation, gifts and souvenirs, and entertainment.

The traditionally marginal interest in the visiting friends and relatives (VFR) market has been replaced by a recent upsurge of research about these travelers. Researchers and destination marketers have now realized that the VFR market is not only substantial but also exerts more of an economic influence on receiving communities than it was previously assumed. Moreover, it has been found that visiting friends and relatives’ travelers (VFRs) have unique characteristics in terms of their information search behaviors, trip planning, trip types, vacation activities, and spending patterns. As a result, it has been suggested that the VFR market requires tailored marketing efforts (Morrison and O’Leary 1995).

However, recent research studies have proceeded beyond recognizing VFRs as a unique market. They have started to identify variations within the VFR market and suggest typologies, differences in travel behaviors, and distinct VFR market niches (Chen and O’Leary 1998; Morrison, Hsieh, and O’Leary 1995; Moscardo et al. 2000; Seaton 1996; Seaton and Palmer 1997; Seaton and Tagg 1995). Seaton and Tagg (1995) empirically tested the hypothesis that visiting friends (VFs) were significantly different from visited relatives (VRs). Seaton and Palmer (1997) and Moscardo et al. (2000) raised the issue of possible distinctions between domestic and international VFRs and short-haul VFRs and long-haul VFRs. The same authors suggested there were variations in this market resulting from differences in accommodation use and travel purposes, such as VFR as a primary travel purpose versus VFR as an activity. These current research efforts are still at a preliminary stage. The typologies proposed and VFR niche markets identified have been based on the analysis of individual empirical data sets, all of which were for domestic travel markets in the United Kingdom and Australia. More replication, expansion, and refinement of these studies are needed for further conceptualization and generalization (Seaton and Palmer 1997; Moscardo et al. 2000).

PAST RESEARCH ON THE VFR MARKET

Past research on the VFR market can be categorized into three distinct groups of studies: (1) relative magnitude of the VFR market, (2) marketing and economic contributions of VFRs, and (3) heterogeneity of the VFR market. The following materials provide an overview of these past research studies and their major findings.

Relative Magnitude of the VFR Market in Domestic and International Travel

The importance of the VFR market has been emphasized from a few different perspectives. First, the sheer volume of VFR traffic has been a convincing indicator with VFR consistently being reported as one of the major motivations for domestic pleasure travel. This has been the case with countries across various continents. For example, a survey of domestic travel within Victoria, Australia, found that 28% of travelers were VFRs (Tourism Victoria 1986). While studying family travel in the United States, Hawkins (1986) found that 44% of U.S. domestic tourists were VFRs. Mason (1987) determined the main reason for family travel trips was VFR.

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In 1988, Denman reported that the VFR market represented a major portion of British tourism, accounting for 42% of all domestic trips. When examining the tourism clientele of the Estrie region of Quebec, Cluzeau and Nadeau (1997) observed that some 39.8% came to visit friends and relatives. It has also been suggested that VFR is the main motivation for leisure travel in some developing countries, possibly because local residents cannot afford other forms of leisure travel. Gunawan (1996) studied domestic tourism in Indonesia and noted that for Indonesian residents, VFR was the primary purpose of domestic travel, followed by holidays or recreation.

VFRs also constitute a significant segment of the international travel market, particularly for countries with a strong immigration tradition (Paci 1994; Seaton and Palmer 1997). Chadwick (1984) reported that VFR continued to be the main reason for more than half the visits of U.K. residents to Canada. In an initial study on Australian VFRs and repeat visitors to New Zealand, a steady growth in VFR visitors was found, and it was determined that 80% of the VFRs were repeat visitors (New Zealand Tourism Board 1986). Devas (1986) noted that foreign visits to South America were dominated by business travelers and VFR traffic. Hunt (1992) reported that VFRs represented a very strong segment of Poland’s international travel market. Gillmor and Kockel (1994) noted that foreign visits to China were dominated by business travelers and VFRs, citing again the country’s recent immigration. The research literature clearly confirms that both the domestic and international VFR markets are sizable.

Marketing and Economic Contributions of VFR Travel

The traditional assumption that VFRs are not noticeably different from other leisure/vacation travelers does not seem to be accurate. VFRs have been found to have distinct behavior patterns that call for tailor-made marketing attention (Chen and O’Leary 1998; Morrison, Hsieh, and O’Leary 1995; Seaton and Tagg 1995). In fact, the VFR market has characteristics that may be of unique value for tourism marketing organizations. For example, the VFR market can function as a moderator to compensate for seasonal variations typically found in tourism destinations and businesses. Seaton and Palmer (1997) determined that VFR travel was more equally distributed throughout the year and actually peaked in months of traditionally low general tourism volumes. There have been inconsistent findings on VFRs’ lengths of stay. In studies of domestic VFRs, Seaton and Palmer (1997) and Fache (1994) found that VFR trips tended to be shorter than all others. In contrast, other studies have determined that international VFRs have longer-than-average lengths of stay. Seaton and Palmer (1997) hypothesized that the duration of domestic VFR trips is shorter than the duration of international VFR trips. In addition, the role of VFRs as an effective word-of-mouth communication channel has also been recognized (Seaton and Palmer 1997; Morrison, Hsieh, and O’Leary 1995).

Travel spending patterns have always been a focus of great research interest in tourism. However, the VFR market has traditionally been assumed to have secondary status when measured in economic terms. Because of VFRs’ limited use of commercial accommodation, they have been regarded by many tourism destinations as not economically viable enough to warrant marketing emphasis. However, recent research shows that the economic value of the VFR market has been underestimated (Jackson 1990). Paci (1994) noted that VFRs made substantial contributions to local economies and made significant use of restaurants, tourism attractions, commercial recreation organizations, and national airlines. Navarro and Turco (1994) found that VFRs used accommodation and restaurants and attended spectator and cultural events, contributing positively to the local economy. Using data collected for Tourism Canada on long-haul travelers from the Netherlands, Yuan et al. (1995) explored the role of VFRs in the international travel market. They discovered that Dutch VFRs represented a sizable segment of the market traveling to the United States and Canada and made an important economic contribution. Meis, Joyal, and Trites (1995) observed in their study of the U.S. VFRs to Canada that VFRs tended to spend more during their travel life cycles since they repeatedly visited Canada. In contrast, Seaton and Palmer (1997) found support for the common assumption that the VFR market is of lesser value in economic terms, with VFRs spending less than all other types of visitors. VFRs spent significantly less on commercial accommodation and packages. However, the differences in expenditures on food, shopping, and travel were less, and in some cases VFRs spent more than other traveler groups. Beley (1997) found that VFRs accounted for 13% of total tourism spending in the United Kingdom in 1995 and that besides spending considerable amounts of money on entertainment and travel, they stimulated additional spending on
the part of their local hosts. Mules (1998) found that VFRs accounted for about 16% of the total expenditures by travelers in Australia between 1985 and 1995.

Heterogeneity of the VFR Market

While acknowledging the differences between VFRs and other travel markets, researchers have started to look within the VFR market, raising questions such as “Is the VFR market a homogeneous market?” and “Are there distinct subsegments within the VFR market?” Initially, Seaton and Tagg (1995) suggested a disaggregation hypothesis by breaking down VFRs into VFs, VRs, and visiting both friends and relatives (VFVRs). Using 3 years of data (1991-1993) collected by the Northern Ireland Tourist Board, this research demonstrated support for a number of hypotheses about the differences in behavior among subcategories of VFRs. Segmenting VFRs by destination activity participation patterns is another approach that has been used (Chen and O’Leary 1998; Morrison, Hsieh, and O’Leary 1995; Moscardo et al. 2000). These empirical studies supported the hypothesis that VFRs can be segmented into distinct subgroups by the activities that they engage in while on vacation.

It has also been proposed that the assumption that all VFRs do not use commercial accommodation is inaccurate. Fisher’s (1997) findings indicated that about 4% of U.K. domestic VFRs used commercial accommodation. Other researchers have found that the proportion of VFRs using commercial accommodation is higher. Braunlich and Nadkarni (1995) investigated the importance of the VFR market to the U.S. hotel industry. Their study showed that more than one-fifth of U.S. domestic VFRs were hotel users and that VFR constituted 8.7% of all trips in which a hotel room was used. In addition, VFR hotel users tended to stay longer but had lower per night expenditures than other pleasure travelers. Furthermore, the literature shows that a significant portion of international VFRs stay at hotels or motels during their entire trip to the destination (Yuan et al. 1995).

Another hypothesis that has attracted the attention of researchers is that international VFRs differ significantly from domestic VFRs in travel behavior patterns. Specifically, it has been suggested that domestic and international VFRs are different from each other in sociodemographic composition, tendency to use commercial accommodation, duration of stay, and other trip characteristics (Moscardo et al. 2000; Seaton and Palmer 1997). However, no empirical research has been conducted in which the two segments are compared for the same destination.

Seaton and Palmer (1997) speculated that whether VFR was a primary or secondary travel motivation might result in commercial-accommodation stay differences among VFRs. Other researchers have suggested that VFR is often just one of multiple activities of VFRs at a destination. Morrison, Hsieh, and O’Leary (1995) argued that it was not accurate to assume that VFRs are interested only in visiting family and friends; they found that, while traveling within Queensland, Australia, VFRs did indeed engage in many other activities. King (1994) and King and Gamage (1994) proposed that VFR is just one component of hybrid travel or different combinations of travel purposes ranging from pleasure, business, VFR, or educational experiences in the same trip. In an attempt to synthesize past research on the VFR market, using the Queensland Visitor Survey, Moscardo et al. (2000) proposed an initial typology of VFR travel and studied the relationship between the differentiating factors and VFR travel behavior patterns. They identified five factors for differentiating the VFR market: (1) sector (the distinction between VFR as a travel activity and as a trip type or motive), (2) scope (the distinction between domestic and international VFR travel), (3) effort (short-haul versus long-haul VFR trips), (4) accommodation used (staying with friends and relatives versus staying in commercial accommodation), and (5) focus of visit (VFs, VRs, or VFVRs).

The use of commercial accommodation significantly affects travelers’ overall expenditure levels (Seaton and Palmer 1997; Braunlich and Nadkarni 1995). However, little is known about international VFRs, especially with regard to their expenditures in relation to the VFR typology factors outlined by Moscardo et al. (2000). The yield or economic value of different travel market segments is a key factor for relative emphasis in a destination’s marketing and promotional programs. Expenditure models have been used extensively in the tourism literature to explore factors that influence visitor expenditures at both the macro and micro levels (Archer 1996; Crouch 1995; Davies and Mangan 1992; Fish and Waggle 1996; Taylor, Fletcher, and Clabaugh 1993). However, only a few studies have examined the expenditure patterns of VFRs. These studies have tended to compare VFRs and non-VFRs in an attempt to draw greater attention to the market’s importance in terms of its relative size and economic impact. On this basis, there is a need for studies with a focus on the expenditure patterns of international VFRs to the same or different destinations. This analysis should provide valuable information for several sectors of tourism including retailing, restaurants, airlines, car rental companies, and commercial accommodation.

OBJECTIVE AND HYPOTHESES OF STUDY

The principal objective of this study was to analyze the within-market variation of international VFRs using the typology factors proposed by various researchers (Chen and O’Leary 1998; Morrison, Hsieh, and O’Leary 1995; Moscardo et al. 2000; Seaton 1996; Seaton and Palmer 1997; Seaton and Tagg 1995) and their impacts of travel behavior. Specifically, the initial typology of VFR travel (Figure 1) suggested by Moscardo et al. (2000) was tested, because this typology reflected most of the previous research on VFR travel. This study empirically tested the effect of Moscardo et al.’s (2000) typology factors on expenditure patterns of international VFRs.

Four distinct hypotheses were developed based on the literature review. These reflected the expected effects of differences between VFRs on one aspect of travel behaviors (expenditures):

1. There are differences in expenditures when VFR is a primary or a secondary trip purpose (sector).
2. There are differences between VFRs who stay at commercial accommodation and those who exclusively use private homes.
### Figure 1
**AN INITIAL TYPOLOGY OF VFR TRAVEL**

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>SCOPE</th>
<th>EFFORT</th>
<th>ACCOMMODATION USED</th>
<th>FOCUS OF VISIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visiting Friends</td>
<td>Domestic</td>
<td>Short</td>
<td>AFR</td>
<td>VF, VR, VFVR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mid</td>
<td>AFR</td>
<td>VF, VR, VFMR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long</td>
<td>NAFR</td>
<td>VF, VR, VFVR</td>
</tr>
<tr>
<td>&amp; Relatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Major Motive or</td>
<td>International</td>
<td>Short</td>
<td>AFR</td>
<td>VF, VR, VFVR</td>
</tr>
<tr>
<td>Trip type, or</td>
<td></td>
<td>Mid</td>
<td>NAFR</td>
<td>VF, VR, VFVR</td>
</tr>
<tr>
<td>2. As one activity</td>
<td></td>
<td>Long</td>
<td>AFR</td>
<td>VF, VR, VFVR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Moscardo et al. (2000, p. 252).

Note: VFR = visiting friends and relatives; VF = visiting friends; VR = visiting relatives; VFVR = visiting friends *and* relatives.

3. There are differences between the VFRs from individual countries in total expenditures and spending on the individual categories of lodging, food, transportation, gifts/souvenirs, and entertainment (scope).

4. There is a relationship between total expenditures and each individual spending category (lodging, food, transportation, gifts/souvenirs, and entertainment).

Expenditure variation was selected to be the primary behavioral factor to be analyzed for two reasons. Although VFR expenditures are a key concern of destination marketers and how VFRs spend their money is of great interest to tourism operators, there are limited related research data, especially for international VFRs (White 1996). Second, previous studies on differences in VFR behavior have been limited to using vacation activities and focus of visit as the basis for segmentation. Other potential VFR typology factors affecting travel destination behaviors have not been studied.

The tourism research literature suggests that visitors’ nationalities affect their behavior patterns at destinations (Chiang et al. 1997; Dimanche 1994). Therefore, country of origin was introduced in this study as a modification of the scope factor, since it was predicted to influence the behavior of international VFRs.

### METHOD

**Data Source**

The United States was chosen as the subject country since it is and has been the largest immigration country in the world. Because tracing cultural and heritage roots and strengthening kinship ties are strong driving forces for VFR travel, it was expected that VFRs would constitute a significant element of the overall U.S. inbound travel market. In addition, very little is known about the inbound VFR market to the United States, and there is a definite need for related empirical research.

The data used were from the U.S. In-Flight Survey of International Travelers for 1997 conducted by the U.S. Tourism Industries, Department of Commerce. As a national survey on international inbound travelers to the United States, this data set provided a very appropriate platform for a VFR typology comparative analysis. The survey was designed to assist various components of the government, participating airlines, and the travel industry in the collection, analysis, and dissemination of data that accurately measure the economic and social impacts of tourism to and within the United States. These data are used to facilitate and guide planning in the public and private tourism sectors so as to increase the U.S. share of the international travel market. The data are gathered on the flights of more than 55 U.S. and foreign airline carriers.

The In-Flight Survey collects trip and demographic information from nonresidents as they leave the United States. A stratified, two-stage cluster sampling method is used. The first stage consists of the flights of participating airlines, and the second stage involves cluster sampling the individual passengers on the sampled flights. The questions in the survey cover trip planning information, port of entry and debar- kation, destinations visited, purpose of trip, length of stay, trip expenditures, transportation use, leisure and recreational activities, demographic information (citizenship, gender, age, income), type and size of travel party, and airline-specific information such as criteria used in choosing an airline and ratings of service.

**Sample Selection and Research Design**

The total sample size for the In-Flight Survey in 1997 was 49,837. For this study, further selection was made through the following stages:

**VFR Selection**

To provide a general VFR market profile, VFRs were segmented out from the total inbound travel market. The definition of VFRs was implicitly a motivational one determined by the responses to two questions: “What is/was the main purpose of your trip?” and “Does this trip have any other purposes?” Respondents were classified as VFRs if (1) they reported VFR as a main trip purpose or (2) they indicated a main trip purpose other than VFR but reported VFR as a secondary purpose. By applying these two filters, the sample size of the overall inbound international VFR travel market was 14,637. The general profile of the VFR market was based on this group of respondents.

**Country Selection**

The survey respondents represented a large number of countries. The research team decided to focus attention on comparing VFRs from the top 10 tourism-generating countries for the United States excluding Canada. The countries were selected on the basis of tourist arrivals and were Japan, the United Kingdom, France, Italy, Germany, Mexico, Brazil, Argentina, South Korea, and Australia. A weighting variable, which was created using U.S. I-94 data from the U.S. Immigration office, was used in the selection process to reduce the possible bias in the In-Flight Survey. This step drove the sample size down to 7,314. These respondents were used for the analysis of within-market variation.
Argentina was dropped from the multivariate analysis because of an insufficient VFR sample size.

**Variable Selection**

Three typology factors served as the independent variables: (1) main purpose of trip or VFR as main trip purpose versus VFR as secondary trip purpose (i.e., sector as defined by Moscardo et al. 2000), (2) accommodation used, and (3) country of origin (i.e., scope). Given the nature of the data set, it was not possible to divide respondents by focus of visit (VF, VR, VFVR) as recommended by Moscardo et al. (2000). In addition, the respondents could not be divided into short- and long-haul travelers, but it was assumed that they were primarily on long-haul trips since travel was by air.

The dependent variables were visitor expenditures in a range of breakdowns: total, lodging, transportation, food and beverages, gifts/souvenirs, and entertainment. To account for the effect of different lengths of stay and travel party sizes, the average per person per day expenditures were calculated rather than using the original lump sum value reported for all expenditures except souvenirs and gifts. The assumption was made that the amount spent on shopping for gifts and souvenirs was not directly related to the length of stay.

**Statistical Model**

To reveal the relationship between the expenditure patterns of VFRs and the VFR typology factors, a general linear model (GLM) multivariate analysis of variance (ANOVA) was used. The GLM multivariate procedure provides an analysis of variance for multiple dependent variables (SPSS 1996; Johnson and Wichern 1998). Multivariate ANOVA was employed instead of univariate ANOVA to account for possible interrelationships between total expenditure and each individual spending category. This procedure tested the effects of variables including travel purpose, use of commercial accommodation, and country of origin on the means of various groupings of a joint distribution of dependent variables. GLM is a flexible statistical model into which the researcher can incorporate multiple categorical variables and several dependent variables. In this study, the multivariate ANOVA procedure was used to identify whether significant differences existed between the different types of destination expenditures. The interactions between factors as well as the effects of individual variables were investigated. The statistical model was as follows:

$$X_i = \mu + T_i + e_i,$$

where $X_i$ was the observation matrix for all the expenditure variables, $\mu$ represented the overall mean vector, $T_i$ represented the treatment effects from the VFR typology factors, and $e_i$ was the error term.

Multivariate ANOVA considers the effects of the factors on several dependent variables at once using a GLM. The factors divide the respondents into groups. Three factors, namely, travel purpose, use of commercial accommodation, and country of origin, were included in this multivariate ANOVA design (Table 1). All three factors had fixed levels. The travel-purpose factor (P) had two levels: VFR as a main purpose for the trip and VFR as a secondary purpose. The use-of-commercial-accommodation factor (H) had two levels: use of commercial lodging and use of private home only. The country variable (C) had nine levels or groupings, namely, Mexico, Brazil, France, United Kingdom, Germany, Italy, Japan, South Korea, and Australia. The dependent variables were overall expenditure per person per day (TOEXP), expenditure on lodging per person per day (LEXP), expenditure on transportation per person per day (TREXP), expenditure on food and beverages per person per day (FEXP), expenditure on gifts and souvenirs (GFEXP), and expenditure on entertainment per person per day (ENEXP).

A full model approach was employed, which included the main effects, all two-way interactions, and all three-way interactions, since there was a lack of prior knowledge about whether high levels of interaction existed. The models tested using GLM multivariate ANOVA were as follows:

**TABLE 1  VARIABLE SPECIFICATIONS FOR GLM**

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Cases</th>
<th>Means ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average expenditure per person per day</td>
<td>6,475</td>
<td>91.35</td>
</tr>
<tr>
<td>Transportation expenditure per person per day</td>
<td>6,479</td>
<td>31.42</td>
</tr>
<tr>
<td>Lodging expenditure per person per day</td>
<td>6,483</td>
<td>50.93</td>
</tr>
<tr>
<td>Food expenditure per person per day</td>
<td>6,475</td>
<td>35.60</td>
</tr>
<tr>
<td>Gift expenditure per person</td>
<td>6,611</td>
<td>452.6</td>
</tr>
<tr>
<td>Entertainment expenditure per person per day</td>
<td>6,477</td>
<td>24.94</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Factor</th>
<th>Levels</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is “visiting friends and relatives” the primary purpose or secondary purpose of the trip to the United States?</td>
<td>Primary purpose</td>
<td>3,803</td>
<td>52.0</td>
</tr>
<tr>
<td>Hotel or a private home?</td>
<td>Hotel</td>
<td>3,488</td>
<td>47.7</td>
</tr>
<tr>
<td>Private home</td>
<td>3,826</td>
<td>52.3</td>
<td></td>
</tr>
</tbody>
</table>

a. GLM = general linear model.
Some 55% of the VFRs were women, and the typical income from Japan. Both Japan and Brazil had relatively high per-
VFRs were only 5.2% of all travelers from Brazil and 6.8% from Mexico, 18.5% from the United Kingdom, 16.4% from
South Korea, and 16.2% from France. At the lower end, VFRs represented 19.1% of all travelers from two perspectives: (1) What are the largest VFR-generating countries for the United States? and (2) How large is the VFR segment relative to other trip purpose market segments for each country? The first perspective is focused on the within-market variation, that is, the countries generating the most VFRs to the United States in terms of total arrivals. The second perspective is focused on the between-market variation, that is, the proportion of VFRs relative to other travelers for each VFR-generating country.

In 1997, the top 10 tourist-generating countries for the United States apart from Canada were Japan, the United Kingdom, Germany, Mexico, France, Brazil, South Korea, Italy, Argentina, and Australia (U.S. Tourism Industries 1998). These 10 countries together constituted 65% of the total U.S. inbound market (column 1 in Table 2). Within the international VFR market, the largest numbers of VFRs were generated by Japan, the United Kingdom, Germany, and Mexico (column 2 in Table 2). The VFRs from these four countries represented 40% of the total international VFR market for the United States.

In comparing the proportion of total visitors from each country with the percentages of VFRs from each country, there were only slight differences for most countries. However, the proportion from Japan dropped dramatically from 22.1% to 9.5%, while the VFR proportion from the United Kingdom went up by 2.6% (Table 2). These shifts in percentages may have an important implication. While for most countries the VFR market was an important component of their outbound market to the United States, the relative magnitude of VFR travel volumes varied by country. This pattern is further demonstrated in the between-market analysis presented in Table 3.

International VFRs represent a substantial segment of the U.S. inbound travel market, comprising 12.7% of all travelers to the United States (Table 3). There was a significant difference between the 10 countries in terms of trip purposes. There was also considerable variation in VFR proportions. At the higher end, VFRs represented 19.1% of all travelers from Mexico, 18.5% from the United Kingdom, 16.4% from South Korea, and 16.2% from France. At the lower end, VFRs were only 5.2% of all travelers from Brazil and 6.8% from Japan. Both Japan and Brazil had relatively high percentages of leisure/vacation travelers.

The average age of international VFRs was 41 years. The size of the international VFR market can be judged from two perspectives: (1) What are the largest VFR-generating countries for the United States? and (2) How large is the VFR segment relative to other trip purpose market segments for each country? The first perspective is focused on the within-market variation, that is, the countries generating the most VFRs to the United States in terms of total arrivals. The second perspective is focused on the between-market variation, that is, the proportion of VFRs relative to other travelers for each VFR-generating country.

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The average age of international VFRs was 41 years. Some 55% of the VFRs were women, and the typical income range was from $20,000 to $60,000. The international VFRs did not show a strong seasonal preference. The monthly distribution appeared to be quite even, with January the slowest month at about 5% and May the busiest month at about 11.7%. This seems to coincide with Seaton and Palmer’s (1997) finding that the U.K. domestic VFR traffic tended to show a relatively even monthly distribution. The average trip planning time for the international VFRs was about 70 days, while the average ticket reservation time was a little more than a month. The international VFRs stayed an average of 22 days in the United States and had made five visits to the United States in the past 5 years, an average of one trip a year. This result is similar to Meis, Joyal, and Trites’ (1995) finding that VFRs constituted a large part of U.S. repeat travelers to Canada. Surprisingly, it was noted that 49.3% of international VFRs used at least one hotel during their stay in the United States.

### RESULTS

#### General Market Profile of International VFRs

The size of the international VFR market can be judged from two perspectives: (1) What are the largest VFR-generating countries for the United States? and (2) How large is the VFR segment relative to other trip purpose market segments for each country? The first perspective is focused on the within-market variation, that is, the countries generating the most VFRs to the United States in terms of total arrivals. The second perspective is focused on the between-market variation, that is, the proportion of VFRs relative to other travelers for each VFR-generating country.

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Effects of VFR Typology
Factors on Expenditures

To offset the effect of the relatively large sample size, which tends to increase the power to discern differences, this study adopted a relatively conservative approach by setting the alpha value at .01 instead of the default level of .05.

Multivariate Tests

The multivariate ANOVA test results are presented in Table 4. Wilks’s lambda statistic was used because it is convenient and related to the likelihood ratio criterion (Johnson and Wichern 1998, p. 322). Wilks’s lambda statistic is the ratio between the residual (within) sum of squares and cross products over the total (corrected) sum of squares and cross products ($\Lambda^* = |W|/|W + B|$) (Johnson and Wichern 1998).

All the main effects for the variables (travel purpose, use of commercial accommodation, and country of origin) showed significant differences at the .01 level. The VFRs from individual countries differed in how much they spent in each of the expenditure categories. The VFRs who reported VFR as their main travel purpose and those who reported VFR as a secondary purpose differed in the amount spent in each of the expenditure categories. The use of commercial accommodation during the trip had an effect on how much VFRs spent on other categories. None of the two-way or three-way interactions had a significant effect on how much VFRs spent.

Between-Subjects Effects

When the between-subjects effects were tested, it was found that there were variations in how each independent variable affected each expenditure category (Table 5).

1. Travel-purpose effect (sector). The travel purpose had an effect on the average expenditure per person per day and spending on commercial accommodation (Table 5). VFRs who reported VFR as the main travel purpose spent less on accommodation than those for whom VFR was a secondary purpose. However, no significant differences were noted in spending on food and beverages, transportation, entertainment, and gifts/souvenirs.

2. Use-of-commercial-accommodation effect (accommodation used). VFRs who stayed in private homes differed significantly from VFRs who stayed at commercial-accommodation facilities in overall spending and for each expenditure category except gifts/souvenirs. The use of commercial lodging exerted positive effects on all other expenditure variables. Travelers who stayed in commercial accommodation spent significantly more in total as well as for transportation, food and beverages, lodging, and entertainment.

3. Country-of-origin effect (scope). The means for all categories of expenditure differed significantly between the countries. The SNK multiple-range tests explained where the differences actually occurred. To reduce the effect due to unbalanced group sizes, the harmonic mean of the group sizes was used. VFRs from Germany spent significantly less ($70.7 per day per person) than Australian ($110.8) and Brazilian VFRs. The Brazilian VFRs spent the most, with an average total expenditure per person per day of $188. VFRs from the United Kingdom, Mexico, France, Japan, South Korea, and Australia were not significantly different at the .01 level.

When transportation expenditure was examined, three groups of countries were significantly different. The lowest spending groups were the VFRs from the United Kingdom and Germany at less than $20 per person per day. The middle-level expenditure group was composed of VFRs from Australia, Italy, and France, spending $27 to $29 per person per day. The highest spending group in terms of transportation included the VFRs from South Korea, Japan, Mexico, and Brazil.

The biggest spenders on commercial accommodation were the VFRs from Japan ($78 per person per day) and South Korea ($71.1 per person per day). The next highest group was composed of the VFRs from Australia, Mexico, and South Korea, with expenditures ranging from $46 to $58 per person per day. The lowest spending group included the VFRs from Germany, France, and the United Kingdom, at $28.5 to $32.3 per person per day in accommodation expenditures. For food and beverages, there were two significantly different groups. VFRs from Brazil, Japan, and Mexico spent more money on food and beverages ($42.9 to $51) than those from Germany, the United Kingdom, France, Australia, Italy, and South Korea, with expenditures ranging from $23.5 to 33.6 per person per day during their stay in the United States.

The Brazilians reported $889 per person for gifts and souvenirs, the highest among all countries. The middle-range spenders on gifts and souvenirs included the Japanese and the Australians. Travelers from other countries spent less than these two groups, with travelers from the United Kingdom reporting the least at $295.

For entertainment, VFRs from Japan, Brazil, and Mexico spent significantly more than other countries, with expenditures ranging from $33 to $37.5 per person per day. Australian and South Korean VFRs were the middle-range group in entertainment spending, at $25 and $30.8, respectively, per person per day. VFRs from Germany, the United Kingdom, France, and Italy spent significantly less than the other two groups, at $13.7 to $21.1 per person per day.
Contrasts

To further examine the relationship between the independent variables and VFRs’ spending in the United States, contrasts were estimated to test the differences between the levels of the variables and to determine the effect of each level on expenditures (Table 6). The value and sign of the estimated coefficients indicated the magnitudes and direction of the effect, that is, the level effect. The deviation contrast was used, which compared the mean of each level (excluding a reference category) with the overall (grand) mean. The last level in each factor was omitted to ensure the independence of the effects.

VFR travelers from the United Kingdom and Germany spent significantly less ($\alpha = .01$) than the total average expenditure mean per day (D1). As Table 6 shows, both the United Kingdom and Germany had significant negative signs in relationship to the total average expenditure mean, implying that these two countries had negative effects in explaining how much each VFR traveler spent per day. In contrast, Brazil’s sign was positive, indicating that Brazilian VFRs tended to spend significantly more than the total average expenditure mean per day. There were no significant differences for all the other countries.

VFR travelers from Mexico, Brazil, and Japan reported significantly higher expenditures on transportation (D2) than the overall mean, as indicated by the positive signs and significant $p$ values in Table 6. British and German VFRs reported significantly lower expenditures on transportation. Brazilian and Japanese VFRs spent significantly more on lodging (D3), while the French, British, and German VFRs spent significantly less. The VFR travelers from Brazil, Mexico, and Japan had significantly higher expenditures on food and beverages (D4), while the French, British, and German VFRs spent significantly less than the mean for food and beverages. The Brazilian and Japanese VFRs spent significantly more than the mean for gift and souvenirs (D5). The VFR travelers from Mexico, France, the United Kingdom, Germany, and South Korea had significantly lower gift and souvenir expenditures. The Mexican, Brazilian, and Japanese VFRs spent significantly more than the entertainment

### Table 5

<table>
<thead>
<tr>
<th>Independent Variables</th>
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<th>$F$ Value</th>
<th>$p$ Value</th>
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<tr>
<td></td>
<td>Transportation expenditure per person per day</td>
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<td>Lodging expenditure per person per day</td>
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<td>Food expenditure per person per day</td>
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<td>Gift expenditure per person</td>
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<td></td>
<td>Entertainment expenditure per person per day</td>
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<td>Food expenditure per person per day</td>
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<td>.000</td>
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<tr>
<td></td>
<td>Gift expenditure per person</td>
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<td>.000</td>
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<td></td>
<td>Entertainment expenditure per person per day</td>
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<td></td>
<td>Lodging expenditure per person per day</td>
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<td></td>
<td>Food expenditure per person per day</td>
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<td></td>
<td>Gift expenditure per person</td>
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<td>.188</td>
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<td></td>
<td>Entertainment expenditure per person per day</td>
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<td>.606</td>
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<td></td>
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<td></td>
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<td>Gift expenditure per person</td>
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<td></td>
<td>Entertainment expenditure per person per day</td>
<td>1.536</td>
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<td>Country • Commercial-</td>
<td>Average expenditure per person per day</td>
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<td>.043</td>
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<tr>
<td>Accommodation Use</td>
<td>Transportation expenditure per person per day</td>
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<td>.478</td>
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<tr>
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<td>Lodging expenditure per person per day</td>
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<td>.011</td>
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<tr>
<td></td>
<td>Food expenditure per person per day</td>
<td>2.151</td>
<td>.028</td>
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<tr>
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<td>Gift expenditure per person</td>
<td>0.923</td>
<td>.496</td>
</tr>
<tr>
<td></td>
<td>Entertainment expenditure per person per day</td>
<td>1.780</td>
<td>.076</td>
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</tbody>
</table>
mean (D6), whereas the French, German, and the British spent significantly less.

Travelers who reported VFR as a secondary purpose reported significantly higher total (D1) and lodging (D3) expenditures, as indicated by their positive signs and significant $p$ values. However, no significant effects were found for the four other expenditure categories (transportation, food and beverages, gifts/souvenirs, and entertainment).

The VFRs used in commercial accommodation tended to spend more than the VFRs who stayed at private homes. As shown in Table 6, the VFRs who used commercial accommodation facilities had positive signs and significant $p$ values for all six categories of expenditure (D1 to D6).

### TABLE 6
**CONTRAST RESULTS**

<table>
<thead>
<tr>
<th>Country of Citizenship</th>
<th>D1</th>
<th>D2</th>
<th>D3</th>
<th>D4</th>
<th>D5</th>
<th>D6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico (L1)</td>
<td>-14.82</td>
<td>8.08</td>
<td>4.42</td>
<td>7.61</td>
<td>-77.8</td>
<td>10.4</td>
</tr>
<tr>
<td>Brazil (L2)</td>
<td>74.99</td>
<td>10.78</td>
<td>15.09</td>
<td>14.21</td>
<td>401.73</td>
<td>8.675</td>
</tr>
<tr>
<td>France (L3)</td>
<td>-16.46</td>
<td>-1.603</td>
<td>-16.14</td>
<td>-8.45</td>
<td>-145.7</td>
<td>-5.19</td>
</tr>
<tr>
<td>Italy (L4)</td>
<td>-3.53</td>
<td>-1.52</td>
<td>-3.22</td>
<td>-1.09</td>
<td>-40.86</td>
<td>-3.45</td>
</tr>
<tr>
<td>United Kingdom (L5)</td>
<td>-13.85</td>
<td>-12.82</td>
<td>-13.72</td>
<td>-9.79</td>
<td>-156.8</td>
<td>-6.576</td>
</tr>
<tr>
<td>Germany (L6)</td>
<td>-25.89</td>
<td>-12.01</td>
<td>-17.42</td>
<td>-10.43</td>
<td>-103.01</td>
<td>-12.04</td>
</tr>
<tr>
<td>Japan (L7)</td>
<td>-8.944</td>
<td>8.969</td>
<td>25.19</td>
<td>14.27</td>
<td>131.59</td>
<td>5.321</td>
</tr>
<tr>
<td>South Korea (L8)</td>
<td>0.509</td>
<td>4.317</td>
<td>7.969</td>
<td>-1.936</td>
<td>-89.14</td>
<td>3.767</td>
</tr>
<tr>
<td>Australia (L9: omitted)</td>
<td>.956</td>
<td>.178</td>
<td>.07</td>
<td>.511</td>
<td>.003</td>
<td>.097</td>
</tr>
</tbody>
</table>

Multivariate test result:
Wilks’s lambda = .845 ($p = .000$)

Is visiting friends and relatives the primary purpose of the trip?
Secondary purpose (L1)

<table>
<thead>
<tr>
<th>Contrast estimate</th>
<th>18.598</th>
<th>-0.722</th>
<th>3.922</th>
<th>0.416</th>
<th>10.803</th>
<th>-0.320</th>
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</thead>
<tbody>
<tr>
<td>$p$ value</td>
<td>.000</td>
<td>.410</td>
<td>.001</td>
<td>.605</td>
<td>.188</td>
<td>.606</td>
</tr>
</tbody>
</table>

Multivariate test result:
Wilks’s lambda = .986 ($p = .000$)

Did you use commercial lodging during the trip?
Used commercial lodging (L1)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>$p$ value</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.011</td>
<td>.000</td>
</tr>
</tbody>
</table>

Multivariate test result:
Wilks’s lambda = .986 ($p = .000$)

Note: D1 = total average expenditure; D2 = transportation expenditure; D3 = lodging expenditure; D4 = food and beverages expenditure; D5 = gifts/souvenirs expenditure; D6 = entertainment expenditure.

### CONCLUSIONS AND DISCUSSION

The VFR Typology Makes a Difference

The GLM multivariate ANOVA tests showed that the three factors constituting part of the initial VFR typology—namely, travel purpose (sector), accommodation used, and country of origin (scope)—explained the expenditure patterns of international VFRs to the United States. VFRs for whom VFR was the main travel purpose differed in their spending patterns from those for whom it was a secondary purpose. VFRs who used commercial accommodation had different expenditures from those who stayed in private...
homes. VFRs from different countries differed from each other in travel expenditures. Therefore, this study partly validated the initial typology factors that Moscardo et al. (2000) suggested for differentiating types of VFRs. In other words, the typology made a difference in explaining international VFR travel behavior within the United States.

Expenditure Variation by Travel Purpose (Hypothesis 1)

Travelers with VFR as the main trip purpose spent less than those for whom VFR was of secondary importance. This study showed that when travelers were further divided by travel-purpose variables and the interaction effect was examined, travelers for whom VFR was just one of the multiple trip purposes reported significantly higher expenditures on commercial accommodation than travelers who stayed only at private homes.

The significant effect of the travel-purpose factor (sector) demonstrated the need for destination marketers to stimulate extended VFR travel or activities through targeted marketing programs. This, in turn, calls for a good understanding of VFR trip patterns and activities, as well as VFRs’ travel information search strategies.

Expenditure Variation by Commercial-Accommodation Use (Hypothesis 2)

This research also showed that in the case of international VFRs, it is not true that VFRs are of little value to commercial accommodations. This study found that nearly half (49.3%) of the international VFRs to the United States stayed at commercial accommodations at one time or another during their trips. This proportion was much higher than reported by other researchers using domestic VFR data. This provides further support for Braunlich and Nadkarni’s (1995) finding that some proportion of VFRs does use hotels. In addition, it confirms the proposition of Seaton and Palmer (1997) and Moscardo et al. (2000) about differences in behavior between international and domestic VFRs. International VFRs should be regarded as a prime target for the commercial accommodations.

What makes the VFR commercial-accommodation user subgroup even more attractive is that they also tended to spend more on food and beverages, transportation, gift and souvenir shopping, and entertainment. This is probably because these international VFRs travel more extensively and visit places other than where their relatives or friends reside. The extra travel stimulates more expenditure on the part of these travelers. As a group, they have greater economic value to destination marketers and deserve special marketing attention.

Expenditure Variation by Country of Origin (Hypothesis 3)

The highest overall spenders were the VFRs from Brazil, Japan, and Mexico. This is consistent with other research on the outbound Japanese travel market. Japanese VFRs appeared similar to other Japanese tourists in tending to be among the highest spenders at international destinations. However, an interesting finding was that VFRs from both Mexico and Brazil were among the highest spenders. This seemed to be counterintuitive when considering the average income and the GNPs of these two countries. It might be explained by a number of factors. People who could afford to come to the United States as VFRs from both Mexico and Brazil may belong to the elite income or wealth strata in their respective societies. For this reason, income variables could be further examined across countries to see if the distributions of income support this assumption. Another possible explanation is that even in the case of lower-income groups, travelers from Mexico and Brazil may regard a VFR trip to the United States as a very special occurrence and, therefore, accumulate savings to support high levels of expenditure.

VFRs from the United Kingdom, Germany, and France were consistently lower in total spending and in spending for each individual category. However, this observation needs to be tempered with the finding that these people may make more visits to the United States during their lifetimes.

Relationship of Total Expenditures to Spending Categories (Hypothesis 4)

As hypothesized, a definite relationship was found between VFRs’ total expenditures and their spending on individual categories (lodging, food and beverages, transportation, gifts/souvenirs, and entertainment). When VFRs’ total expenditures went up, the expenditure levels in each category also increased.

Marketing Implications

Moscardo et al. (2000) produced a number of important marketing implications from their study of Australian VFRs and the resulting VFR typology. This study of inbound international VFRs to the United States provides further support for some of these implications. The finding that the VFR market is not “one homogeneous whole” has clearly been confirmed through the expenditure differences by country of origin, travel purpose, and commercial-accommodation use. From a marketing standpoint, this once more indicates the need to target specific parts of the VFR market and the lack of precision that would be associated with appealing to the VFR market as a whole.

The Australian VFR research study also found that VFR is often not the sole travel motive but may be combined with one or more other motives. This results in visitor participation in a variety of activities within the destination, not just VFR. The current study noted that 52% had VFR as a primary trip purpose, while 48% had VFR as a secondary trip purpose. Moreover, the 48% who had another primary trip purpose had significantly higher spending levels. Since these VFRs pursue a combination of two or more trip purposes, they may respond more favorably to a “bundling” of benefits, appeals, or activities by marketers, for example, vacations plus VFR, VFR plus shopping, and convention/conference travel plus VFR.

Given the large volume and substantial expenditures of international VFRs, it is clear that U.S. destination marketers and other tourism organizations cannot afford to ignore this inbound market segment. This is especially true for commercial-accommodation operators who have had a historic tendency to treat the VFR market as being unimportant. With some 47.7% of the international VFR respondents in this study...
using hotel accommodation within the United States, these travelers definitely warrant significant marketing attention.

Another important marketing implication is that individual country VFR markets produce different yields for U.S. destinations in terms of their expenditure levels. This may suggest that varying priorities be attached to specific countries of origin. It was noteworthy that the VFRs from Latin America and Asia generally tended to spend above the means in most expenditure categories, while the Europeans tended to be below the means. Those marketers located in cities with significant immigrant populations from Latin America or Asia should pay particular attention to this finding, as they are in the best position to capitalize on this potential.

The absence of the same degree of seasonal fluctuation in international VFR travel volumes is another finding that requires marketing consideration. International VFRs appear to be willing to make trips during off-season periods when traditional vacationers do so in lesser volumes. Marketers should consider developing campaigns in these off-peak periods encouraging local residents to invite their friends and relatives to visit.

Limitations of Study

There were some definite limitations to this research study. The research was constrained by the variables included in the In-Flight data set. This meant that two of the VFR typology variables, focus of visit (VF, VR, VFVR) and effort (short haul versus long haul), could not be fully applied. Because of data set differences, it was also not possible to compare international VFRs with domestic VFRs in the United States, as implied by Moscardo et al.’s (2000) initial typology. Other variables that could have added to the richness of this work, such as number of previous trips to the United States, demographics, and travel information sources, were not included in the analysis. Another limitation was that international VFRs arriving at, or departing, the United States (e.g., from or to Mexico or Canada) by private vehicles or other transportation modes apart from air were not considered in this research study. The expenditures of these international VFRs may be significantly different from those departing the United States by air.

Recommendations for Future Research

More research effort is needed to investigate the heterogeneity within the VFR market. Future research can be done incorporating other variables, including demographics, trip planning, and information sources, and thereby further refining the VFR typology. VFR travel appears to have a strong association with repeat travel. It would be worthwhile to continue the work begun by Meis, Joyal, and Trites (1995) by examining the differences between VFR repeat travelers and vacation repeat travelers. For example, the analysis of the number of trips to the United States in the past 5 years, using country of origin and age as control variables, may help explain the high expenditure phenomenon found in this study for certain countries.

Further research on the VFRs who use commercial accommodation is needed. It is postulated that the extensive travel of this group may stimulate more travel by their hosts, but this proposition needs statistical proof. It would be of interest to see whether there is a country difference in this regard as well. In addition, there is a need for research on the overall influence of VFRs on hosts’ travel and spending behavior.

As suggested originally by Seaton and Tagg (1995), future surveys need to disaggregate VFR into VF, VR, and VFVR. Survey designers should also follow similar procedures when defining sources of travel information and relative influences on travel decisions. This is in recognition of the possibility that friends and relatives exert differing levels of influence on their VFRs.

REFERENCES


The development and growth of space tourism faces a number of hurdles. Producing credible and reliable estimates of market demand represents one of the most significant of these. This article examines the early indications of the market for space tourism based on the limited research conducted to date. It identifies several research challenges and considers methodological alternatives that might improve research findings.

In the late 1960s film 2001: A Space Odyssey, Stanley Kubrick and Sir Arthur C. Clarke envisaged a future 2001 in which mankind would be traveling in orbit around the Earth in reusable vehicles resembling futuristic passenger aircraft flying passengers and crew in a zero G environment. The aircraft, although technically obviously very different, superficially appeared a small step from contemporary passenger aircraft. In fact, in the film, Pan Am, not NASA, was identified as the aircraft’s operator, and it is understood that as a result of the interest generated by the movie, Pan Am took 93,000 reservations from those members of the public who wanted to be among the first to travel into space (Michalopoulos 1999).

While Pan Am is no longer in business, commercial orbital space tourism is: on April 28, 2001, the wealthy Californian investor Dennis Tito accompanied a Russian rocket to the International Space Station (ISS) at a price of U.S.$20 million, making him the first individual to personally pay for a ticket into space. Other forms of space tourism have, however, been with us for a good number of years.

Space, the universe, and mankind’s minute presence in it fascinate humans. The idea of being able to look down on the surface of the Earth from space with Earth’s thin atmosphere sustaining life and floating in a black void with trillions upon trillions of stars and galaxies far beyond is an imagined experience that generates passion and excitement in everyone. But if space travel and tourism were available to the public, how many could and would participate?

This article briefly overviews the current status of space tourism, summarizes a number of space tourism market research studies, identifies market research challenges and a potential methodological approach, and describes recent (at time of writing) developments likely to influence the commercialization of space tourism.

SPACE TOURISM AT PRESENT

Although Tito is the world’s first paying orbital space tourist, terrestrial space tourism has been underway for many years, and touristic travel to outer space has been anticipated for some time (Goodrich 1987; Ashford 1990). In the past few years, suborbital space tourism also has enabled aspiring space tourists to come even closer to achieving their dream. Numerous activities and endeavors have occurred or are currently underway to foster the development of space tourism. Some of these are summarized below. A more detailed exposition can be found in Smith (2000), but advances and developments in the field are occurring rapidly.

Terrestrial Space Tourism

Humans have probably wondered what it would be like to travel beyond the confines of their terrestrial world for millennia. For the first time, however, the 20th century
demonstrated that it was possible for humans to safely travel into space and that significant numbers of ordinary people would probably do so within a lifetime of the first pioneering astronauts and cosmonauts.

But space tourism has its beginnings on Earth. Terrestrial space tourism probably began with the movement of astronomical observers to different locations to better observe certain astronomical phenomena such as eclipses and the movements of the planets. In the past, nautical expeditions such as those by the English seafarer, Captain James Cook, often included, among their principal aims, observation of heavenly bodies. Today, groups of professional and amateur astronomers take organized tours on cruise ships and by other means to favorable observing locations. The most recent example was the total solar eclipse on June 21, 2001, providing optimal viewing in Africa. Although small, the tourism industry already caters to this niche market.

When NASA began launching rockets, people flocked to Cape Canaveral to witness a launch. Twenty years and slightly more than 100 shuttle flights after the first, tourists still turn up in huge numbers every time a space shuttle is launched. The Kennedy Space Center at Cape Canaveral hosts large numbers of visitors each year and sells limited numbers of launch tickets to the general public interested in seeing a launch up close. Titusville, Cocoa Beach, and adjoining towns experience steady numbers of visitors year-round. NASA’s Johnston Space Center in Houston has also built a public facility to host significant numbers of terrestrial space tourists each year.

The Russians also permit tourists to visit their Yuri Gagarin Cosmonaut Training Center at the Zhukovsky Air Base at Star City, Russia. There, limited numbers of presumably well-heeled tourists can tour the facilities and elements of the training program, such as underwater zero G simulations.

The Smithsonian Air and Space Museum in Washington, D.C., purportedly the most visited museum in the world, presents a large number of space exploration artifacts and experiences to the general public. The U.S. Space and Rocket Center in Huntsville, Alabama, operates a space science museum and has been running space camps since 1982. The space camps concept now operates in several countries. Feasibility studies have been undertaken to assess the prospects for a ground-based virtual-space theme park suggesting that such a project might get off the ground in the near future. One project involves sending a small vehicle to the moon equipped with a camera. This vehicle will be able to be remotely controlled from the Earth where groups of virtual moon visitors will be able to sit on a simulation platform taking turns to control the moon vehicle while experiencing every turn, bump, and vista along the way.

Entrepreneurs have been quick to seize terrestrial space tourism market opportunities. One such company, Space Adventures Ltd. (www.spaceadventures.com), offers or has offered the following terrestrial space tours:

- Space Shuttle and Premier Launch Tours—a 3-day visit to witness a shuttle launch at the Kennedy Space Center hosted by an astronaut;
- Capital Space Tour—a 4-day tour to various facilities in or near Washington, D.C., including the Air and Space Museum, the Space Systems Laboratory at the University of Maryland, and NASA’s Goddard Space Flight Center;
- Astronomy of the Ancients—tours to Maya and Inca Indian sites whose cultures were guided by the patterns of stars and planets;
- Mysteries of the Universe Tours—include the Keck observatory in Hawaii, Meteor Crater in Arizona, the Search for Extra-Terrestrial Intelligence exploration at the Very Large Array National Radio Astronomy Observatory in New Mexico, and the Arecibo Observatory in Puerto Rico;
- Solar Eclipse Black Sea Cruise—a recent 11-day tour combining visits to ancient sites, Istanbul, and a cruise to the path of a total solar eclipse;
- Russian Space Tour—a 9-day tour including visits to the Yuri Gagarin Cosmonaut Training Center and Mission Control Center near Moscow, and the Baikonur Cosmodrome, Russia’s primary space port;
- Skywatcher’s Inn—a high-altitude, dark-sky location in Arizona, ideal for night sky observing;
- Mars Robotics Seminar—a weekend, hands-on course involving participants in the design of the Mars Sample Return Rover;
- Model Rocketry Weekend—to learn the basic principles of rocket science and model rocketry; and
- Neutral Buoyancy Training—a simulated underwater experience with former astronauts.

Terrestrial space tourism is likely to continue to grow in these directions satisfying at least some of the dreams of the many people fascinated by space.

High-Altitude and Suborbital Space Tourism

In terms of taking people off the ground to enjoy some of the experiences previously only available to astronauts and test pilots, the Russians presently lead developments in this area. For example, it is currently possible to experience weightlessness aboard the cosmonaut training aircraft, an Ilyushin-76, designed to fly along a parabolic arch so that occupants experience zero G. An American company is converting a Boeing 727 to offer similar flights in the United States.

The Russians also offer flights onboard several MiG fighter jets including the MiG-25 Foxbat, which can ascend to an altitude of 80,000 feet traveling at more than twice the speed of sound. At that altitude, pilot and passenger are above 99% of the Earth’s atmosphere, the sky above appears black, and the curvature of the Earth is clearly visible.

Several private ventures are also developing craft capable of conveying tourists into suborbit similar to the flight that sent the first American, Alan Shepard, into space. Such suborbital flights will travel briefly to an altitude of about 100 kilometers (62 miles). The United States awards astronaut status to those who fly more than 50 miles above the surface of the Earth. Examples include the Eclipse Astroliner of Kelly Space & Technology; the Roton of the Rotary Rocket Company, which has already under- gone some test flights;
the Proteus of Scaled Composites, Inc., founded by Burt Rutan who flew the Voyager aircraft around the world nonstop some years ago; the Pathfinder of Pioneer Rocketplane Corporation; and the Ascender of Bristol Spaceplanes, Limited.

To stimulate ventures of this nature, the U.S.$10 million X-Prize was established in 1996. The prize will be won by the first private team to launch a spaceship capable of carrying at least three adults to an altitude of at least 100 kilometers on a repeatable basis. The X-Prize was established by the St. Louis business community to commemorate the achievement of Charles Lindbergh who won the Orteig International Prize when he was the first person to fly nonstop from New York to Paris in 1927. Currently, 22 teams have registered and are vying for this prize.

Orbital Space Tourism

Tito’s week in space in April 2001 as a guest of the Russians onboard the ISS made headlines around the world. At a purported price of U.S.$20 million, Tito made news as much for the controversy and embarrassment he created for NASA as the fact that he became the first orbital space tourist.

News reports suggest that the Russians may have additional individuals also willing to pay a high price to travel into space, including the movie producer and director James Cameron, and Mark Shuttleworth, a 27-year-old South African Internet multimillionaire. While the Russians may well seek to derive further revenue for their ailing space program in this fashion, the dispute with NASA suggests that orbital space tourism is unlikely to prosper to the extent that it relies on the use of the ISS that was designed as a scientific platform rather than a public accommodation facility.

However, one module of the ISS is potentially capable of accommodating space tourists on a commercial basis. The company Spacehab is completing a commercially developed and operated module, Enterprise, which is to become part of the Russian side of the ISS in 2003. Spacehab will provide customers with a service package that includes everything a user needs to conduct business in space, including

- commercial access to the shuttle and station;
- planning and approvals needed to operate in space;
- assistance in locating needed equipment and coordinating payloads with other users;
- transportation of private payloads to and from orbit;
- the power, data management, environment, and human assistance to operate payloads; and
- delivery of data and return of payloads to their owner.

Spacehab reports its customers as including educators and students, and space enthusiasts worldwide.

The main interest in orbital space tourism, however, centers on taking larger numbers of tourists into space to generate sufficient economies of scale and learning effects such that the cost per passenger will drop dramatically as quickly as possible (Commercial Space Transportation Study 1994). There are many varied ideas for achieving this, ranging from fanciful “spacecruiseship” concepts to floating hotels constructed from used shuttle external fuel tanks, “cyclers” that swing back and forth between the Earth and either the Moon or Mars fuelled by gravity alone, and passenger spacecraft designed to piggyback existing rocket launch technology. An example of this latter approach is the concept of Starcraft Boosters, Inc. (Aldrin 2001).

Orbital space tourism in larger numbers now appears potentially just a few years away. A joint NASA/Space Transportation Association study (O’Neil et al. 1998) “concluded that private, high priced ‘adventure’ trips to space with greater than today’s commercial airline risk could become possible in the next few years. Much larger scale, lower priced, orbital operations, could commence in the decade thereafter” (p. 3). The Tito flight has proved the first part of this prediction accurate. The same report also observed,

we now see the opportunity of opening up space to the general public—a “sea change” in our half-century sense that people in space would continue to be very few in number, would be limited to highly trained professionals who, at personal physical risk, would conduct mostly taxpayer supported scientific and technical activities there under government purview.

O’Neil et al. 1998, p. 21)

THE NEED FOR VALID AND RELIABLE ESTIMATES OF MARKET DEMAND

In 1903, the Wright brothers made the first powered airplane flight in history. A mere 66 years later in 1969, mankind landed on the moon, and the Boeing 747 and Concorde aircraft made their first flights. Aircraft had produced the most profound effects on the travel and tourism industry. A century, almost, after the Wright brothers flight, we are on the threshold of space tourism. In the 21st century, space tourism may be the most significant development yet experienced by the tourism industry.

We might ask why public space travel is not already a reality. A century ago, two brothers in a bicycle shop were able to build the world’s first powered aircraft. But it took an organization of thousands to put man on the moon. For public space travel to get off the ground, the cooperation of many separate players will be required: governments and regulators, numerous industries (energy, tourism, insurance, finance, engineering, aviation, etc.), and of course financial markets themselves. To gain the interest, participation, and cooperation of so many disparate businesses, organizations, and individuals—but particularly to convince capital markets—valid, reliable, and convincing estimates of market demand are essential. Indeed, in the opinion of one expert in this field (Simberg 2000), “The current technology level is the least of the problems confronting space tourism entrepreneurs…. The most difficult problem remains not in design and implementation, but in raising needed investment funds” (p. 10).

“Validation of the real market for general public space travel and tourism is going to be an essential step. A central issue will be, Is it possible to get that validation with current vehicles?” (O’Neil et al. 1998, p. 8). Some market research studies have already been undertaken, and the results of these (reviewed below) lend support to those wishing to develop space tourism.
CURRENT MARKET RESEARCH FINDINGS

A number of efforts to estimate the likely scale of demand for space tourism have been made within the past decade. These are briefly summarized below before attention is turned toward future research of the space tourism market.

NASA/STA Study

As part of this study (O’Neil et al. 1998), consultants Yankelovich Partners together with Yesawich, Pepperdine, and Brown surveyed a sample of 1,500 U.S. families in 1996. The survey found that 34% of respondents “would be interested in taking a two-week vacation in the Space Shuttle in the future,” and 42% were interested in the concept of space travel aboard a space cruise vessel offering accommodations and entertainment programs similar to an ocean-going cruise ship. To the question “What would you be willing to pay per person for such an experience?” 7.5% indicated U.S. $100,000 or more.

Commercial Space Transportation Study

This study, undertaken by an alliance of six U.S. Aerospace Corporations, employed a bottoms-up method to estimate the market based primarily on income, wealth, age, and ticket price. The approach, which could be described as a heuristic method, produced three demand curves (i.e., low, medium, and high probability). The estimated demand curves suggest worldwide annual passenger demand of the orders summarized in Table 1.

Japanese Studies

Collins et al. (1994a, 1994b) and Collins, Stockmans, and Maita (1995) published the results of estimated demand in Japan for space tourism. The research, conducted in 1993 on 3,030 people, found that 45% of those older than age 60 and nearly 80% of those younger than 60 would like to go to space. In addition, the most popular activities were found to be to “look at Earth” and “space walk” followed by “astronomical observation,” “zero G sport,” “zero G experiments,” and “other.” About 20% indicated a preparedness to spend 1-year’s pay or more on space tourism, and most interest was in travel of several days’ duration.

Collins et al. (1996) undertook an additional telephone survey in Japan. Of 500 respondents, 7 indicated they would be prepared to pay between 5,010,000 and 10,000,000 yen (approximately U.S.$40,000 to U.S.$80,000) for a 2-day stay in orbit, equating to 1.7 million potential Japanese.

North American Study

The survey applied to study Japanese demand was repeated by Collins, Stockmans, and Maita (1995) to assess demand in the United States and Canada. The survey found that 61% of the population was interested in space tourism, slightly more than 10% stated they were prepared to pay 1-year’s salary or more for the privilege, and most were interested in stays of several days or longer requiring some form of orbital accommodation.

German Study

The Collins et al. survey was again used for comparative purposes by Abitzsch (1996) to estimate space tourism demand by Germans. Forty-three percent of Germans expressed an interest in participating in space tourism, a lower proportion than the Japanese (70%) and Americans/Canadians (61%). In terms of preferred space tourism activities, desired travel duration, and preparedness to pay, the results were very consistent with those produced in the other two studies. Abitzsch produced a global market demand curve by consolidating the result from the various studies and arrived at the estimates in Table 2. These figures are significantly more optimistic than those in Table 1.

U.K. Study

Again, Barrett (1999) replicated the Collins et al. survey in the United Kingdom on a much smaller sample of 72. Thirty-five percent of respondents indicated an interest in taking a trip into space if it became a reality, and 12% expressed a preparedness to pay 1-year’s salary on such a tour.

Spacecruiseship Study

This 1999 survey of 2002 Americans sought to assess interest in, and demand for, a 6-day journey from the Earth to the Moon and back on a luxurious spacecruiseship for the Bigelow Companies (Roper Starch Worldwide 1999). To the question, “If you had the money, how interested would you be in taking this adventure?” 35% answered “interested” or “very interested.” An astonishing 38% indicated 1-year’s salary or more when asked, “If you could save up, how many year’s income equivalent would you pay for such an experience?” This question, however, may have been flawed because respondents may have interpreted this question to be asking about the expected cost of such a trip rather than their preparedness to pay.

Kelly Space & Technology

A recent assessment of market demand by Kelly Space & Technology, Inc. (n.d.) was based on market research by Harris Interactive polling services of 2,022 respondents. Their estimate suggests an expectation of private citizen demand for space travel growing to about 7,000 and 1,800 passengers per year by 2030 for suborbital and orbital travel, respectively. As the methodological basis for this study is not

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<th>Ticket Price (U.S.$)</th>
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<th>Medium</th>
<th>High</th>
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<td>10,000</td>
<td>3,000,000</td>
<td>150,000</td>
<td>6,000</td>
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<tr>
<td>100,000</td>
<td>20,000</td>
<td>1,000</td>
<td>60</td>
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<tr>
<td>1,000,000</td>
<td>200</td>
<td>70</td>
<td>20</td>
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TABLE 2
GLOBAL MARKET DEMAND

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<tr>
<th>Price per Ticket (1994 U.S.$)</th>
<th>Passengers per Year</th>
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<tbody>
<tr>
<td>1,000</td>
<td>20 million</td>
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<tr>
<td>10,000</td>
<td>5 million</td>
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<td>100,000</td>
<td>400,000</td>
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<tr>
<td>250,000</td>
<td>1,000</td>
</tr>
<tr>
<td>500,000</td>
<td>170</td>
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The size of the market will also depend on the number and timing of operators that go into business, the competitive services each operator offers, and the dynamics of market and technological developments. For example, a slow growth scenario might be that a single operator begins by offering flights of short duration (say about an hour or so) and charging very high prices to break even within a relatively short time frame. Alternatively, a higher growth scenario might involve a more ambitious first step involving much longer orbital flights and rudimentary accommodation with prices kept below costs initially to stimulate demand and achieve break-even through growth in volume rather than through high prices. Based on the range of projects and visions currently at various stages on the drawing board or under testing, any number of developmental scenarios from evolutionary to revolutionary might be possible. In summary, market demand depends not just on the prices offered but also on product attributes and the market structure in terms of its dynamics and competition. Hence, further market research should also address these other nonprice issues, but particularly the issue of what product attributes potential space tourists would value most, including how they would be prepared to trade off certain attributes against others (but particularly against price).

Financial markets are likely to take a very skeptical view toward proposals to fund space tourism projects. The high costs and high risks (financial and otherwise) call for the bar to be raised on the usual standards relating to the validity, reliability, and credibility of any market research studies. As we are dealing with an entirely new product and market, market research studies will need to be particularly convincing. In addition, enterprise risk is greater than market risk. Even if research proves a favorable market, additional competitive risks face individual enterprises. Financial markets need also be concerned with “backing the right horse.”

How does market research meet the necessary standards in this instance? No single piece of market research or research method is ever without its limitations and flaws. Given the likely level of skepticism, is it possible at all to sufficiently convince possible investors? Any individual study can be criticized and on its own is unlikely to be conclusive. Perhaps the best approach, therefore, would be for the proponents of space tourism to fund a variety of different studies examining the market from alternative directions and methodologies so that in combination, the weight of evidence arising from these studies is consistent, mutually supportive, and therefore sufficiently compelling.

Two significant limitations in the market research summarized above are the following:

1. They rely on what surveyed respondents say, or think, they would do if presented with the opportunity to travel into space.
2. On the issue of preparedness to pay, the survey questions leave aside the issue of the necessity for most aspiring space tourists to accumulate wealth before being able to travel into space.

Until public space travel and tourism grows further, it is impossible to get around the first limitation. But there may be better ways of asking hypothetical questions that provide more valid responses. This issue is discussed briefly in the following section. Of course, as additional space tourists suc-
cessfully return to Earth, it will be possible to begin to calibrate and fine-tune predictive market studies. With regard to the second limitation, although an individual might indicate a willingness to, say, spend 1-year’s income on the opportunity to travel into space, for the majority of people, this would mean saving well in advance. Just because someone says they would be prepared to pay X dollars does not mean they have X dollars available at that time to spend in this fashion. The inability of many people to save adequately for their retirement suggests that estimates based on such figures may need to be discounted to some degree.

Another potentially useful avenue of market research would be to examine by analogy or extension the market for certain existing forms of adventure tourism. Apart from affordability, motivation is probably the other crucial question. The motivation for adventure evident in people such as Charles Lindbergh, Steve Fossett, Richard Branson, and Dennis Tito; explorer types such as Antarctic trekkers or round-the-world solo yachtsmen; and thrill seekers such as mountain climbers, bungee jumpers, and so on, demonstrate that a portion of the population is motivated enough to accept high risks and personal costs to achieve a personal dream or ambition. The early space tourism market is likely to be characterized by these sorts of people.

As an aside, it was interesting to note recently the flurry of attempts to be the first to circumnavigate the Earth non-stop in a balloon. The competition among the teams served to accelerate achievement of the goal. The same effect may well stimulate proponents of, and participants in, space tourism.

**CHOICE MODELING OF MARKET POTENTIAL**

As noted above, until space tourism develops further and there are others to add to Tito, market research is necessarily limited to surveys of stated preference or choice. Actual space travel produces data on revealed preference or choice. Three approaches to measuring stated choice are evident as follows:

1. Would you choose to receive A?
2. Would you choose to receive A, if it meant paying B?
3. Would you be interested in receiving either A, B, C, or none of these if it meant respectively paying D, E, and F?

The more detailed the question in terms of its realism and explicit indication of the costs and tradeoffs involved for each alternative, generally the more valid the results. In measuring the stated choice for space tourism, it would be necessary to be quite clear as to the attributes and costs of possible alternatives, including the “no-choice” alternative. An additional benefit of this approach is that it not only provides a measure of overall demand but importantly also measures the utility or trade-off between various product attributes, such as trip duration, comfort, activities, safety, and other features including price.

In recent years, a method for obtaining stated choice data, known as choice modeling, has advanced significantly. The current Nobel Prize recipients in economics, James Heckman and Daniel McFadden, won for their pioneering work in this area. The application of such an approach to space tourism therefore would benefit from its relative credibility.

Stated choice methods often are criticized because they rely on what people say they will do rather than on what they actually do. This is healthy skepticism. However, stated choice methods have several advantages (Louviere, Hensher, and Swait 2000, p. 21) in the following circumstances:

- Organizations need to estimate demand for new products with new attributes or features.
- Explanatory variables have little variability in the marketplace.
- Explanatory variables are highly collinear in the marketplace.
- New variables are introduced that now explain choices.
- Observational data cannot satisfy model assumptions and/or contain statistical “nasties” that lurk in real data.
- Observational data are time consuming and expensive to collect.
- The product is not traded in the real market.

In fact, “[Stated choice] surveys can produce data which are indistinguishable from their [revealed choice] counterparts” (Louviere, Hensher, and Swait 2000, p. 21). The main challenge in applying stated choice methods to space tourism lies in the fact that the concept of space tourism is relatively new and unfamiliar to most people who would be included in a survey. However, the general public is now much more knowledgeable and aware of space travel through the Apollo, Space Shuttle, and the various other space programs spanning the past four decades. The public has a much better understanding of the risks, technology, and environment of space travel than was the case, say, in the 1950s. Also, there has been a good deal of publicity in recent years (Hall 1999; Dugan 1997; Fly me to the moon 1996; $40m space holiday 2000; Kluger 1998; Reno 1998; Baker 2001) about the prospects for, and developments in, space tourism, including news about testing of specially designed vehicles for space tourism and, most recently, the experience of Tito as the world’s first orbital space tourist (First space tourist 2001). If designed with care, therefore, a stated choice survey ought to be able to address this challenge. Stated choice methods have also been used with success in situations involving new concepts or one-off events (e.g., see Louviere and Hensher 1983).

**THE TITO AFTERMATH**

On June 26, 2001, the U.S. House of Representatives Committee on Science, Subcommittee on Space and Aeronautics, held a hearing on “Space Tourism” to review the issues and opportunities for flying non-professional astronauts in space, the appropriate government role for supporting the nascent space tourism industry, use of the Space Shuttle and Space Station for tourism, safety and training criteria for space tourists, and the potential commercial market for space tourism.
Witnesses at the hearing included Dennis Tito; Mike Hawes, Deputy Associate Administrator for NASA; Dr. Buzz Aldrin; and Rick Tumlinson, President, Space Frontier Foundation. The hearing quizzed Tito, an ex-NASA employee, about his experiences in space, his dealings with the Russians, and in particular his communications with NASA before and after his trip into space. With NASA being U.S.$4 billion overbudget on the ISS and, as a result, having to drastically cut the scientific program at the ISS, the U.S. Congressmen on the committee expressed criticism of NASA’s disinterest and intransigence. The Tito trip into space and budget problems for NASA had evidently jolted Congress to take some action.

As a result, on July 10, 2001, Congressman Lampson introduced in the House of Representatives a bill, the Space Tourism Promotion Act of 2001, “to promote the development of the United States space tourism industry, and for other purposes.” The bill primarily provides for loan guarantees and capital gains exclusions. It also nominates the Department of Commerce and particularly its Office of Space Commercialization as the agency of the U.S. Federal Government primarily responsible for encouraging the growth of space tourism.

CONCLUSION

In 2001, are we on the brink of a new space odyssey, the start of orbital space tourism? The current public interest in space tourism and the determined and persistent efforts of a number of entrepreneurs, space transport technologists, and other active proponents such as the Russians, the Japanese Rocket Society, and the Space Travel and Tourism Division of the U.S. Space Transportation Association lend credence to suggestions that it may be just years rather than decades away. One of the most encouraging signs is that many space policy experts are now advocating the development of space tourism as the most effective means of radically reducing the cost of space transportation systems and thereby significantly facilitating a new era of space exploration and science in which funding and investment is based on a thriving commercial industry rather than being constrained by tightening government coffers (Commercial Space Transportation Study Alliance 1994).

Of course, history tells us that predictions of this nature can go badly astray. As with most future events, we can be more certain they will happen than we can be about the precise timing. What we can be more confident predicting is that it would seem rather unlikely, as we look ahead from this 1st year of the 21st century, that space tourism will not become an enormously important component of the tourism industry before the century’s end.

It is also clear that the success of space tourism development will depend on extensive and rigorous research of the space tourism market. This latent market is not a fixed thing. Its shape, size, and growth will be determined by the products, prices, competition, and strategies developed and adopted by commercial space interests, guided by solid market research and resulting marketing strategies.

Although a number of market studies have been conducted to date, these have barely scratched the surface in terms of the needs that lie ahead. For academic researchers, there exist numerous research opportunities on the verge of this new industry.

REFERENCES


In the past two decades, tourism has developed into a significant area of academic research in Australia, which is mirrored annually by the Australian Tourism and Hospitality Research Conference. This event is traditionally convened under the patronage of the Council for Australian University Tourism and Hospitality Education (CAUTHE). CAUTHE was established in 1992 to facilitate a dialogue and partnership on tourism and hospitality research issues between Australian universities offering a tourism and/or hospitality program. Its main activity in the 1990s has been its annual research conference.

In the year of the centenary of Australia’s federation, the 2001 CAUTHE conference on tourism and hospitality research was held in Australia’s national capital, Canberra (the Aboriginal word for “meeting place”), February 7-10, 2001. On behalf of CAUTHE, the event was organized and hosted by the University of Canberra’s Tourism Program and held at Rydges Hotel Canberra, located on the shores of Lake Burley Griffin.

Prior to the commencement of the conference, representatives of the participating universities came together for CAUTHE’s annual meeting to discuss administrative business but also pressing issues of tourism and hospitality research in Australia. This meeting was followed by the conference’s welcome reception at Regatta Point, offering a first opportunity to socialize and network.

The conference was then officially opened the next morning by Australian Capital Territory (ACT) Tourism Minister Smith, and the conference convenor Professor Mules (University of Canberra). Both highlighted the symbolism of hosting this year’s event in the national capital to mark the celebration of 100 years of Australian federation. Indeed, the conference theme, “Capitalising on Research,” was chosen to reflect on Canberra’s location but also to highlight the current state of tourism and hospitality research in Australia. The many papers presented over the 3 days covered a very diverse range of topics and were proof of the vibrant research activities across the tourism and hospitality field in various academic disciplines. The selection of papers (reviewed and working papers) compiled in the conference proceedings represent this thematic variety of the CAUTHE 2001 conference. With 250 delegates, it was the biggest conference of this type in the Asia-Pacific region. Although participants came primarily from Australia, attendance by international researchers from New Zealand, the United Kingdom, Canada, the United States, Singapore, and the Philippines as well as Venezuela also reflected a growing level of international recognition received by CAUTHE and its annual conference.

The conference program included a very interesting mix of tourism and hospitality research, but the sheer quantity of 170 presentations, organized in 44 concurrent sessions arranged along common themes, made it sometimes difficult to decide which to attend.

### OVERVIEW OF THE CONFERENCE’S CONCURRENT SESSIONS

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<th>Cultural &amp; Heritage Tourism</th>
<th>Choice Behaviour</th>
<th>Tourist Typology</th>
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Note: MICE = meetings, incentives, conventions, and exhibitions.

The conference program also included three plenary sessions on “Cultural Tourism,” the “Cooperative Research Centre (CRC) for Sustainable Tourism,” and “Hospitality and Tourism Research.”

The main guest speaker for the conference was England-based Richard Prentice, a professor of heritage interpretation.
and cultural tourism at the University of Sunderland. In his keynote address “Journeys for Experiences: Seeking a Marketing-Relevant Model of Contemporary Cultural Tourism Consumption” in the general session on Cultural Tourism, he focused on the need to conceptualize cultural tourism consumption and developed a framework that he termed “the journeys for experiences starter model.”

Prentice’s presentation was followed by Dr. Galla from the School of Cultural Heritage Management at the University of Canberra. Based on his international commitment and experience in Vietnam, he highlighted cultural and heritage tourism issues from this regional perspective.

In the second general session, Associate Professor Jago (Victoria University, Melbourne) and Professor De Lacy (CEO, CRC for Sustainable Tourism) presented an account on the current situation of the CRC for Sustainable Tourism. The CRC was established by the Australian government in 1997 and represents a unique research partnership between industry, universities, and government.

In the final plenary session on Hospitality and Tourism Research, Dr. Morrison from the Scottish Hotel School, University of Strathclyde (Glasgow), highlighted in her presentation (“Hospitality and Tourism Research: Bungee Jump or Bridge?”) the many tensions and contradictions that currently confront hospitality and tourism researchers.

The conference program, however, did not consist solely of 3 exciting days of presentations on tourism and hospitality research; it was also an important annual get-together complemented by an interesting social program. The undoubted highlight was the conference dinner at Old Parliament House, with pre-drinks in Kings Hall and dinner in the Members Dining Room. Gary Watson’s (National Capital Authority) presentation on the old days of Canberra rounded up the event in this historical setting in a very humorous way. The social program also included postconference tours to Canberra’s district wineries as well as to the Tidbinbilla Nature Reserve.

The 11th CAUTHE conference reflected continuous growth not only in quantitative terms but also in the quality of tourism and hospitality research in Australia. The event was again a significant catalyst in fostering interaction and networking between academics. However, greater efforts have to be made to also include the industry and government in that annual exercise of sharing research ideas and concepts. The establishment of a collaborative relationship between industry, academia, and government needs greater attention in the coming years, and maybe next year’s conference will be more successful in attracting more delegates from the public and private sectors. The next CAUTHE conference, “Tourism and Hospitality on the Edge,” will be held in Fremantle (Western Australia) in February 2002.

The accepted refereed submissions are included as hard copies in the conference proceedings (Pforr and Janeczko 2001), which can be purchased from the Tourism Program at the University of Canberra (pamelaf@comedu.canberra.edu.au). Abstracts of work in progress (working papers) are published on the Bureau of Tourism Research Web page (http://www.btr.gov.au/conf_proc/cauthe/cauthe.html) as well as on a CD-ROM.

**REFERENCE**

Highlights of the 32nd Annual Travel and Tourism Research Association Conference—Fort Myers, Florida, June 10-13, 2001

C. R. GOELDNER AND CINDY E. DIPIEROSIO

The following paragraphs briefly summarize the 32nd annual conference of the Travel and Tourism Research Association (TTRA) held in Fort Myers, Florida. For conference registrants and premier TTRA members who request a copy, conference proceedings are available at no charge. Standard TTRA members and student members may purchase copies for $125; nonmembers may purchase copies for $150. Copies may be ordered from Patty Morgan, TTRA Executive Director, P.O. Box 2133, Boise, ID 83701-2133; phone: 208-429-9511; e-mail: ttra@att.net.

MONDAY

Keynote Address

Dee Ann Smith, Visit Florida USA (FLAUSA), delivered the keynote address, “Turning a Sow’s Ear into a Silk Purse: How FLAUSA Is Using Accountability Research to Increase Marketing Effectiveness.” FLAUSA is a private-public partnership founded in July 1996 to market Florida as a destination to the United States and the world by matching a share of the state tax on rental cars ($22 million per year) with private sector contributions ($50 million per year). The governor and legislature require an accounting for the use of these public funds, which has resulted in a detailed return on investment (ROI)/accountability research program. This program covers TV impact analysis, comprising pretesting, simulated viewing, and postcampaign interviewing. Recent results show that the fall 1999 ad campaign returned one-half of its $22 million to the state in sales tax revenue generated within 12 months. ROI/accountability studies of FLAUSA’s vacation planning tools found that its Web site is attracting 4 million unique visitors a year and generating an ROI of 13 to 1. Much of FLAUSA’s $1 million research budget is devoted to continuously evaluating a variety of marketing programs to determine how to best enhance, modify, or delete programs to improve the ROI on the state’s marketing investment.

How Research Helped Build a Destination’s Image and Keep It

D. T. Minich, Lee Island Coast Visitor and Convention Bureau, and Elaine McLaughlin, Destination Consultancy Group, presented “How Research Helped Build a Destination’s Image and Keep It Ahead of the Curve.” The purpose of this session was to discuss how the Lee Island Visitor and Convention Bureau has used visitor profile, satisfaction, and focus group research to develop and strengthen their advertising program. Key research findings have led to the development of activity itineraries in the Lee Island Vacation Guide and specific programs on nature, romance, family, shelling, and other key activities. The key focus for future research and marketing is on shoulder and off-season development.

Event Tourism

Daniel Erkkila, University of Minnesota Tourism Center, moderated the session.

David Sheatsley, Los Angeles Convention and Visitors Bureau, discussed “Donkeys to Dollars: The Economic Impact of the 2000 Democratic Convention.”

Meryl Levitz, Greater Philadelphia Tourism Marketing Group, examined “When Events Make a Difference to Tourism’s Bottom Line.”

Culture/Heritage

Larry Friedman, Nevada Commission on Tourism, moderated the session.

Two years ago, at the TTRA conference in Nova Scotia, Toni Griffin, then of the Upper Manhattan (UM) Empowerment Zone, made a presentation about her work and things that were developing in the UM area (Harlem, etc.). Now 2 years later, George Wachtel, Audience Research and Analysis, presented the results of the first-ever study of UM tourism: its magnitude, character, and economic impact. He emphasized the unique methodological issues this project presented: surveying dozens of different sites and discounting the overlap of visitors who went to several institutions, conducting surveys on both private and public transportation vehicles, and conducting the survey in seven foreign languages.

C. R. Goeldner is professor emeritus and Cindy E. DiPersio is associate editor of the Journal of Travel Research, both at the University of Colorado at Boulder. Special thanks go to Douglas Frechting, Richard Perdue, Tom Van Huyning, Christopher Kam, Dan Erkkila, Larry Friedman, Bill Norman, Rick Cain, Ed Sugar, Marian Joppe, Kathleen Andereck, Scott Meis, Kelly MacKay, Cathy Hsu, Kelly Repass, Andrea Stueve, and Geoffrey Crouch for their assistance in compiling these summaries.


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Gary Esolen, Places (a division of Travelplace.com), spoke about the personality of communities. He addressed the stories that towns have to tell.

Paul Narbutas, New Mexico Department of Tourism, offered many thought-provoking questions and challenges. He discussed one of New Mexico’s scenic byways. He also talked about a year that saw a drop in requests for information and all the possible factors that may have contributed to that decrease.

Information Search and Image

Hyounggon Kim, Texas A&M University, presented “Impacts of a Popular Motion Picture on Destination Perceptions,” written with Sarah L. Richardson, Texas A&M University. The influence of popular motion pictures on the formation of destination images has received some attention in the tourism literature. Previous empirical studies have examined the effects of movies on visitation to places they depict. However, little is known about the specific ways popular motion pictures, as a form of popular culture, influence destination perceptions. The study reported here employed an experimental design to assess the extent to which viewing a popular motion picture altered cognitive and affective images of a place it depicted and interest in visiting that place. A conceptual framework, which introduces the concept of vicarious experience through empathy is introduced, and the role of empathy in explaining perceptual change is explored.

John C. Crotts, College of Charleston, presented “The Effect of Uncertainty Avoidance on Information Search, Planning, and Purchases of International Travel Vacations,” written with R. Bruce Money, University of South Carolina. The purpose of this study is to examine the influence of culture on the process and outcome of external information search and certain purchase decisions subsequent to the search. The specific dimension of culture examined is Hofstede’s uncertainty avoidance, a measure of intolerance for risk. We focus on this dimension because it has been shown to influence information search behavior and because its effects are well demonstrated in the study’s substantive context, that of international tourism, one of the world’s largest economic sectors and by definition global in nature.

Wesley S. Roehl, Temple University, presented “Browsing, Searching, and Purchasing Travel Products On-line.” The purpose of this paper is to examine online travel product consumer behavior. Specifically, casual browsing of online sources for travel product information, search of online sources for travel product information with purchase intent, and online purchase of travel products will be modeled as a function of consumer characteristics and attitudes toward the Internet.

William C. Norman, Clemson University, presented “Uncertainty Reduction Theory: A Means of Exploring Travel Information Seeking,” written with Margaret J. Daniels, also of Clemson University. The purpose of this study was to apply uncertainty reduction theory to explore travel uncertainty information seeking patterns of travel inquirers. The results suggest that travel inquirers do experience uncertainty and that there is a slight relationship between uncertainty and information seeking. In an increasingly competitive travel market, travel managers may realize significant economic benefits by considering travel uncertainty and travelers’ information seeking preferences. Further research is needed to refine the travel uncertainty and information acquisition measuring instruments.

Competing for Air Travelers and Keeping Them Happy Once You’ve Got Them

Rick Cain, Plog Research, moderated the session.

Paul Lai, Delta Airlines, described a series of research projects that have helped Delta develop a methodology that examines the purchase drivers that determine airline choice. His presentation showed how this methodology was developed.

Tonya del Rosario, American Airlines, discussed how research is used to meet customer needs. Through a customer committee, a monthly management meeting, American goes beyond the data to examine what lies behind it. These findings allow for better prioritization of resources and facilitates cross department problem solving.

Internet Travel Research: Doing It Right, and When It Goes Wrong

Lise Hansen, Yamamoto Moss, presented “The Seven Deadly Sins of Complex E-Commerce Travel Research.” She focused on how qualitative research techniques can be used to create relevant and usable e-commerce travel Web sites. Jupiter Media Metrix predicts that travel revenues generated online will grow to more than 16.6 billion by 2003. Complex travel products, such as cruises and tours, however, are already lagging behind other travel segments because they are high involvement, complex purchases. Using examples from cruise supplier and tour operator Web projects, Hansen illustrated what can happen when research into designing travel Web sites goes wrong and offered examples of the rich consumer insight that can be gained when it goes right. These seven deadly sins, and their alternatives, are (1) not being able to see how it really works: the importance of getting out into the field to understand consumer decision making; (2) gathering data that only starts the conversation: how to go deep and descriptive; (3) succumbing to scope creep: the importance of retaining focus while allowing for serendipity; (4) limiting data collection through limited methods: the importance of multiple methods for accurate assessment; (5) not having the right lens to analyze the data: balancing expertise with consumer insight; (6) delivering data that does not translate: creating deliverables that turn consumer insight into actions; and (7) forgetting buy in: bringing key constituents along in the learning.

Marie-Therese Guerin, Tourisme Montreal, discussed her organization’s experience with an online survey. She provided the delegates with many innovative techniques for advancing Web-based research. She explained why Tourisme Montreal is using an online survey, where it is located on their Web site, and how the survey is constructed. Some results were presented, including those about the Web users’ perceptions of the city. Following her presentation, the delegates discussed protection of the information and how to get people to answer the survey.

Ed Sugar, Triton Technology, discussed “Lessons I Learned from the Digital Revolution.” After presenting a brief overview of the recent history of online market opinion research, Sugar detailed nine topics that are common to most
online projects: (1) avoid the ludlites and the technophiles; (2) keep the marketing department at bay; (3) understand the two prime reasons why people use the Internet: to access information in a fast and efficient manner and to look for actual and/or perceived bargains; (4) remember the first two Ws of “WWW”; (5) one size does not fit all; (6) observe the 18-minute rule: keep all online surveys under 18 minutes; (7) mother-law test everything: make sure to pilot test each study before launching to identify any online faux pas; (8) it is the sample stupid! Be aware of the pros and cons of opt-lists, panels, and membership lists—privacy, validity, and recent FCC rulings have made online samples different than other research samples; and (9) once you think you have learned how the game is played, the rules will change.

Measuring Tourism Performance

Thomas Cannon and Jamie Ford, both at the University of Texas at San Antonio, presented “A Leading Indicator Index for Travel to Forecast Tourism Activity at the State Level,” written with Stan Hodge, Texas Department of Economic Development. This study summarizes the construction of a leading indicator index for forecasting travel arrivals on a statewide basis. Previous tourism activity forecast methodologies are reviewed, and the strengths and weaknesses of each are compared with the leading indicator method. The Texas Travel Leading Index comprises such indicator variables as consumer confidence, the money supply, travel price changes (airfare, oil, lodging), the Texas Leading Indicator Index, and national feeder market and statewide employment levels. The index has a .8504 correlation with seasonally adjusted person-days and a .6971 correlation with the unadjusted variable. The index also successfully indicates turning points in the person-days series 3 to 6 months ahead of the change.

Marion Joppe, Ryerson Polytechnic University, presented “The Measurement of ROI for Incentive Travel: A Methodological Approach,” which was written with David Martin, Ryerson Polytechnic University. This study set out to develop a methodology using a largely qualitative approach to better understand corporations that make use of, and their reasons for investing in, incentive travel. Specifically, the differences in corporate versus employee perceptions as to the benefits derived from incentive travel were targeted as part of the process of developing a model for calculating ROI that takes into account both hard and soft objectives and measures. Attributes that were found to contribute to the motivation of participants in an incentive travel program could be classified into three distinct categories. The resultant ROI model was built on three factors: strategic performance measures, employee-based measures, and relationship-building measures.

Goh Hwai Kar, Nanyang Technological University, discussed “The Singapore Gold Circle: A Program of Excellence?” a paper written with Stephen W. Litvin, Nanyang Technological University. The intent of this research was to ascertain, specifically for the travel agency sector, the effectiveness and perceived importance of quality programs such as the new Singapore Gold Circle program. If proven successful, a well-accepted service quality membership program, backed by the good reputation of the program administrator, would be an aid to consumers looking for reassurance of their choice of travel vendors, a point of differentiation for quality minded producers and a potential profit center for the sponsoring organization.

James F. Petrick, Texas A&M University, reported on the “Development of a Multi-Dimensional Scale for Measuring the Perceived Value of a Service.” The construct of perceived value has been identified as one of the most important measures for gaining competitive edge and has been argued to be the most important indicator of repurchase intentions. Yet, regarding services, multidimensional measures of the construct do not exist. Thus, the purpose of this study was to develop a multidimensional scale for the measurement of perceived value of a service. A 25-item instrument was developed to measure the construct and its dimensions. Five dimensions were identified and were found to have content validity by a panel of experts. Furthermore, the instrument was found to be reliable and to have convergent, content, and discriminant validity.

TUESDAY

Strategically Branding a Destination

Bill Neal, SDR Consulting, presented “Strategically Branding a Destination.” This session provided a basic overview of marketing strategy, focusing on the key issues of brand differentiation and competitive advantage. Building on Kotler’s model of the marketing process, Neal provided a general introduction to the issues and processes of brand development and marketing strategy, including segmentation, positioning, and the marketing mix.

Sports Tourism: Economic Boom or Bust?

Tom E. Van Hyning, Mississippi Division of Tourism, moderated the session.

Kathleen Davis, Sports Management Research Institute, covered “Economic Impact of Sporting Events: What’s In It for You!” She highlighted input-output analysis and out-of-stadium and in-stadium spending for major sporting events (i.e., the Super Bowl) and underscored the reality of leakages in the economic system. Davis went into some detail on various phases of data collection during sporting events and where to collect this information (i.e., hotels, airports, auxiliary events, the press box, and the stadium).

Laurence Chalip and B. Christine Green, both at Griffith University, discussed “Leveraging Large Sports Events for Tourism: Lessons from the Sydney Olympics.” Chalip referred to strategies implemented by Australian tourism organizations to “reposition” Australia in the international tourism markets. These strategies were linked to the attention/profile that the host country would receive as a result of hosting the 2000 Summer Olympics. Event leverage, based on the findings, is essentially a task of alliance building and interorganization coordination. Further research into event leveraging is warranted, and this should focus on the formation and maintenance of strategic alliances/resulting organizational learning that takes place.

Jon Kemp, Utah Division of Travel Development, reported on the “2002 Winter Olympic Games: Impacts, Images, and Legacies” and noted that research has played a key role in Utah’s planning efforts and preparation for the 2002 Winter Olympic Games in Salt Lake City. Through
multiagency collaboration and public-private cooperation, Utah developed an Olympic research program to (1) guide public investment and resource allocation through an in-depth forecast analysis of the economic, demographic, and fiscal impacts of the 2002 Games; (2) identify the effect of these Olympics on the awareness/image of Utah in key international markets; (3) influence marketing programs in key industry segments before, during, and after the games; and (4) establish a framework from which to evaluate their lasting legacies.

Got Seats? Destination/ Airport Co-Op Marketing

Christopher Kam, Hawai‘i Visitors and Convention Bureau, moderated the session.

Don Fields, Metropolitan Washington Airports Authority, noted that there is a symbiotic relationship between the local tourism industry’s goals for increasing tourism to Washington and the airports authority’s goals of increasing air service. For the past 10 years, the authority has been working as part of a regional tourism coalition known as Capitol Region USA (CRUSA) to increase and improve international air service at Washington Dulles. CRUSA—which includes the airports authority, the Washington, D.C., Convention and Tourism Corporation, the Virginia Tourism Corporation, and the Maryland Office of Tourism—brings the members of the coalition together for tradeshows, sales missions, cooperative marketing programs, provision of familiarization tours for foreign travel writers/agents, and production of advertising and other promotional materials. In addition to CRUSA-related efforts, the Metropolitan Washington Airports Authority also supports the area’s visitor industry through a cooperative promotional program in which airlines that begin new or enhanced air services are able to receive matching funds from the Airports Authority for advertising, promotions, and participation in travel and trade shows.

As the smallest of four major airports serving the state of Virginia, Richmond International Airport often finds itself in the “middle seat” when it comes to air service development, explained Kirsten Niemann, Virginia Tourism Corporation. In total, Washington Dulles, Reagan National, Richmond International, and Norfolk International handle 95% of the air passenger traffic in Virginia. With nearly 2.7 million passengers annually, Richmond is the smallest (in terms of passenger traffic) of Virginia’s top airports. With a smaller population base to draw on than those found at its neighboring airports, Richmond International operates in a particularly challenging air service environment. Due to a high proportion of short-haul routes, the presence of a dominant carrier, and a lack of competition from a low fare carrier(s), airfares at Richmond tend to be higher than those at neighboring airports. However, Richmond International is working to expand its air service and passenger traffic on a number of fronts. The airport is undergoing a $24.5 million improvement and expansion project covering both its air and landside facilities. The Airports Authority is also working with local governments, convention and visitor bureaus, and local businesses to attract a low-fare carrier, thereby increasing competition in the marketplace.

Harry Kassap, Clark County Department of Aviation, discussed developing domestic and international services. According to Kassap, destinations should (1) start by working with existing airlines in the market to show that you appreciate their current services and would like to expand new and existing markets; (2) make sure you understand what your market is, and make sure your data are good; (3) build friendships with the airlines, with convention and visitor bureaus, with airport authorities, with chambers of commerce, with hotel associations, and so on; and (4) if your destination presently has no air service on a route, strive for service with a 19-seat turbo prop, work your way to a 34-seat turbo prop, then onto regional aircraft, and so forth.

Issues in Sustainable Tourism

Ghislain Dubois, Laboratoire Enseignement Recherche Milieux et Societes, reported on “Codes of Conduct, Charters of Ethics and International Declarations for a Sustainable Development of Tourism. Ethical Content and Implementation of Voluntary Initiatives in the Tourism Sector.” This paper questions the diversity of ethical conceptions concerning tourism through the comparison of their content and the analysis of their implementation process. A content analysis of international declarations on tourism, adopted under the auspices of World Tourism Organization since 1980, shows a shift toward more social and environmental concerns but also persisting contradictions. A comparison of various instruments reveals diverging points of views about “what tourism should be.” The analysis of the implementation process of these instruments underlines a problematic attempt of self-regulation of the tourism sector. This led to distinguishing between three levels of regulation of the tourism sector in a context of sustainable development: win-win strategies, partnerships between tourism operators and environmental or social actors, and more traditional regulation.

Gayle R. Jennings, Central Queensland University, discussed “Mediated Authenticity: The Perspectives of Farm Tourism Providers.” This paper, coauthored with Daniela Stehlík, Central Queensland University, focuses on the concept of authenticity from the perspective of farm tourism providers. In a multiple-case study of farm tourism enterprises in Central Queensland, Australia, three modes of representation of authentic farm life by tourism providers were identified using a qualitative methodology: the naturalistic, the ideal, and the impressionistic. Each allowed the farm tourism operators to effectively mediate the space between private and public, while attempting to provide an authentic experience for tourists.

Richard O. B. Makopondo, University of Illinois at Urbana-Champaign, reported on “Modeling Collaboration, Partnership and Inclusiveness in Recreation and Tourism Resources Management.” The purpose of this study was to examine the factors and processes that caused the Boston Harbor Islands National Park Area Partnership to be created and how these have influenced the management structure, objectives, and outcomes that are expected. The results indicate that several factors led to the creation of Boston Harbor Islands National Park unit as a partnership. It is suggested that compared to the traditional public-private partnerships, the collaborative managing partnership as an emergent management structure has greater potential to be inclusive and to empower the local residents, including minorities and indigenous populations.
Tourism Impacts and Demarketing

Kathleen L. Andercek, Arizona State University West, discussed “Perceptions of Tourism’s Impact on Community Quality of Life Factors,” which was written with Karin M. Valentine, Arizona Office of Tourism; Christine A. Vogt, Michigan State University; and Richard C. Knopf, Arizona State University West. The purpose of this study was to investigate residents’ perceptions of tourism’s impact on quality of life factors and test the relationship between these perceptions and several tourism-related independent variables. Data were collected via a statewide survey administered to a stratified random sample of residents. Results suggest that residents perceive many positive influences of tourism on the quality of life in their communities while recognizing the negative consequences of tourism. Findings also indicate that residents who feel tourism is important for economic development, benefit from tourism, and are knowledgeable about the industry perceive greater positive quality of life impacts, but do not differ from other residents with respect to perceptions of tourism’s negative consequences.

Sue Beeton, La Trobe University, reported on “Cyclops and Sirens—Demarketing as a Proactive Response to Negative Consequences of One-Eyed Competitive Marketing.” This paper considers the potential of demarketing as a method to integrate environmental management and marketing within a tourism business and a public land agency by examining the environmental management of a tourism site in terms of the unconscious application of demarketing strategies and instruments. It is proposed that by incorporating such strategies into the marketing mix, greater management efficacy and sustainability can be achieved. The paper also contributes to the demarketing and environmental management discourse through recommending methods to increase the effectiveness of demarketing as a tool to limit the environmental excesses of competitive marketing strategies.

Richard W. Benfield, Connecticut State University, discussed “‘Turning Back the Hordes’ Demarketing as a Means of Managing Mass Tourism.” This paper examines five major tourism sites in the world and the planning and management strategies pursued to address mass tourism. In particular, the paper focuses on a management process called “demarketing,” first introduced in the 1970s but little studied or used as a concept in tourism management since. In the process, this paper contributes to the associated discourses on the concept of sustainability as means by which mass tourism might be examined, evaluated, and managed.

Frédéric Dimanche, University of New Orleans, presented “Investigating French Quarter Residents’ Perceptions of Tourism and Its Impacts: An Application of the TIAS Scale,” which was written with Catherine M. Vesey, Vieux Carre Property Owners, Residents, and Associates, Inc. The purpose of this study was to examine residents’ perceptions of tourism in an urban context, the New Orleans French Quarter, with the Tourism Impact Attitude Scale (TIAS) developed by Lankford and Howard. A total of 227 usable surveys were returned from a random sample of residents. Overall, the results support existing resident perceptions research: residents in destinations with continued economic benefits often overlook the negative impacts of tourism in favor of its benefits. Furthermore, those who benefited directly from tourism were more positive about tourism and its development and less concerned with tourism impacts. Finally, this research indicates that the TIAS can be used not only in resort sand rural areas but also in urban settings. Its validity as a residential perception scale is therefore further demonstrated.

Economic Impact: Tourism Satellite Accounts Make the Case for the Importance of Travel and Tourism

Julie Flowers, South Carolina Department of Parks, moderated the session.

Adam Sacks, WEFA, presented “South Carolina’s Tourism Satellite Account.”

Pearl Imada Iboshi, Hawai‘i Department of Business, Economic Development, and Tourism, examined “Hawai‘i’s TSA: A Case Study.”

Scott Meis, Canadian Tourism Commission, reported on “Canada’s TSA: A Case Study.”

Nature-Based Tourism

Deborah L. Kerstetter, The Pennsylvania State University, reported on “Level of Specialization and Support for Selected Management Options: A Case Study of Whitewater Recreationists on the South Fork of the American River,” which was written with Kelly S. Bricker, University of the South Pacific. In light of an estimated growth rate of 10% to 30% each year and documentation that more than 75% of people age 16 and older participate in some form of human-powered outdoor recreation, nature-based recreation and tourism is receiving increased attention. The extent to which people have the ability to engage in nature-based experiences, however, critically depends on public and private agencies that manage a wide range of natural resources.

Kelly J. MacKay, University of Manitoba, discussed “Trends in Public Perception of Hunting: An Examination of Support for Hunting as a Tourism Attraction,” which was written with Michael Campbell, University of Manitoba. A provincewide survey was conducted to examine residents’ attitudes toward hunting as a tourism and economic activity. Results from more than 1,300 respondents suggested that residents have a slightly positive attitude toward hunting
when it is for tourism and economic purposes. Understanding resident perceptions of and support for hunting when it is undertaken for these reasons is necessary for management of the activity and its tourism potential.

William C. Norman, Clemson University, presented “Segmenting Wildlife Tourists Using Shackley’s Wildlife Watching Model,” a paper written with Tiffany J. McClinton, Clemson University, and Bonnie Martin, University of Vermont. The purpose of this study was to segment visitors to National Estuarine Research Reserves based on their preferences for observing wildlife. The conceptual model used in this study was formulated by Shackley and examines the nature and variety of wildlife associated recreation experiences in determining and individual’s preferences for observing wildlife based on two dimensions: the nature of the tourist’s activity and the nature of the animal’s captivity. The main implication that can be derived from this study is the idea that not all wildlife viewers are the same, although they look similar demographically and in their travel characteristics. For tourism officials, this study provided insight into what tourists prefer in regard to viewing wildlife. By knowing what visitors prefer, they will be able to better market their attractions and the routes to their destination.

Taylor V. Stein, University of Florida, presented “Assessing Nature’s Role in Tourism Development in Florida,” which was written with Julie K. Pennington, University of Florida. This study describes the role of natural areas as tourism resources in Florida from the perspective of tourism and natural resource professionals who are currently or would potentially develop nature-based tourism and recreation opportunities. First, tourism professionals from each of Florida’s 67 counties were asked the costs and benefits of increased natural areas being used for recreation and tourism on public and private lands. Second, the Delphi process was used to assess the most important issues and concerns of Florida’s public land management agency decision makers. Results show that county tourism providers are focusing on the benefits of nature-based tourism (i.e., economic impacts) and that public land management agency decision makers are mostly concerned with the costs (i.e., environmental impacts and funding) of supplying nature-based recreation opportunities. However, both groups of professionals look to collaboration among the public and private sectors as a means to adequately provide for nature-based tourism and recreation opportunities.

Niche Market Analysis

Frédéric Dimanche, University of New Orleans, examined “Urban Visitor Profiles: A Comparison of Pleasure and Convention Travelers,” which was written with Ludvine Foley, University of New Orleans. Although many academic tourism studies use refined segmentation variables, urban tourism destinations that conduct visitor profiles for segmentation purposes and to determine the respective impacts of their visitors often resort to using purpose of visit as a segmentation variable. The purpose of this applied study was to assess the differences that exist between New Orleans’ two major consumer segments: pleasure tourists and convention/meetings attendees. About 1,200 intercept interviews over a 1-year period were used for this study. The results suggest that pleasure and convention visitors differ mostly on the basis of trip characteristics and travel behavior.

Larry Dwyer, University of Western Sydney, presented “Co-operative Destination Marketing: An Economist’s Perspective.” Tourism destinations are increasingly engaging in cooperative marketing activity, with a view to increasing overall visitor numbers and expenditure to each of the cooperating areas. On what is herein called the “standard view,” the increased visitation to the respective individual destinations, whether entire nations or local areas, is assumed to generate a positive economic contribution for each: a win-win situation for the co-operative marketers. However, recent analyses of the impacts of tourism growth indicates that depending on the mix of industries in these destinations, some may actually suffer reduced income and employment even in the face of increased tourism inflows and expenditure. The results have implications for the appropriateness of cooperative destination marketing. It is argued that economy-wide effects must be taken into account in determining the impacts of increased tourism expenditure on a destination.

Cathy H. C. Hsu, Kansas State University, examined “Profiling Niche Market Leisure Travelers,” written with Soo K. Kang and Kara Wolfe, both of Kansas State University. The purposes of this study were to identify leisure travelers’ interests in various niche markets and to provide a demographic and psychographic profile of individuals attracted by each niche. Data were collected from 417 residents of 12 U.S. states via telephone interviews. The questionnaire included psychographic and demographic items, as well as questions assessing respondents’ interests in various tourism niches and activities. Results indicate that outdoor recreation was the most popular tourism niche. Discriminant analyses indicated that individuals cannot be successfully classified into groups of enthusiasts, uninterested, and interested for any of the tourism niches based on their psychographic characteristics. However, MANOVAs revealed distinctive psychographic and demographic profiles of niche market leisure travelers.

Philip Feifan Xie, University of Waterloo, discussed “What Makes Canadian Travel Regions Attractive? An Exploration of the Factors Associated with Same-Day and Overnight Person Visits to Canadian Travel Regions in 1998,” written with Stephen L. J. Smith, University of Waterloo. This research attempted to broaden the understanding of travel regions by exploring Canadian travel regions from a supply-side perspective, or more precisely, the factors that contribute to the overall attractiveness of travel regions, defined as the number of person-trips they receive. Using the 1998 Canadian Travel Survey person-trip micro data file, a series of statistical analyses was conducted on a sample of 15 of Canada’s 79 tourism regions. The results of this project suggest that intraprovincial travel, both same-day and overnight, is strongly influenced by the size of the resident population and, to a lesser degree, by the number of Census Metropolitan Areas with a 1-day drive. Overnight interprovincial travel is significantly influenced by climatic variables.

Children Rule

Setting the stage for the panel discussion, Christopher Kam, Hawai’i Visitors and Convention Bureau, noted that children actually have a greater influence over family travel
decisions than they realize. While research shows that children have a significant influence on family travel decisions, their input often is overlooked within research and marketing activities targeting family travelers.

Tom McGee, Doyle Research Associates, Inc., provided insights into conducting qualitative research among children and teens, as well as applications for travel-related research. According to McGee, some of the ABCs for conducting qualitative research with children and teens include (1) keep the activities hands-on, interactive, and kid-friendly; (2) use concrete language; (3) simplify without speaking down to your participants; (4) show patience: rephrase and repeat; (5) offer a variety of stimuli: kids are more visually than verbally oriented; (6) establish a “comfort zone”: kids need to trust the working environment; (7) set ground rules: kids need structure; and (8) kids will try to please in their responses, so encourage varied points of view and point out that it is okay to disagree.

**Research-Based Destination Advertising: What to Advertise, and How Do You Know It’s Working?**

Kelly Repass, Orlando/Orange County Convention and Visitors Bureau, moderated the session.

Colleen May, Ohio Division of Travel and Tourism, presented “Moving from Direct Response to Image Advertising with Qualitative and Quantitative Research.”

Denise Miller, Strategic Marketing, Inc., discussed “Measuring Missouri’s Where the River Runs’ Campaign.”

**International Travel Research**

Andrea Stueve, Travel Industry Association, moderated the session.

Mark Brown, Plog Research, examined the “European Image Study: Travel Preferences and Perceptions among U.K., France, and Germany Residents.”

Noel Sweeney, Tourism and Transport Consult International, presented “Europe eVolves.”

Helen Marano, Tourism Industries, reported on the “Revised 2001 International Travel Forecast.”

Jason Umino, Tourism Industries, discussed “Travel Trade Barometers.”

**Evolving Tourism Research**

Gayle R. Jennings, Central Queensland University, presented “Flow: Having the Right Skills for the Challenge.” To achieve “flow experiences,” the relationship between skills and challenge has to be in concert. Otherwise, experiences will range from boredom, apathy, worry, anxiety to control, and arousal states, but not flow experiences. An ethnographic study of long-term ocean cruisers provides a grounding of Csikszentmihalyi’s concept of flow. The study also suggests some implications of flow for tourism operators engaged in adventure and sports tourism, such as the need to tailor or individualize adventure and sports tourism experiences, provide diverse product choices as well as flexibility and multiplicity within products, ensure match between competence and challenges, and be cognizant of safety and legal responsibilities to the overall adventure and sports tourism experience.

Kim Leahy, University of Florida, reported on “An Exploration of the Relationship between Loyalty, Involvement, Satisfaction and Intention to Return: A Case Study of Visitors to Orlando,” written with Lori Pennington-Gray and Andrew Holdnak, both at the University of Florida. This study examined the relationship between loyalty, involvement, satisfaction, and intention to return to the Greater Orlando Area. All three independent variables were correlated and showed a significant influence on intention to return. The relationship between satisfaction and involvement indicated that the least correlation and the relationship between loyalty and involvement indicated the strongest correlation. Travel providers need to consider creating programs that address all three issues: loyalty, involvement, and satisfaction.

Linda S. Ralston, University of Utah, discussed “The Influence of the Need for Affiliation in Shifts of Motivations for Travel.” This study endeavored to integrate the conceptual and theoretical frameworks developed in the area of psychology, outdoor recreation, and travel motivations. Specifically, the study focused on one of the three categories of basic motives classified by Murray, the need for affiliation. The research examined the issue prior to the travel experience and isolated the role of the need for affiliation in its impact on the shift between affiliative- and non-affiliative-related travel motivations. The primary objective of the study was to develop stable measurement instruments of the need for affiliation and travel motivations. This was accomplished by using a self-administered questionnaire delivered over the Internet with a random sample of members of an online travel service.

Russell Arthur Smith, Nanyang Technological University, examined the “Evolution of Urban Tourism in the Historic Asian City,” a paper written with Jackie ONG Lei Tin, Temasek Polytechnic. Older cities with significant physical historic resources have become increasingly important centers for urban tourism, although contemporary attractions and events are often important in their own right. It is acknowledged that urban areas are multifaceted agglomerations where tourism complements other economic sectors and competes with them for limited resources. Limited investigation of the temporal dynamics of change of tourism in cities has been undertaken in the several countries of Europe and North America. Much less has been studied for the countries of Asia.

**2001: A Space Odyssey**

The final plenary session of the conference involved a panel of speakers who addressed the future of space tourism. The conference theme, the significance of the year 2001, and the recent space flight of Dennis Tito (the world’s first paying space tourist) made this session very appropriate. Geoffrey I. Crouch, La Trobe University, who reviewed market research studies on space tourism and examined issues for further market research, chaired the panel. Bob Haltermann, U.S. Space Transportation Association, provided an overview of some of the space tourism and policy initiatives underway, including a video of a Japanese spacecraft concept for space tourism. Valene Smith, California
State University–Chico, spoke on the human significance of space tourism and discussed some of the issues involved in hosting guests in space. Finally, Buzz Aldrin, ShareSpace Foundation, discussed the symbiotic partnership between space tourism and rocket science. His presentation examined some of the more likely technological directions for space tourism, including the concept by Starcraft Boosters, Inc., with which he is associated.

2001 Poster Presentations

“Around Europe in 30 Days: Young Adults on Tour,” Jennifer Zidel and Heather Gibson, University of Florida.


“Destination Attributes and Travel Market Segmentation,” Yooshik Yoon, Virginia Polytechnic Institute and State University; Sandro Formica, Institut de Management Hotelier International; Muzzafer Uysal, Virginia Polytechnic Institute and State University.


“Determinants of Youth Travel Markets’ Perceptions of Tourism Destinations,” Yvette Reisinger, Monash University.

“The Economic Impact of Arts Organizations on the State of Missouri,” Jaclyn A. Card, University of Missouri.

“Environmental Factors Influencing Recreation Choice in Post-Industrial Landscapes: Initial Stages of the Calumet Area Research Project,” David B. Klenosky, Purdue University.

“An Examination of the SERVQUAL Dimensions Using the Guttman Scaling Procedure,” Yuksel Ekinici and Tae-Hwan Yoon, University of Surrey.


“Examining Personal Value Systems of U.S. Leisure Travelers,” Jeff Jiang, California State University, Chico; Mark Havitz, University of Waterloo; and Lynn Kahle, University of Oregon.

“Family Vacation Decisions: Do Children Have an Influence?” Jihee Kim and Deborah Kerstetter, Penn State University.

“The Four Functions of Information Search: Do They Exist and What Role Do They Play in Information Search?” Mi-Hea Cho and Deborah Kerstetter, Penn State University.


“Investigating the Japanese Sports Travel Market: A Comparison of Golf and Ski Travelers,” Seonbok Lee, University of Florida; David B. Klenosky, Purdue University; Lori Pennington-Gray, University of Florida.


“Resource Sharing: The Case of the Makuleke Community and the Kruger National Park in South Africa,” Barbara K. Williams, Clemson University.

“The Role of the Internet and Travel Planning Behaviors among Undergraduate Students,” Erin White, Brijesh Thapa, and Lori Pennington-Gray, University of Florida.

“Segmenting Japanese Packaged Tour Market to Turkey,” Ercan Sirakaya, Texas A&M University; Muzzafer Uysal, Virginia Polytechnic Institute and State University; Carlton F. Yoshioka, Arizona State University.


“A Tourist City or a Criminal’s Paradise,” David Pearlman, Pathapati Tharun, and Subil Bhattal, University of South Carolina.

BIBLIOGRAPHY


This publication contains abstracts from theory, policy, management, economics, sociology, psychology, marketing, training and employment, conservation and sustainability, and education and research.

CONFERENCE PROCEEDINGS


This issue of the Review contains the results from the workshops of the 50th Congress of AIEST on “Tourism and Culture: Managing Change,” held in Hongzhan, China, September 24-29, 2000.

CULTURE


This publication reviews the cultural tourism market in Europe based on recent surveys. It analyzes the way in which cultural attractions are produced for and used by cultural tourists. It also examines specific types of cultural attractions, including museums, art galleries, monuments, and heritage attractions, and the management, marketing, and cultural issues surrounding them.

DEMAND


Previous work on the application of structural equation modeling to tourism demand analysis is extended by examining more varied origin-destination pairs, in particular those involving longer travel distances and fewer direct economic ties. The empirical results show that international trade plays the major role in influencing business tourism demand. Retail sales are the major influence on the demand for foreign holidays, and new private car registrations are the major determinant of visits to friends and relatives tourism demand.

DESTINATION IMAGE


This article proposes consumer confidence as an intervening variable conditioning the effects of experience and knowledge on tourists’ ratings of destination images. Specifically, this research proposes that experience and knowledge influence both destination attribute assessments and the tourists’ confidence in making those assessments.

DEVELOPMENT


India is known worldwide as ancient and mysterious, as well as the second most populated country in the world. With increasing worldwide tourism and travel for leisure and business and cultural purposes, India needs a firm policy and commitment to expand tourism as a source of sustainable economic development with value for the tourists and enhancement of India’s cultural heritage.
Sustainable Tourism Development and Transformation in Central and Eastern Europe. Derek Hall. *Journal of Sustainable Tourism*, vol. 8, no. 6, 2000, pp. 441-57. Multilingual Matters Ltd, Frankfurt Lodge, Clevedon Hall, Victoria Road, Clevedon BS21 7HH, United Kingdom. $335 annual subscription.

This article first addresses the geographical, political, and transformational context for sustainable tourism development in Central and Eastern Europe. Second, it discusses the potential of, and some of the key issues confronted by, such development and its management in the region.


This article presents the characteristics of tourism development at Lake Balaton, Hungary, with special emphasis on the physical environment. It also discusses how the resident’s and the tourists’ perceptions of the physical impacts of tourism development affect the sustainability of tourism in the region.


The challenges faced by small and medium-sized enterprises in the European tourism industry are broadly discussed, and a number of European Commission funded initiatives, which seek to address the problems of establishing local presence in a globalizing industry, are described.


The Austrian state of Tyrol is a good example of the ups and downs of tourism development in the alpine area. To avoid a concentration on the organizations themselves, an initiative chose the professionalization of management and marketing of tourism organizations to become their main objective.

ENVIRONMENT


This publication provides information on U.S. households that participate in gambling while traveling. Traveling households on pleasure, business, personal, and other types of trips are included in this study. The consumer information presented in this report is captured via TravelScope, a national survey conducted monthly, using National Family Opinion’s consumer panel of U.S. households.

An analysis of the social costs of problem gambling finds similar results from two surveys of gamblers in Wisconsin and Connecticut. The variations between the two groups surveyed are found, for the most part, in costs of thefts. The differences can be explained by that legalized gambling has been established longer in Connecticut.


Survey research was conducted to determine the profile and motivations of elderly women gamblers. The survey results indicate a potential to increase revenues by appealing to this segment.


This study surveyed department executives and chief executive officers from casino resort properties. These respondents were asked to indicate how much their company valued outside research, and the best vehicle for distributing outside research to casino resort properties. They were also asked to rate their relative degree of interest in specific research topic areas.


This article focuses on explaining the volitional and nonvolitional aspects of gambling behavior. This study found that the theory of reasoned/ planned action could be a useful study tool. Includes discussions on the implications of the findings and develops suggestions for future research.

HEALTH TOURISM


The principal observations regarding the wellness industry concern an expanding supply of and an insufficiently researched demand for wellness programs. The quality dimension of wellness services is increasingly becoming the decisive competitive factor. For this reason, quality management plays a role.

HERITAGE


This article proposes a model of partnership for world heritage sites and presents a discussion, using British and North American examples.


This article critically explores the process of obtaining world heritage site designation status. It critiques the current process with particular reference to the procedure status and consequences for sites of failing to secure the UNESCO endorsed award. It also reports on the outcomes of a series of in-depth interviews and written correspondence with key personnel at a selection of Village and Maritime Greenwich.


This article reports on both a nationwide telephonic survey and a face-to-face survey of visitors which examined such factors as levels of awareness of the world heritage status in this area, understanding of the reasons for the listing, images of the area, and perceptions of threats to this environment.

HISTORY OF TOURISM


This publication explores the history of tourism in the American West and examines its effects on both the tourists and the places and people they visit. The selections are organized around three broad topics: scholarly perceptions of tourism, tourists, and those toured on; tourism in its historical context, including an assessment of its cultural impact on communities and on tourists themselves; and the history and impact of tourism on the West’s national parks, with particu-
lar emphasis on efforts to maintain the delicate balance between natural preservation and public enjoyment.

HOSPITALITY


New challenges are imposed for executives who must rely on their ability to understand what changes will result from free trade and how it will impact their organizations if they hope to compete successfully in this environment. This translates into the need to think strategically by developing foresight into those forces that will drive this change. To succeed in today’s global environment, free trade is an essential capability.

INTERNATIONAL TOURISM


This article begins by describing tourism in South America with an emphasis on specific issues that influence and shape the tourism industry in the region. It also presents a review of tourism development in Brazil in the last decade. A discussion of the future perspective and challenges faced by tourism in the region concludes the article.


This article reports the findings of a survey that investigated the reasons why Australian travel agents and tour operators thought that Latin America was receiving so few tourists from Australia.

LODGING

The Hotel/Motel Traveler: Results from the National Travel Survey. Travel Industry Association of America, 1100 New York Avenue, NW, Suite 450, Washington, DC, 20005-3934. 1994. 56 pp. $150.

This publication provides insights on the U.S. hotel industry and its guests. The information reported is based on the number of hotel/motel trips taken in 1993 and in 1992. A trip is counted each time one or more household member travels at least 100 miles or more away from home and returns.


This article employs a multiattribute analysis procedure, which is common in the decision science literature, and focuses on the features that are important to hotel guests in Israel. The perspective of this study is that knowledge of the features that are important to customers can improve hotel management practices and may also provide a setting in which satisfaction may result.


This study is an analysis of Web pricing strategies in the top 50 international hotel chains. This study represents the first major attempt to investigate the pricing strategies of hotel companies. The study reveals that the majority of hotel brands are utilizing multiple Web-based distribution channels and offering multiple rates to their customers over each distribution channel.


This article seeks to provide a basic understanding of the bed and breakfast industry by establishing baseline profiles of guest origin, operating practices, operator characteristics, and financial performance of inns throughout Canada.


This article surveyed 402 international travelers to explore their satisfaction levels toward service and facility quality in three Hong Kong hotel market segments. Six perception dimensions were extracted from 33 hotel attributes by a factor analysis. All six dimensions had a significant impact on the overall satisfaction of travelers with service quality and facilities. Travelers will continue to expect hotels to provide more value-for-money services and facilities and they are expected to shift their purchasing decision to an economic value basis.

MANAGEMENT

Tourist Commission Leveraged the Games for Tourism

This publication examines the relationship between tourism and the media. The author analyzes the interaction between media and tourist decision making and presents three case studies. These studies are on terrorism and its effects on tourism, the Olympics, and tourist decision making in the wake of negative media coverage.

MARKETING


This publication encompasses domestic travel taken by U.S. residents during the 1999 calendar year. Volume is measured by household trips and by person-trips.


Topics include visitor volume, convention analysis, hotel/motel occupancy, gaming summary, airline statistics, transportation data, national tourism, tax revenue earned, and Las Vegas tourism facts.


This study was conducted to examine factors that influence a guest’s intent to return to a particular Las Vegas casino-resort property in today’s expanding and evolving environment.


This article outlines the key strategies used by the Australian Tourist Commission in leveraging the Olympic Games to boost tourism to Australia.


The Internationale Bodensee-Tourismus produced the first all-inclusive ticket for the international destination Bodensee in chip-card format. This card allows its holders free entrance or free rides with more than 120 partner firms for a single price. This article discusses this marketing instrument and its importance.


The future success of the card is based on two main aims, which have to be achieved. These two aims, acquiring new guests and developing customer oriented supplies, are discussed.


This article examines a cornerstone concept of mainstream marketing theory relating to the importance of customer satisfaction as an influence on future behavioral intentions. The underlying premise is that visitors to a tourist attraction whose expectations are met or exceeded will be satisfied with their experience, and that the degree of perceived satisfaction will positively correlate with their stated intention to repeat purchase and to recommend the experience to others.


In response to a sluggish state economy, Oregon set out in the late 1980s to brand the state’s tourism marketing and economic development efforts. Supported by an entrepreneurial new governor, a marketing-savvy tourism director, a world-class advertising agency, and a $2 million budget enhancement, the Oregon Tourism Commission launched the “Oregon. Things Look Different Here” campaign in 1988. This article reviews the effectiveness of the campaign over time and examines its successes, shortcomings, evolution, and current status.


This article describes background and general conditions for optimized management and marketing of alpine destinations.


This article underlines the significance of integration of know-how among tourism organizations and the necessity of this integration for the tendencies of regionalization due to new market requirements.
METHODOLOGY


This article offers eight criteria for evaluating the success or value of a segmentation result. It used these criteria to evaluate two different segmentation approaches used with the same survey sample.


This article emphasizes the theoretical and methodological advantages of discrete choice analysis based on random utility theory combined with state-of-the-art experimental design procedures for the gathering of stated preference data.


In 1998, evidence was developed suggesting that an observed 15% decline in travel could be the result of methodological changes in the Canadian Travel Surveys. Theory and a computation approach are introduced and used to correct estimates for the recall of low salience trips.

PLANNING


This article is based on an analysis of literature pertaining to the impact of tourism in coastal areas in the province of Chubut. The conclusion reached is that the implementation of a management plan, which not only takes into consideration environmental aspects, but also the participation of local inhabitants, can result in sustainable development for the area.

POLICY


This article utilizes a new classification typology to explore what experts perceive to be the most important factors that influence local government decision making in tourism.


This article examines the strengths, weaknesses, opportunities, and threats on Fiji’s tourism industry. It aims to provide a clear picture of the tourism industry in Fiji and attempts to provide information to the policymakers that will assist them in making policy decisions regarding the future growth and development of the industry.

PSYCHOLOGY OF TOURISM


This article seeks to address the development of conceptual and operational measures for each of the variables in a competitiveness/sustainability model. Two perspectives are developed: the industry/managerial standards of performance and the perceptions of the marketplace.

RESEARCH METHODOLOGY


The use of self-reply questionnaires as a data collection instrument is common in tourism. This article blends both theory, practical and experience, to suggest a range of issues and guidelines that researchers may find useful in preparing a self-reply questionnaire.

SERVICE QUALITY


This article argues the merits of adopting a triadic perspective on restaurant service quality assessment. It also presents the details of a comparative analysis of stakeholder perceptions of service quality performance that was under-
taken in three full service restaurants in Manchester, United Kingdom.


This publication highlights concepts and strategies that will improve the delivery of services, and provides clear and simple explanations of theoretical concepts and their practical applications.


This article investigates how consumers’ perceptions of category-level product risk influence their satisfaction judgments and behavioral intentions with regard to services.

SPORT TOURISM


This publication quantifies and describes another activity-based travel segment, sports events-related travel. Travel Industry Association of America used its two ongoing national surveys to prepare this report. The report provides an overview of the size of the market, plus details of who participates in sports event activities while traveling and what they do.

TECHNOLOGY


This publication examines the use of the Internet for travel planning and booking among several market segments: American adults, travelers, and online travelers. Survey topics include use of the Internet for travel planning and booking, use of traditional travel information sources, satisfaction with Internet experience, intent to use the Internet for travel in the future, and the use of other electronic communication while traveling.


This article evaluates consumer perceptions of two of the more prominent technological innovations impacting on the aspects of information technology, competitiveness, and long-term survival of the tourism industry: the World Wide Web and television shopping via digital television.


This article tested a framework to evaluate the information quality of simulated lodging Web sites. Results indicate that the adapted information quality model could be a useful framework for evaluating information quality on lodging Web sites.


This article discusses the findings of a comparative survey of information communications technology usage by more than 800 small and medium-sized tourism enterprises in three contrasting destination regions—London, the Aragon province in Spain, and the Netherlands.


This publication comprises the papers presented at the International Conference on Information and Communication Technologies in Tourism held in Montreal, Canada. This book addresses the role played by information and communication technologies in the management and marketing of destinations, the convergence of communication systems and the integration of heterogeneous information systems, the designs of intelligent recommendation systems, the use of destination Web sites by consumers, and the implementation of information and communication technologies.


The impact of information technology (IT) is far-reaching and driving dramatic shifts in business paradigms. Trends suggest greater adoption of IT will continue and develop at accelerating rates. Hence, hotel operators and executives must learn how to embrace IT and capitalize on the many capabilities it has to offer while minimizing the threats. The authors attempt to provide a sense of focus and a roadmap to help hoteliers understand the issues, see the future, and find an appropriate on ramp to the information superhighway.


The emergence of a technology-intensive economy requires the transformation of business models in the hospitality industry. Established companies can face technologi-
cal, cultural, organizational, and relationship barriers in moving from a traditional business model to an e-business model. The authors suggest that market, learning, and business process orientations at the organizational level can help remove some of the barriers toward e-business and facilitate the development of e-business within existing organizational infrastructures.

**TOURISM THEORY**


This article reviews the host-guest paradigm and contends that it should be discarded and new conceptual venues should be explored.

**TOURS**


This article reveals if, when, and how yield management is implemented by German tour operators and how tour operators are evaluating the possibilities and limits of implementing this technique.

**TRAVEL BEHAVIOR**


This report sets out to examine the trip and demographic characteristics among three minority groups—African Americans, Hispanics, and Asian Americans. It looks at the demographics of each minority group in the United States, profiles each travel group individually, and highlights similarities and differences that are important to recognize when marketing to these populations. This report also takes a comprehensive look at the unique travel characteristics of these groups.


This publication provides information on the mature traveler market segment (heads of household aged 55 years and older). Travelers on pleasure, business, personal, and other types of trips are included in this study. Information presented in this report is captured via TravelScope, a national survey conducted monthly, using National Family Opinion’s consumer panel of U.S. households.


This article proposes a model of multiple relationships among tourist satisfaction, previous visits, and behavioral intention to revisit. Implications for the findings for theory, destination marketing, understanding competitiveness, and future research are discussed.


This article examines the influences of tourists who want to purchase souvenirs and who are considering purchases for themselves versus gifts for family and friends.


An overview of common explanatory approaches of holiday destination choices in an integrated theoretical model is presented. On the basis of a quantitative survey, the typology’s sociological and statistical explanatory power is demonstrated in comparison with sociodemographic variables.


Three decisions regarding a customer’s purchase consumption system are examined. First, some of the important product purchases made subsequent to the destination choice are not preplanned before the start of the trip. Second, two categories of choice decisions occur for many travelers within a leisure travel. Third, destination visitors who are high information users participate in more activities, spend more money, and are more satisfied. The results include strong empirical support for the propositions.


This publication presents a collection of recent studies on socioeconomic, marketing, and psychosocial analysis of Japanese tourists. This book seeks to provide a forum for the exchange of information and ideas among researchers around the world on the studies and the phenomenon of Japanese tourists.


This article provides an insight into conducting surveys on vacationing children, why they should be considered more often, and what can be gained.

This article investigated the relationship of cognitive distance, actual distance, and the allocation of long-haul destinations within U.S. tourists’ choice sets.

WINE TOURISM

Explore Wine Tourism: Management, Development & Destinations. Donald Getz. Cognizant Communication Corporation, 3 Hartsdale Road, Elmsford, NY 10523. 255 pp. $29.75.

This publication looks at the business of developing and marketing wine tourism. This book was written for winery owners and wine industry managers, destination marketing organizations, and dedicated wine tourists who want to learn more about the working world of wine.

Plan Now to Attend

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January 5-8, 2003

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The price competitiveness of tourism is an important determinant of inbound visitor numbers. Price competitiveness indices can be used to explore questions of how a destination changes in this respect over time and the causes of any changes. A method of constructing tourism price competitiveness indices is outlined here. The method allows the various determinants of tourism price competitiveness, such as exchange rate and price changes, to be highlighted and their influence on the indices to be identified. The method also allows for comparison of a destination’s tourism price competitiveness relative to domestic tourism in origin markets and for its overall price competitiveness relative to major competitors. Results are presented for 19 tourism destinations during the period from 1985 to 1998 using Australia as a base case.

The competitiveness of an industry is a critical determinant of how well it performs in world markets (Crouch and Ritchie 1999, 2000). The potential for any country’s tourism industry to develop will depend substantially on its ability to maintain competitive advantage in its delivery of goods and services to visitors. Competitiveness is a general concept that encompasses price differentials coupled with exchange rate movements, productivity levels of various components of the tourist industry, and qualitative factors affecting the attractiveness or otherwise of a destination.

In a report prepared for Australia’s peak tourism industry body, the Tourism Council Australia, the authors examined the price competitiveness of 19 tourist destinations. This was done by comparing the prices of tourism services with the price of similar services in a range of competing destinations through the development of indices of international price competitiveness using Australia as a base case (Dwyer et al. 1998). One important outcome of the study was that different purchasing patterns of different types of visitors according to journey purpose render tourism destinations different in price competitiveness. That is, the price competitiveness of a tourism destination is associated with motivations for travel (Dwyer, Forsyth, and Rao 1999). In an article published recently, the price competitiveness of selected destinations was studied in respect to both the ground and travel components of the tourist experience. One outcome of the study was that the price competitiveness of a destination varies from the perspective of tourists from different origin markets (Dwyer, Forsyth, and Rao 2000). No attempt was made in these papers to look behind the price indices to determine the underlying sources of price competitiveness or their relative influence on destination price competitiveness over time. These are the major aims of the present article.

Price competitiveness indices can be used to explore questions of how the competitiveness of destinations change over time and what causes these changes.

The specific aims of the article are to

1. construct tourism price competitiveness indices for the years 1985 and 1997, following the Asian currency crisis, and for the end of 1998;
2. identify the sources of change in tourism price competitiveness during these periods and their influence on tourism price competitiveness; and
3. analyze recent changes in Australia’s tourism price competitiveness relative to competitors.

**METHOD**

To accomplish the objectives of this study, certain tasks were undertaken. First, the origin countries were chosen. The major current and emerging origin markets for Australian inbound tourism were used, given that Australia was used as the base case.

For the purposes of the study, the set of origin markets is made up of those that are likely to provide 80% of the international visitation by the year 2000 (Tourism Forecasting Council 1998). The origin set is constituted of 13 markets: Japan, Singapore, New Zealand, Taiwan, United Kingdom, Hong Kong, United States of America, Thailand, South Korea, Malaysia, Indonesia, China, and Germany.

A “reality check” was performed on this origin set. Discussions as to the appropriate set took place with
Second, the destination markets were chosen. These include the major competitors for Australia.

The analysis drew mainly on primary research conducted by the ATC in a range of markets, supplemented by data from the World Tourism Organization, Pacific Asia Travel Association, and National Tourist Offices. This method identified 19 tourism destinations as constituting Australia’s major competitor set.

### GLOBAL COMPETITOR SET

<table>
<thead>
<tr>
<th>Region</th>
<th>Destinations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>Japan, Hong Kong, Taiwan, Indonesia, Malaysia, Singapore, South Korea</td>
</tr>
<tr>
<td>Europe</td>
<td>France, United Kingdom, Germany, Switzerland, Spain, Turkey, Italy</td>
</tr>
<tr>
<td>North America</td>
<td>United States of America (mainland), Canada</td>
</tr>
<tr>
<td>Pacific Region</td>
<td>New Zealand</td>
</tr>
</tbody>
</table>

Third, expenditure patterns of tourists from different origin markets must be identified. To compute price competitiveness indices, it is necessary to attach weights to different goods and services consumed by tourists to reflect purchasing patterns. The weights used are the share of expenditure of each of the items in the tourist basket (Table 1). Expenditure varies depending on the origin market of the visitor. The data in this table are based on estimates published in Australia’s International Visitor Survey (Bureau of Tourism Research 1998).

Since Australia was taken as the base destination for the comparisons, expenditure shares of tourists to Australia were used. Fortunately, the expenditure share data available for visitors to Australia are very detailed. Ideally, indices would be developed using the expenditure shares specific for each destination. Unfortunately, few countries publish tourist expenditure data, and those that do usually do not publish detailed breakdowns by items purchased. (Ironically, one country that does produce very detailed share data is Singapore, one of the few high-income countries that does not participate in the International Comparison Program [ICP]. It is for this reason that this study does not estimate price competitiveness indices for Singapore as a tourist destination.)

The fourth step involves the compilation of relevant price data. A major source of data on the prices paid by visitors for goods and services in different destinations is the ICP (Summers and Heston 1991; World Bank 1993). Price data for 255 categories of products and services were extracted from the ICP for selected years since 1985 and updated to 1998 using disaggregated consumer price index (CPI) data for each country. The ICP data include hotel accommodation prices. However, these are for accommodation across countries such that domestic tourists might use. International tourists are not always likely to use the accommodation typical for a country—for example, international tourists to India tend to use higher than average quality hotel accommodation. An alternative source of hotel prices lies in surveys of accommodation prices and revenues that are periodically carried out by accounting firms. In this study, surveys by Pannell-Kerr Forster (1997) were used to provide hotel prices and thus supplement some of the ICP data. Accommodation rates include accommodation taxes.

Price data were compiled for each of the 14 items constituting expenditure of tourists (as represented in Table 1) with respect to each of the destinations in the competitor set.

Fifth, price and expenditure share data are aggregated. Since price data are available at a very disaggregated level (255 different goods and services) while expenditure patterns are reported for only 14 broad categories (e.g., accommodation, food, shopping, entertainment, etc.), it is necessary to establish a correspondence between items in ICP categories and International Visitor Survey (IVS) expenditure categories. Correspondence between ICP and IVS categories was based on a weighting procedure developed by Adams and Parmenter (1991).

Sixth, purchasing power parities for tourism expenditure are calculated. Establishment of a correspondence between tourist purchasing patterns and price data enables derivation of purchasing power parities (PPPs) for each category of tourist expenditure. PPPs indicate the levels of expenditure required in different destinations to purchase the same basket of tourism goods and services.

Finally, PPPs are adjusted by exchange rates to derive price competitiveness indices.

\[
\text{Price Competitive Index} = \frac{\text{Exchange Rate}}{\text{Purchasing Power Parity}} \times 100
\]

Interpretation of the price competitiveness indices is straightforward. Australia is taken as base, and its index is 100. For any destination, a price competitiveness index greater than 100 indicates that destination to be more price competitive than Australia. Similarly, a figure less than 100 indicates that the destination is less price competitive than Australia. For present purposes, consider the cost of the bundle of products and services consumed by the average or “representative” tourist to Australia and ask what this same bundle would cost the tourist if purchased in Japan. In 1997, a tourist bundle of goods and services costing A$1 in Australia would have cost 130.7 Yen if purchased in Japan. Given that the exchange rate between Australia and Japan was A$1 = 85.0 Yen in 1997, the bundle costs more in Japan than Australia after exchange rate adjustment. Dividing 85.0 by 130.7 yields 0.65: a price competitiveness index of 65 for Japan in 1997 (as shown in Table 2).

The index numbers allow destinations to be ranked according to their price competitiveness. The absolute values of the indices can also be compared to determine the extent to which different destinations vary in price competitiveness in tourism. Although there are some limitations restricting the usefulness of price competitiveness indices, they can be used to measure a country’s price competitiveness in tourism in relative and absolute terms (Dwyer, Forsyth, and Rao 2000).
**TABLE 1**

INTERNATIONAL VISITOR SURVEY, 1997: AVERAGE SHARES FOR TOURISTS (ALL VISITORS) TO AUSTRALIA (IN PERCENTAGES)

<table>
<thead>
<tr>
<th>Expenditure Component</th>
<th>United States</th>
<th>Germany</th>
<th>Japan</th>
<th>New Zealand</th>
<th>United Kingdom</th>
<th>South Korea</th>
<th>Indonesia</th>
<th>Singapore</th>
<th>Taiwan</th>
<th>Hong Kong</th>
<th>Thailand</th>
<th>Malaysia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drink</td>
<td>8.00</td>
<td>8.56</td>
<td>8.35</td>
<td>8.15</td>
<td>9.74</td>
<td>6.32</td>
<td>5.81</td>
<td>6.90</td>
<td>7.43</td>
<td>8.25</td>
<td>6.80</td>
<td>6.57</td>
<td>7.39</td>
</tr>
<tr>
<td>Shopping</td>
<td>14.97</td>
<td>13.73</td>
<td>32.82</td>
<td>32.43</td>
<td>16.57</td>
<td>32.08</td>
<td>29.49</td>
<td>31.14</td>
<td>29.21</td>
<td>26.24</td>
<td>38.04</td>
<td>33.46</td>
<td>23.74</td>
</tr>
<tr>
<td>Entertainment</td>
<td>3.25</td>
<td>2.73</td>
<td>0.95</td>
<td>4.12</td>
<td>4.51</td>
<td>2.44</td>
<td>2.44</td>
<td>2.55</td>
<td>1.89</td>
<td>3.50</td>
<td>2.31</td>
<td>2.65</td>
<td>3.22</td>
</tr>
<tr>
<td>Self-drive cars</td>
<td>2.91</td>
<td>8.05</td>
<td>0.32</td>
<td>3.53</td>
<td>3.05</td>
<td>0.43</td>
<td>0.90</td>
<td>2.21</td>
<td>0.09</td>
<td>1.32</td>
<td>0.45</td>
<td>1.36</td>
<td>1.69</td>
</tr>
<tr>
<td>Domestic airfares</td>
<td>12.06</td>
<td>9.19</td>
<td>19.67</td>
<td>4.25</td>
<td>6.56</td>
<td>5.52</td>
<td>2.22</td>
<td>3.55</td>
<td>8.81</td>
<td>3.66</td>
<td>3.07</td>
<td>1.78</td>
<td>3.64</td>
</tr>
<tr>
<td>International airfares purchased in Australia</td>
<td>1.52</td>
<td>0.84</td>
<td>0.55</td>
<td>0.93</td>
<td>1.81</td>
<td>1.69</td>
<td>1.55</td>
<td>0.88</td>
<td>1.50</td>
<td>2.83</td>
<td>1.62</td>
<td>1.10</td>
<td>5.88</td>
</tr>
<tr>
<td>Train, coach fares</td>
<td>0.67</td>
<td>1.43</td>
<td>0.44</td>
<td>0.77</td>
<td>2.11</td>
<td>0.48</td>
<td>0.23</td>
<td>0.21</td>
<td>0.10</td>
<td>0.17</td>
<td>0.19</td>
<td>0.27</td>
<td>0.08</td>
</tr>
<tr>
<td>Taxis, limousines</td>
<td>1.80</td>
<td>1.11</td>
<td>0.80</td>
<td>2.14</td>
<td>1.80</td>
<td>0.87</td>
<td>1.93</td>
<td>1.73</td>
<td>1.02</td>
<td>1.95</td>
<td>2.18</td>
<td>1.80</td>
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CHANGES IN TOURISM PRICE COMPETITIVENESS AND THEIR SOURCES, 1985-1997

Price competitiveness indices can be used to explore questions of how the price competitiveness of destinations change over time and what causes this change. In Table 2, tourism price competitiveness indices are presented for 1985 and 1997.

These shifts are the outcomes of changes in a range of factors. First, nominal exchange rates have changed. These partly reflect differences in inflation as measured by changes in CPIs in different countries—although not entirely, since real exchange rates may have altered. It is also possible for there to be shifts in the structure of prices within countries. Prices in the tourism sector can rise and fall relative to prices in general.

In Table 2, the first two columns report price competitiveness indices for the two years and the third column shows the ratio of these. A number greater than unity indicates an increase in price competitiveness. The next column shows the exchange rate effect. Similarly, a number greater than unity indicates improved competitiveness relative to Australia in regard to exchange rate movements only (disregarding domestic price changes). The fifth column shows the inflation rate relative to Australia. In the last column, the residual is shown, indicating the contribution of the ratio of tourism prices to prices in general.

For expositional purposes, the information in Table 2 (and Tables 4 and 5) may be set out as in Table 3. A plus sign indicates movement toward increased tourism price competitiveness while a minus sign indicates the reverse. Sometimes exchange rate changes and price changes reinforce each other in their impacts on tourism price competitiveness (e.g., the United Kingdom), and sometimes they act in opposite directions (e.g., Japan).

Countries that experienced increased tourism price competitiveness, relative to Australia, during the period from 1985 to 1997 include Canada, South Korea, Indonesia, Hong Kong, Thailand, and Malaysia. All of these countries experienced depreciation in their exchange rates relative to Australia. For South Korea, Indonesia, and Thailand, exchange rate movements were primarily responsible for their increased relative tourism price competitiveness. Canada and Malaysia also experienced lower inflation than Australia during this period. This operated in the same direction as the exchange rate changes to increased relative price competitiveness in tourism. In no countries were price movements primarily responsible for increased tourism price competitiveness relative to Australia. It is interesting to observe, also, that South Korea was the only country that experienced an increase in tourism price competitiveness while its tourism prices decreased relative to the prices of other goods and services.

Countries that experienced reduced tourism price competitiveness relative to Australia during the same period included the United States, New Zealand, Germany, Italy, France, Spain, Switzerland, Turkey, the United Kingdom, Japan, Taiwan, Hong Kong, and China. The exchange rates of all of these countries appreciated relative to Australia. Some, including New Zealand, Italy, Spain, Turkey, the United Kingdom, Hong Kong, and China, also experienced a higher inflation rate than Australia, thus reinforcing the pressure on price competitiveness. At the same time, tourism prices in New Zealand, Germany, Italy, Spain, Switzerland, the United Kingdom, Japan, and Hong Kong increased at a lower rate than prices of their other goods and services.

The data in Table 3 enable the sources of changing tourism price competitiveness to be identified. Consider Germany. Its tourism price competitiveness relative to Australia has declined significantly. This is due, in large measure, to the rise in its exchange rate. Its nominal exchange rate rose considerably—more than could be explained by its lower inflation rate. Hence, its real exchange rate (indicated by the inverse product of 0.57 and 1.23 ) rose, lessening its price competitiveness. As against this, tourism prices fell relative to other prices, moderating the decline in competitiveness. (This occurred in other tourist oriented countries such as Switzerland; when real exchange rates rise, the tourism industry can come under pressure to reduce costs and prices. It is possible also that governments assist their tourism industries when they are under competitive pressure.)

Over the 12-year period, the tourism price competitiveness of all European countries in the group declined. Except for Turkey, which experienced a major depreciation of its exchange rate, this was mainly due to real exchange rate increases. For some European countries, such as Spain, Italy, France, and the United Kingdom, there have been significant adverse shifts in tourism price competitiveness. The pattern in Asia is more mixed. Taiwan, Japan, Hong Kong, and China experienced a decline in tourism price competitiveness. However, some rapidly growing countries such as Indonesia, Malaysia, and China were able to improve their tourism price competitiveness in spite of increases in their tourism prices relative to other prices.


Table 4 provides updated tourism price competitiveness indices to reflect the situation in late 1998, a full year into the currency crisis experienced by several Asian economies, which had a substantial impact on both outbound and inbound travel.

Due to the fact that detailed tourism prices are not available for 1997 and 1998, and movements in tourism prices were projected from broad categories of prices within CPIs, a reliable separation of effects into CPI and movements and changes in tourism prices relative to the CPI is not possible. However, the separation into exchange rate and price effects is reliable.

During 1998, all countries in the competitor set except Indonesia experienced increases in tourism prices the same as or below that of prices in general. This was a reversal of the trend since 1995.

Table 4 also reveals that between 1997 and 1998, Australia increased its tourism price competitiveness against all of its competitors except New Zealand, Switzerland, and Japan. The enhanced tourism price competitiveness of New Zealand relative to Australia is primarily due to exchange rate depreciation, while relatively low inflation rates were dominant in the cases of Switzerland and Japan. The latter two countries,
however, remain the least price competitive of destinations in the competitor set.

For North America, both the United States and Canada experienced reduced price competitiveness during 1998. Both countries experienced an appreciation of their exchange rates, while the United States also experienced a slightly higher inflation rate. Interestingly, for the United States, tourism prices increased at a slower rate than did the CPI.

Every European country except Switzerland experienced a deterioration in price competitiveness during 1998. Each

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Source: Tables 2 and 4.

Note: A plus sign indicates that the relevant change had a positive impact on overall tourism price competitiveness (e.g., exchange rate depreciation, relatively low inflation rate). A minus sign indicates a negative impact (e.g., exchange rate appreciation, relatively high inflation rate). Zero denotes no change.
except Turkey experienced appreciation of its exchange rate relative to Australia. With the exception of Switzerland and Spain, these countries had higher rates of inflation than Australia. Exchange rate and price changes generally operated in the same direction to reduce tourism price competitiveness.

The results for Asian destinations are interesting. In the 2 years following the currency crisis, those destinations that have had substantial depreciation in the exchange rate (Indonesia, Malaysia, Thailand, South Korea) have also had rapid price rises. In part, those price rises have been exacerbated by exchange rate depreciation, since the prices of imported and exported goods have been rising and adding to general price inflation. This is an ongoing process—the depreciations of late 1997 are likely to push prices up well into 2000. The overall results are that the gains in tourism price competitiveness achieved by the Asian countries with depreciating currencies have been less than indicated by the currency depreciation. This highlights the danger of using the exchange rate as a measure of price competitiveness. It is very likely that the changing economic conditions, globally and within Asia, are having a continuing impact on tourism price competitiveness indices. Those Asian countries that keep inflation rates in check, however, are likely to preserve their competitiveness gains over the past 2 years.

The price indices reveal an interesting outcome of the Asian currency crisis for a destination such as Australia, which has significant market shares of tourists from different geographic markets. In the immediate postcrisis period, Australia lost price competitiveness relative to the countries directly affected by the crisis but gained relative to other markets. While Asian destinations became more price competitive following the exchange rate falls, resulting in some loss of tourism to Australia, the reduced tourism price competitiveness of North American and European destinations appears to have cushioned the overall impact of the crisis on Australian inbound tourism flows. Certainly, following the crisis, Australia experienced increased numbers of tourists from its traditional source markets in North America and Europe (Tourism Forecasting Council 2000).

What emerges from this discussion is that both exchange rate changes and price changes are having an impact on tourism price competitiveness, with exchange rate changes appearing to be more important in Asian countries and price changes more important in some European countries.

Given that Australia is used as the base destination for the construction of the price competitiveness indices, this facilitates comparison of Australia’s price competitiveness over time relative to major alternative tourist destinations. Specifically, the indices enable comparison of the price competitiveness of tourism at home (domestic tourism) as opposed to tourism to Australia. They also allow changes in Australia’s overall tourism price competitiveness to be estimated. Some findings are now discussed.

### RECENT CHANGES IN DESTINATION PRICE COMPETITIVENESS RELATIVE TO THE HOME COUNTRY AND COMPETITORS

Table 5 sums up the changes in tourism price competitiveness as they have affected the selected destinations in 1993 (the year in which ICP price data was first collected) and 1998. For each year and country, three indices are provided. The price competitiveness of Australian tourism is standardized at 100. The second column shows the price competitiveness index of the home country. This is estimated as the average of its destination price competitiveness from

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<td>South Korea</td>
<td>212</td>
<td>167</td>
<td>0.79</td>
<td>0.83</td>
<td>0.94</td>
<td>1.01</td>
</tr>
<tr>
<td>Indonesia</td>
<td>528</td>
<td>521</td>
<td>0.99</td>
<td>1.73</td>
<td>0.65</td>
<td>0.88</td>
</tr>
<tr>
<td>Taiwan</td>
<td>142</td>
<td>134</td>
<td>0.94</td>
<td>0.95</td>
<td>0.99</td>
<td>1.00</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>82</td>
<td>80</td>
<td>0.98</td>
<td>0.96</td>
<td>0.98</td>
<td>1.04</td>
</tr>
<tr>
<td>Thailand</td>
<td>557</td>
<td>287</td>
<td>0.85</td>
<td>0.85</td>
<td>0.95</td>
<td>1.05</td>
</tr>
<tr>
<td>Malaysia</td>
<td>260</td>
<td>245</td>
<td>0.94</td>
<td>0.97</td>
<td>0.96</td>
<td>1.01</td>
</tr>
<tr>
<td>China</td>
<td>329</td>
<td>317</td>
<td>0.96</td>
<td>0.96</td>
<td>1.00</td>
<td>1.00</td>
</tr>
</tbody>
</table>

the perspective of all of the origin markets. The third column shows the average tourism price competitiveness of the other destinations from the perspective of the origin market. This last index is an overall measure of the tourism price competitiveness of competitor destinations. The exact levels of these indices are not particularly important; however, the trends are good indicators of the changes in the pattern of tourism price competitiveness.

Table 5 reveals that, from the perspective of a U.K. tourist, for example, a domestic tourism experience had a price competitiveness index of 89.1 in 1993 and 67.9 in 1998, while an outbound tourism experience had an average price competitiveness index of 138.3 in 1993 and 151.4 in 1998. Thus, for U.K. residents, domestic tourism became less price competitive and outbound tourism became more price competitive on average.

A comparison of columns 3 and 6 of Table 5 reveals that, from the perspective of every origin market in the selected set, tourism to countries in the competitor set became, on average, more price competitive during the 5-year period. This was due, primarily, to the large increases in the indices of some Asian countries between 1997 and 1998.

However, the indices suggest that there were differences in the origin markets regarding changes in the price competitiveness of domestic tourism over the 5-year period.

Origin markets in which domestic tourism experienced enhanced price competitiveness (that is, for which Australia became more expensive to visit compared to tourism at home), included Japan, South Korea, Indonesia, and Thailand. All are Asian origin markets. Based on the discussion in the earlier part of this article, exchange rate falls appear to be primarily responsible for this change for the latter three countries. For Japan, a relatively low rate of inflation has had a favorable impact on the price competitiveness of its domestic tourism.

Each of the other origin markets experienced a reduction in the price competitiveness of its domestic tourism over the 5-year period. For Germany and Malaysia, the changes were marginal, but other origin markets experienced substantial change, particularly China. For China, as we have seen, price increases in the tourism sector have operated as a brake on its international tourism competitiveness.

### AUSTRALIA’S OVERALL TOURISM PRICE COMPETITIVENESS, 1993 AND 1998

In Table 6, an aggregate price competitiveness index calculated for all selected origin and destination countries is presented for 1993 and 1998. This index is calculated by taking the competitiveness index for all travel to Australia (from all origins) and taking a geometric mean of competitiveness indices for destinations other than Australia. The result is an overall indication of Australia’s tourism price competitiveness position.

The indices are derived from the more disaggregated data provided in Table 5. They show that, relative to each of its competitor destinations, Australia became more price competitive between 1993 and 1998. In 1993, the average price competitiveness of other destinations was 134.1, compared to 147.0 in 1998. Decomposing the average price competitiveness indices by region, however, reveals that Australia gained in price competitiveness relative to destinations outside of Asia. Australia is more price competitive than North America (88.0) and Europe (76.2), particularly when Turkey is excluded from the average estimation.

Of course, Australia’s price competitiveness as a tourism destination need not be reflected immediately in tourism flows, since it is easier for a South Korean, say, to cancel a trip than for a European to realize that Australia is more price competitive than some other destinations and to plan and make a trip. Furthermore, it should be remembered that most countries that have experienced exchange depreciation have also experienced severe macroeconomic instability. This will contribute to a decline in outbound tourism. To the extent that this has affected important origin countries, Australia has, on balance, suffered from the financial crisis.

### CONCLUSIONS

This article has sought to extend earlier studies of tourism price competitiveness by identifying changes in its underlying determinants. The price competitiveness indices constructed for the period from 1985 to 1997 and for 1997 and 1998 are designed to study the effects of exchange rate...
movements and shifts in tourism prices relative to the general CPI movements. Results for the years 1997 and 1998 are used to examine the effects of the recent exchange rate crisis in some Asian economies. Since Australia is used as the base index, the results enable determination of the underlying determinants of price competitiveness of all destinations in the competitor set.

Between 1985 and 1997, all destinations that experienced increased tourism price competitiveness relative to Australia experienced falling currencies relative to the Australian dollar. For some destinations—South Korea, Indonesia, Thailand, Malaysia—exchange rate movements were primarily responsible for increased tourism price competitiveness. Some countries, including Canada and Malaysia, also enjoyed lower inflation rates relative to Australia, thereby further enhancing their relative tourism price competitiveness. In no country experiencing increased tourism price competitiveness relative to Australia was price movements primarily responsible for this. For those countries that experienced reduced tourism price competitiveness relative to Australia, exchange rate appreciation and higher inflation rates played a combined role, as they did for New Zealand, Italy, Spain, Turkey, the United Kingdom, Hong Kong, and China. Interestingly, during this period, most destinations in the competitor set experienced a higher rate of inflation in general prices than in the prices of tourism goods and services, the exceptions being the United States, Canada, France, Turkey, Indonesia, Malaysia, and China.

Between the end of 1997 and the end of 1998, Australia experienced increased tourism price competitiveness relative to all major competitor destinations except New Zealand, Japan, and Switzerland. The enhanced tourism price competitiveness of New Zealand, relative to Australia, was primarily due to exchange rate movements, while price movements were primarily responsible in the cases of Switzerland and Japan. Detailed decomposition of the price competitiveness indices suggests that some countries, including Indonesia, Turkey, and Thailand, benefited from the devaluation of their currencies. A more interesting feature of the decomposition is the fact that relative tourism price changes in Australia were lower than the overall CPI. It is also evident from the results that some of the gains made from devalued currencies are offset by relative increases in the consumer prices in these countries.

Between 1993 and 1998, four origin countries in Asia (Japan, South Korea, Indonesia, and Thailand) experienced enhanced price competitiveness of their domestic tourism relative to international travel. Exchange rate falls underpin the result for the latter three countries, while Japan experienced relatively lower inflation rates during this period. All countries except Indonesia experienced lower inflation rates in tourism prices than in the general price level during 1998. At the aggregate level, the average price competitiveness of “the rest of the world” rose from 134.1 to 147.0.

The limitations of the study must be acknowledged. The purchasing patterns of tourists were derived from Australian international visitor expenditure. To the extent that tourists display different purchasing behavior in different destinations, the price competitiveness indices will vary from those estimated in this study. Furthermore, data used are economy-wide data, ignoring the variations that often exist between regions within countries. The estimated indices are no better than the data on which they are based (Dwyer, Forsyth, and Rao 2000). Also, no attempt was made to determine or discuss annual variations in the price competitiveness indices. Comparisons between two data points (e.g., 1985 and 1997) may conceal fluctuations in tourism price competitiveness in the years between. Ideally, estimates of the indices should be produced annually at least.

While tourism operators may have little control over their countries’ exchange rates, they may have some degree of control in issues involving pricing. The price competitiveness indices can also be used to determine the impacts of policy measures affecting prices paid by tourists (e.g., tourist taxes). Used with caution, price competitiveness indices, such as those developed here, do provide more information on the relative price competitiveness of different destinations than any of the alternatives, since they compare tourist expenditure on the same bundle of goods and services in different destinations. They also enable the changing sources of tourism price competitiveness to be identified and analyzed. They can provide the basis for tourist industry policy to enhance destination price competitiveness through studies of the productivity and efficiency of different tourism industry sectors.

This article demonstrates the feasibility of developing indices of price competitiveness and their use in analyzing the impact of changes in exchange rates of different currencies and relative changes in consumer prices. Although Australia was taken as the base destination, the method is of general applicability. Information about the sources of changing tourism price competitiveness is of value to private and public sector stakeholders in the industry. It also has implications for the direction of macroeconomic policy, industry policy, and destination marketing.

### References


