# Segmenting Hotel Guests:
# The Case of Five Star Hotels in Langkawi

AZILAH KASIM, HISHAM DZAKIRIA & LIM KONG TEONG
*School of Management*
*Universiti Utara Malaysia*

## ABSTRACT

*Segmentation is a very important element in the overall process of target marketing for tourism products as it assists in obtaining information on the segments of tourist that exist in the population served. Knowing the segments is imperative to help decide the type and amount of resources that should be allocated to target the desired segments. This study segmented five star hotel guests in Langkawi using sociodemography and psychography as segmentation bases. Applying Ward's Minimum Variance Method as the clustering technique, the findings of this research indicated that there are three categories of tourists that the participating hotels need to consider when designing their marketing strategies. The three clusters were the 'Fun and Excitement Holiday Seeker', the 'Active Weekend Holiday Seeker', and the 'Quiet and Meaningful Elitist Holiday Seeker'. The characteristics of each cluster were described and a comparison of sociodemographic characteristics across clusters was made. Suggestions on how to best target each identified cluster were also provided.*

## ABSTRAK

*Segmentasi adalah satu elemen penting dalam proses keseluruhan pemasaran bersasar kerana ianya membantu pencarian maklumat tentang segmen-segmen pelancong yang wujud dalam sesuatu populasi. Pengetahuan mengenai segmen diperlukan dalam membuat keputusan mengenai bentuk dan jumlah sumber yang patut diagihkan bagi menyasar segmen pilihan. Kajian ini telah mensegmentasi tetamu hotel-hotel bertaraf lima bintang di Pulau Langkawi menggunakan asas-asas sosiodemografi dan psikografi. Pembahagian yang dilakukan menggunakan teknik "Wards Minimum Variance Method" menghasilkan tiga kategori pelancong yang patut diambilkira oleh hotel-hotel berkenaan dalam membentuk strategi pemasaran mereka. Kategori-kategori tersebut adalah kategori "Pelancong yang menginginkan keseronokan dan cabaran", "Pelancong aktif yang sukakan cuti hujung minggu" dan "Pelancong elit yang inginkan ketenangan dan percutian bermakna". Ciri-ciri setiap kategori diperjelaskan manakala ciri-ciri sosiodemografi antara kategori pula diperbandingkan. Cadangan tentang cara penyasaran paling berkesan bagi setiap kategori juga diberikan.*

## INTRODUCTION

Traditionally, marketers have always treated consumers as being unanimous in their needs, wants and demand. Thus mass marketing, i.e., directing the same marketing and promotional strategies to every individual in a market (Kotler et al., 1996) was widely practised by many organisations. However, this has gradually changed as competition intensified and consumers became more conscious and expressive about what they really want in a product. Marketers now have to pay serious attention to these various needs, wants and demands if they want to continue pleasing the market. In other words, they have to look at another approach in marketing called "target marketing". Target marketing is a style of

marketing where an organisation: a) distinguishes between different segments that make up a market, b) chooses one or more of these segments to focus on, and c) develops market offers and marketing mixes tailored to meet the needs of each market (Weinstein, 1987; Markowitz, 1980). Kotler (1982), emphasised at least 3 benefits that can be identified with target marketing:

1. Organisations are in a better position to spot market opportunities by identifying market segments whose needs are not being fully met by current product offers.

2. Sellers can make finer adjustments to their pro-ducts to match the desires of the market by getting a good picture to their specific needs and desires.

3. Sellers can make finer adjustments to their marketing mixes to meet the needs of each target market.

The need for target marketing in tourism is also increasingly recognized by operators in the industry. Tourism marketers have to accept the fact that today's markets for tourism products are not homogeneous. Consumers are now more distinctive in their needs and wants. Consequently, they have become more discriminating in planning their travel itineraries, and are more value-conscious in terms of comfort and quality of services. Hence, tourism-related businesses need to design and implement a marketing approach that can precisely satisfy the demands of the heterogeneous markets if they want to remain competitive.

The American Marketing Association defines marketing as "the process of planning and executing programs, to create and maintain beneficial exchanges with target market to achieve organisational objectives" (in Kotler, 1991). Maintaining beneficial exchanges with the target market includes knowing its characteristics. Without such understanding, developing effective and efficient marketing strategies is difficult if not impossible (Gladwell, 1990). Therefore, identifying what potential

market segments exist in the population being served, and selecting the segments towards which an organisation will direct its services are important in the process of marketing. To determine the existence of potential market segments, one has to go through a very important step in target marketing, which is segmenting the market. As emphasised by Gitelson and Kersteter (1990), segmentation is based upon the disclosure of the demand side of the market, and represents adjustment of products and marketing efforts that are sensible and more exact to consumer or user requirements. In addition, segmentation is disaggregative in its effects and could lead to the recognition of several demand schedules where only one was recognised before (Gitelson and Kersteter, 1990).

In other words, market segmentation is a useful tool for identifying and defining markets and developing market strategies that fit the specific needs of targeted segments. It can be accomplished by dividing thé population into groups of people who have similar needs and interests (Kotler et al., 1996) after which services or promotional strategies that maximise benefits for each group can be designed. This will allow an organisation to utilise its limited resources to better serve its markets, thereby realising a greater return of investments in the long run.

## PROBLEM STATEMENT

Hospitality is a very important aspect of travel and tourism services. Hotels, similar to other travel and tourism enterprises, deal with a variety of clientele groups and must constantly be responsive to the needs and desires of their clients in order to have a profitable business. However, lack of information on the characteristics of the market being served has prohibited hotel marketers from designing specific marketing strategies for their patrons. Consequently, hotels are usually mass marketed.

Hotel marketers in Langkawi, an island tourist destination located in the northwestern border region of Peninsular Malaysia, are no exception. This is especially true for hotels

which have been rated as "five star". Five star hotels, with the reputation of being "the finest" type of accommodation need to be consistent in delivering satisfactory services to their patrons. Unfortunately, the excitement of competing with existing and newly emerging hotels, complicated by the seasonal nature of the tourism industry itself, have driven many hotel managers to be 'all things to all people' in their attempt to attract as many customers as they can. This "shotgun" approach (Kotler, 1991) however, requires heavy investments especially on promotional efforts in order to be successful. Furthermore, promotional resources are often wasted, by appealing to segments of the market that consist of non-potential or low potential tourists (Kotler et al., 1996).

As emphasised by Mayo and Jarvis (1981), isolating market segments which are likely to respond to an organisation's marketing strategies, and developing strategies that precisely correspond to the segments' needs and desires is better than the shotgun approach. Using strategic tools of segmenting and positioning, hotel marketers can evade competitive pressure, and make their respective hotels more distinguishable to tourists (Weinstein, 1987; Woodside, 1982). Thus, hotel marketers in Langkawi need to have information on the characteristics of tourists who are attracted to their premises if they want to improve their product offerings. Two important categories of information (Ritchie, 1975) they will need to have are aggregate information and individual information. Aggregate information provides descriptive statistics which explain the *who*, *when*, *where* and *how much*, as they relate to tourism. Individual data, on the other hand, explains *why* individuals travel and how travel decisions are made, there by giving insights into tourist behaviour. These key data can be gathered by segmenting the market.

Ritchie (1975) has emphasised that in market segmentation, aggregate data are usually collected using demographic variables whereas individual data are often obtained using psychographic variables. Demography has traditionally been used for segmenting a market because of its simplicity and the avail-

ability of supporting data (Kotler, 1991; Ritchie, 1975). Nonetheless, there is a growing recognition that demography alone cannot effectively portray a market because it does not indicate *why* segments respond to products the way they do. Psychographic variables, on the other hand, can provide information on the activities, attitudes, interests and opinions of respondents (Stynes, 1981; Schewe & Calantone, 1987; Kotler et al., 1996). In other words, the use of psychographic variables can indicate why consumers respond to products the way they do. Therefore, combining sociodemographic and psychographic variables will enable a researcher to obtain a better grasp of the aggregate and individual data of a customer. This, in turn, will provide a more comprehensive understanding of the client and allow for the design of better marketing and communication strategies.

Unfortunately, in the case of Langkawi, statistical information on the sociodemography as well as psychography of tourists who patronise five star hotels (or any other types of hotel) in Langkawi is currently not available. This is based on the information given by the tourism department of Langkawi Development Authority (LADA) and Malaysian Tourism Promotion Board (MTPB), Langkawi. Available data emphasises more on the general statistics of incoming tourists (number of tourists annually, means of transportation, etc.) rather than the specific profile of the incoming tourists. Under the circumstances, it would be impossible for hotel marketers to obtain a true picture about their clients and decide how to best use their resources.

This study addresses the matter by analysing the market segmentation of five star hotel patrons in Langkawi using sociodemographic and psychographic variables. In particular, it has attempted to:

1) determine whether distinct types of users exist within the population of hotel patrons being served, and if so,

2) whether they can be distinguished based on selected behavioural inclination (as measured using vacation-specific lifestyle statements), and

3) whether they can be distinguished based on selected demographic characteristics and sources of vacation information.

Langkawi has been chosen as the site for this research due to several reasons: a) it is a tourism destination undergoing remarkable growth, especially in terms of goods and services provision; b) its close proximity to Universiti Utara Malaysia; and c) the increasing number of hotels in Langkawi rated five star by the Ministry of Culture, Arts and Tourism.

## BASIC CONCEPT OF MARKET SEGMENTATION

The objective of segmentation is to identify groups of people who are sufficiently alike in some ways to make them a target market (Kotler and Armstrong, 1987). There are two means of achieving this: The first is by using an *a priori* approach that splits a market by some predetermined criteria such as age, sex and social class. Automatic Interaction Detection (AID) is a technique that breaks a market down successively, according to a series of *a priori* criteria. The second, means is by using cluster analysis when no *a priori* information on the segment structure is available (Punj & Steward, 1983; Mazanek, 1984). As stressed by Mazanek (1984) the availability of cluster-based methods to seek out meaningful market segments, rather than a single *a priori* criterion being chosen subjectively, makes these (cluster-based) methods more appealing for use in market segmentation research. Simply put, cluster analysis can be described as including the following steps (Kotler et al., 1996):

1.  Looking at all the individuals and determining which two are most alike.

2.  Joining the most alike pair into a cluster that thus becomes a composite individual.

3.  Looking for the next most alike pair and joining them. This could involve the composite cluster joining with one other individual

4.  Continuing the process until measurements show that the individuals or clusters to be joined are *not* alike.

There are many methods available if one wants to use cluster analysis. These include the Iterative Partitioning Method, K-Means Method, Average Linkage Method, Complete Linkage Method, Single Linkage Method and Ward's Minimum Variance Method (Saunders, 1980; Punj & Steward, 1983; Mazanek, 1984). Iterative Partitioning and K-Means are also known as non-hierarchical clustering methods, whereas the remaining four methods are known as hierarchical clustering methods. The suitability of each method depends on the purpose of the research and the nature of the data (Punj & Steward, 1983).

In market segmentation research, there is no single way to divide a market (Kotler & Armstrong, 1987). A marketer has to try different segmentation variables, singly or in combination, in the attempt to find an accurate way to depict the market structure. The most commonly used segmentation variables are illustrated in Table 1. The variables can be grouped into several general categories, i.e., geographic, demographic, psychographic and behaviouristic.

## SELECTED EMPIRICAL WORK ON MARKET SEGMENTATION IN TOURISM

The potential of market segmentation has long been recognised in the field of travel and tourism. Many researches, using a variety of segmentation variables have been conducted. Morrison et al. (1995) used market segmentation to disprove the popular belief that the Visiting Friends and Relatives (VFR) market is a homogeneous market. Using a sub-analysis of a domestic survey, the study classifies the segments using Ward's method of clustering to show that Australian domestic VFR travellers are significantly different in their demography, trip characteristics, travel preferences and attitudes. Norman (1995) used a unique segmentation base to target travellers, i.e., their

## Table 1
### Major Segmentation Variables for Consumer Markets

| Variable | Typical Breakdowns |
|---|---|
| **Geographic** | |
| Region | Pacific, Mountain, West North Central, West South Central, East North Central, East South Central, South Atlantic |
| Country | A,B,C,D |
| Density | Under 5,000; 5,000-20,000; 20,000 50,000, 50,000 or over |
| City | Urban, suburban, rural |
| **Demographic** | |
| Age | Under 6, 6-11, 12-19, 35-49, 50-64, 65+ |
| Sex | Male, Female |
| Family size | 1-2, 3-4, 5 + |
| Family life cycle | Young, single; young, married, no children; young, married, youngest child under 6; young, married, youngest child 6 or over; older, married, with children; older, married, no children under 18; older, single; other |
| Occupation | Professional and technical; managers; officials and proprietors; clerical, sales; craftsman, foreman; operatives; farmers; retired; students; housewives, unemployed |
| **Psychographic** | |
| Education | Grade school or less, some high school, high school graduate, some college, college graduate |
| Lifestyles | Belongers, achievers, integrated |
| Personality | Compulsive, gregarious, authoritarian, ambitious |
| **Behavioristic** | |
| Purchase Occasion | Regular occasion, special occasion |
| Benefits sought | Quality, service, economy |
| User status | Non-user, ex-user, potential user, first time |
| Usage rate | light user, regular user, heavy user |

Adapted from Kotler et al. (1996).

'constraints to leisure travel'. The study attempted to discover if there exists a homogeneous group of individuals on the basis of their perception of travelling, and to describe the market segments based on their motives for travel, level of involvement, past travel experience, travel intention, and a number of sociodemographic variables. Using a non-hierarchical cluster analysis procedure, Norman (1995) came up with a four-cluster solution. He claims that the results contribute to the understanding of how constraints work in combination to influence the leisure decisions and behaviour of individuals and how groups of individuals negotiate through the constraints.

Shoemaker (1989) segmented a senior market (age 55 and older) in Pennsylvania based on the purpose of pleasure travel. His findings suggest that the senior market is not one large homogeneous group but many submarkets, each with its own needs. Three market segments were developed. One segment was described as those who use pleasure travel as a way to spend time with their immediate families. The second segment included individuals who use pleasure travel as a way to seek intellectual and spiritual enrichment, to rest from the everyday routine and to socialise. The third segment included individuals who like their trips to be packaged and filled with activities. Shoemaker suggested several travel packages that could be designed and promoted specifically to target each of the three segments.

Havitz (1989) attempted to classify recreation participants by using the attitude held towards the public and commercial sectors as the variable. Collecting his data in a controlled setting, he developed a taxonomy to classify individuals on the basis of their attitudes towards the two sectors. Discriminant analysis was used to place individual subjects into one of nine groups in the taxonomy, which was further simplified by collapsing into three groups: 1) people who have more favourable attitudes towards the public sector; 2) people who have more favourable attitudes towards the commercial sector than towards the public sector; and 3) people who have similar attitudes towards both sectors.

Woodside and Jacobs (1985) discovered that the benefits realised from product use may differ widely for different market segments. The benefits experienced from travelling to the same vacation destination by three different national samples were reported. Canadian respondents most often reported rest and relaxation as the major benefit realised from their Hawaiian visit; mainland Americans reported cultural experiences; and Japanese tourists reported family togetherness. The author emphasised that understanding the benefits realised by a destination's tourist from major market segments may be helpful for planning unique positioning messages to appeal successfully to each segment. It may also be useful in adjusting messages, improving physical facilities, and changing attitudes and behaviour of residents towards tourists.

Mills et al. (1986) studied expenditures and characteristics of Texans who travelled to places outside of Texas to participate in snow skiing. The Texas skier market was segmented into two groups, heavy and light spenders. These segments are proven to be different from one another and from the other Texan in terms of socio-demographic characteristics. The largest proportion of snow skiers came from east Texas, and they tended to spend more on skiing trips. Texan skiers also tended to have higher household income than other Texan households, and this is particularly true for heavy skiers. The majority of all Texas skier households have children; for the heavy skiers the proportion with children is 70%. Mills et al. advised ski area operators seeking to attract Texas skiers to develop different marketing strategies that take into account the sociodemographic characteristics shown to differentiate the Texas market.

Schewe and Calantone (1987) were among the earlier researchers to use psychographic segmentation in profiling the tourists. By means of attitudes, interests and opinions (AIO) statements, they gathered lifestyles data of the tourists to Massachusetts and concluded that psychographic segmentation provides a unique way of viewing tourists but only if it is used alongside some other guidelines such as demographic variables. Their

findings enabled them to make several suggestions on marketing strategies that tourism agencies in Massachusetts could adopt to boost tourism in the state.

Gitelson and Kersteter (1990) empirically tested the relationship between demographic variables, benefit sought and subsequent vacation behaviour, to find out whether demographic variables can influence the type of benefits an individual seeks from a pleasure travel experience and whether the benefit sought actually influences travel behaviour. Using Factor Analysis to determine possible underlying factors, they found a relationship between some demographic variables and benefit sought. The benefit sought, in turn, relates to certain travel behaviours.

Gladwell (1990) combined both demographic and psychographic variables in her analysis of Indiana's state park inn users, to determine if the inn users can be segmented based on their demographic characteristics, behavioural predisposition, vacation behaviour and source of vacation information. Her analysis revealed that the state park inn user's of Indiana can be classified into three distinct segments, i.e., the Knowledgeable Traveller segment, the Budget Conscious Traveller segment and the Travel Planner segment.

## SIGNIFICANCE OF THE RESEARCH

Segmentation is a very important element in the overall process of target marketing of any tourism product. As such, a research in segmentation would be useful in obtaining information of the segments of customers that exist in the population served. Once the segments are known, it would be easier to decide what kind and how much resource should be allocated to target the desired segments. The information obtained from this study will provide hotel managers with a deeper understanding of their clients. This, in turn, would help in planning their resources and marketing strategies especially in terms of fostering communication and long term relationships with the clients. The success of these hotels in providing satisfactory services to their clients would ultimately contribute to the overall tourism attractiveness of Pulau Langkawi.

## METHODOLOGY

Using Gladwell's (1990) research as a guide for the selection of variables, a six-point Likert type scale questionnaire, ranging from definitely agree to definitely disagree, was developed to measure the behavioural predisposition, i.e., the attitudes, interests and opinions of respondents with regards to 24 vacation-specific lifestyle variables. Two variables from Gladwell (1990), i.e., 'camping impact' and 'tenter traveller', however, were obviously unsuitable for the purpose of this research and therefore omitted (for sample statements, please refer to Gladwell (1990), Exhibit 1). The questionnaire was pilot tested on a group of 53 five star hotel users in Langkawi. Table 2 provides a summary for each vacation-specific lifestyle variable and the associate measures of internal consistency, i.e., the reliability estimate given by Cronbach's alpha.

Beside the six-point Likert scale, respondents were also asked about their sociodemographic backgrounds and the sources of vacation information. The questionnaire was also made available in Bahasa Malaysia and Mandarin. For both languages, translation was done twice by two different translators to ensure accuracy.

The target respondent of this study was the tourist who stays at least one night in one of the five star hotels in Langkawi. At the time of study, five hotels were rated five star by the Ministry of Culture, Arts and Tourism: Sheraton Perdana Resort, Radisson Tanjung Rhu, Pelangi Beach Resort, The Datai and Sheraton Langkawi Resort. Letters were sent out to each of these hotels requesting their participation in the study and asking them to answer several fundamental questions. Out of the five hotels, three i.e., Sheraton Perdana Resort, Radisson Tanjung Rhu and Sheraton Langkawi Resort, agreed to participate in the study, provided it was conducted with minimum disturbance to their guest's privacy.

**Table 2**
Vacation-Specific Life-Style Variables and the Cronbac-Alpha Estimates

| Variable | Number of Corresponding AIO Statements | Cronbach's Alpha Value |
|---|---|---|
| Vacation Travel Interest | 1 | - |
| Generalised Self Confidence | 4 | 0.9010 |
| Opinion Leader | 5 | 0.7735 |
| Plan-ahead Traveller | 2 | 0.9762 |
| Information Seeker | 4 | 0.9574 |
| Personal Information Source | 1 | - |
| Leisure Time Venturesomeness | 6 | 0.9743 |
| Money Oriented Tourist | 2 | 0.9864 |
| Predisposition to Travel | 4 | 0.9229 |
| Camper Traveller | 4 | 0.9639 |
| Weekend Traveller | 2 | 0.9825 |
| Relaxing Traveller | 5 | 0.9841 |
| First Class Traveller | 2 | 0.9811 |
| One Upmanship Travel | 4 | 0.9744 |
| Educational Travel | 5 | 0.9756 |
| Sports Participation | 2 | 0.9983 |
| Vagabond Traveller | 5 | 0.9922 |
| Economic Traveller | 2 | 0.9773 |
| Historical Traveller | 5 | 0.9956 |
| Tour Vacationer | 5 | 0.9986 |
| Sportsman-Spectator | 2 | 0.9932 |
| Functional Gregariousness | 2 | 0.9677 |
| Vacation Gregariousness | 2 | 0.9674 |
| Familial Traveller | 3 | 0.9642 |

**Table 3**
Percentage of Response for Each Participating Hotel

| Hotel | Initial Sample | Number of Usable Returns | % |
|---|---|---|---|
| Sheraton Perdana Resort (204 rooms) | 99 | 50 | 50.5 |
| Radisson Tanjung Rhu (138 rooms) | 67 | 48 | 71.6 |
| Sheraton Langkawi Resort (274 rooms) | 134 | 62 | 46.3 |
| Total | 300 | 160 | 53.3 |

A proportionate stratified sampling method were then used to decide how many samples should be obtained from each of the three hotels. Two weeks were allocated for data collection (from June 16 to June 30, 1997), and for seeking the assistance of the hotel staff to distribute the questionnaire. This was done so as to minimise the possibility of annoyance and disruption to the guest's 'holiday mood'. After two weeks, the questionnaires were collected. Table 3 illustrates the percentage of response for each of the hotels.

A response rate of 53.3% was obtained. Due to the overall difficulty of getting the data, this response rate was be considered sufficient for the purpose of the research.

## ANALYTICAL PROCEDURE

To meet the objectives of this study, hierarchical clustering was employed as it sorts the respondents into groups that were alike (Mazanek, 1984). Data from the 24 vacation-specific lifestyle variables were run through using Ward's Minimum Variance method. Single Linkage, Complete Linkage and the Average Linkage Methods to establish dendrograms. The results obtained appeared to show the 'clearest' dendogram and was therefore chosen for the purpose of the research (Ward's method was also claimed by many past researches to be the most popular method for segmentation). As for the sociodemographic variables, a series of statistical operations were performed to obtain the sociodemographic profile of the respondents

## FINDINGS

Analysis of the dendrogram revealed that the respondents could be categorised into three distinct clusters. Once the number of clusters was determined, each cluster was named or labelled by examining the clustering variable (i.e., the vacation-specific lifestyle variables). In this case, the mean score of each of the variables was computed for each of the clusters to facilitate the labelling process.

Analysis of the mean score indicated the following (see Table 4): Cluster 1 scored highly on the variable 'Vagabond Traveller', 'Leisure time Venturesomeness', 'Predisposition to Travel', 'Sports Participation' and 'Sportsman-Spectator'. For this reason, the cluster was labelled as the 'Fun and Excitement Holiday Seeker'. Cluster 2 scored highly on the 'Weekend Traveller' variable compared to the other two clusters, and scored only slightly lower than Cluster 1 on the variables 'Leisure time Venturesomeness', 'Predisposition to Travel', 'Sports Participation' and 'Sportsman-Spectator'. Therefore, this cluster was labelled the 'Active Weekend Holiday Seeker'. As for Cluster 3, scores were high on the variables Relaxing Traveller', 'First Class Travel', 'Education Traveller', 'Historical Traveller' , 'Tour Vacationer' and 'Familial Traveller'. Thus it was labelled 'The Quiet and Meaningful Elitist Holiday Seeker'.

The following is the description of each cluster:

*Cluster 1: Fun and Excitement Holiday Seeker*

The individuals in this cluster comprised of 31.3% of the total sample. They exhibited strong interest in vacation travel and a high inclination to travel. They have high self-confidence and are considered opinion leaders in travel decisions. They have high preference for active and adventurous activities while vacationing. They also like to have money at hand while vacationing, and otherwise would not find the vacation as enjoyable. They are fond of camping, and are highly interested in sports, both as participant and spectator. Individuals in the group tend to be highly gregarious in their travel. They would not hesitate to change their travel destination just to seek excitement and feel no obligation to stay in just one destination. They dislike travelling during weekends, and prefer neither guided tour nor family-oriented vacations. Relaxation is not a priority in their vacation itineraries.

*Cluster 2: Active Weekend Holiday Seeker*

The individuals in this cluster comprise 27.5% of the total sample. The cluster demonstrated moderate interest and inclination to travel,

**Table 4**

Mean Scores of Vacation-Specific Lifestyle Variables for the Three Clusters

| Vacation Specific Lifestyle Variables | Means | | |
| --- | --- | --- | --- |
| | Cluster One | Cluster Two | Cluster Three |
| Vacation Travel Interest | 5.88000 | 5.45455 | 5.57576 |
| Generalised Self Confidence | 5.57500 | 4.64205 | 5.19697 |
| Opinion Leader | 5.15600 | 4.00000 | 4.46667 |
| Plan-ahead Traveller | 4.52000 | 5.44318 | 5.52273 |
| Information Seeker | 3.25500 | 5.10795 | 5.30303 |
| Personal Information Source | 3.16000 | 4.93182 | 5.51515 |
| Leisure Time Venturesomeness | 5.84318 | 5.08332 | 1.83083 |
| Money Oriented Vacationer | 4.50000 | 2.32955 | 1.71970 |
| Predisposition to Travel | 6.00000 | 4.29545 | 4.65656 |
| Camper Traveller | 3.80500 | 2.65341 | 3.38636 |
| Relaxing Traveller | 1.00000 | 2.32955 | 5.81061 |
| Weekend Traveller | 1.78000 | 4.10757 | 3.57273 |
| First Class Traveller | 4.52000 | 3.57955 | 5.50000 |
| One Upmanship Travel | 4.51000 | 4.01705 | 4.85227 |
| Educational Travel | 5.25200 | 3.56364 | 6.00000 |
| Sports Participation | 6.00000 | 4.76136 | 1.40152 |
| Vagabond Traveller | 5.52000 | 2.80455 | 1.92424 |
| Economic Traveller | 2.62000 | 2.89773 | 1.93939 |
| Historical Traveller | 4.19600 | 3.45455 | 5.80000 |
| Tour Vacationer | 1.72000 | 4.34091 | 5.47273 |
| Sportsman-Spectator | 6.00000 | 4.89773 | 2.60606 |
| Functional Gregariousness | 4.16000 | 3.13636 | 4.10606 |
| Vacation Gregariousness | 4.17000 | 3.01136 | 4.03788 |
| Familial Traveller | 4.44672 | 5.01536 | 5.70706 |

Note:  Interpretation scale:
          Under 1.49      Definitely Disagree
          1.50 - 2.49     Strongly Disagree
          2.50 - 3.49     Disagree
          3.50 - 4.49     Agree
          4.50 - 5.49     Strongly Agree
          Over 5.50       Definitely Agree

with very high interest to travel during weekends compared to individuals in the other two clusters. They also prefer to participate in active and adventurous engagements while on vacation. Tourists in this category have a strong interest to participate in sports or to be sports spectators. They like to plan and prepare for their trips, and would opt to seek travel information from both personal and non-personal travel sources. They are not considered opinion leaders in travel vacations, are less gregarious about their travel, and would hesitate to change travel destinations simply to seek excitement. There was quite a high interest in family-oriented vacations among them, but they would not prefer to camp out. This type of tourist also has a low desire for educational or historical travel.

*Cluster 3: Quite and Meaningful Elitist Holiday Seeker*

Individuals in this cluster who comprise 41.3% of the total sample, have a strong tendency to plan and prepare for their trips prior to engaging in a vacation. Individuals in this group are quite self-confident and are opinion leaders in travel decisions. They have a very strong interest in seeking travel information from both personal and non-personal sources. Relaxation is considered of great importance in their travel agenda, and they displayed low interest for camping, sports participation, or sports spectating. They also have a low desire for an adventurous vacation and very much prefer to travel first class and like to show off to friends and relatives. They are quite gregarious about travel decisions and would certainly prefer guided tours, educational, as well as historical opportunities during travel. They are not willing to travel from one location to another just to seek excitement, and strongly prefer family-oriented vacations.

## COMPARISONS OF SOCIODEMOGRAPHIC CHARACTERISTICS ACROSS CLUSTERS

Tests for significant differences among clusters in the sociodemographic variables were done through the chi-square test (see Table 5). There was a significant difference in the age groupings of the 3 clusters. Cluster 1 appears to be the youngest group with a majority (70%) of its individuals was between 26 to 35 years old. None of the individuals in this cluster was more than 46 years old. In contrast, Cluster 3 appears to be the oldest group with a majority (76.9%) of its individuals falling in the 46 to 65 years old category. No one in this cluster was below 35 years old. As for Cluster 2, a high percentage (68.2%) were below the age of 35 while the remaining were between 36 to 65 years old.

The residency distribution of the three clusters was also found to be significantly different. A majority of individuals (59.2%) in Cluster 1 originated from North America, 20.4% were from Europe, while the remainder came from South East Asia. In Cluster 2, most (56.8%) of the individuals originated from East Asia, while 6.8% came from South East Asia. Only a small percentage came from North America (29.5%) and Europe (6.8%). As for Cluster 3, the bulk of the tourists originated from North America (36.9%) and East Asia (33.8%). The remainder were from Europe (9.2%) and South East Asia (20.0%).

The marital status of the individuals in the three clusters was also significantly different. A majority of individuals in the youngest group (Cluster 1) were single. In contrast, most individuals in the oldest group (Cluster 3) were married. Individuals in Cluster 2 were more evenly distributed in terms of marital status, with 45.5% in the married category and the remainder unmarried. The level of education completed by individuals in the three clusters was significantly different. Cluster 1 had the highest graduate to college ratio (76:24), while Cluster 2 had the lowest graduate to college ratio (56:27). Cluster 2 was also the only cluster that had individuals with high school education (15.9%). As for Cluster 3, the graduate to college ratio was 74:26.

A significant difference was also found in the employment status of the three clusters. A majority (82%) of individuals in the youngest group (Cluster 1) had full-time employment. None of the individuals in this cluster was

**Table 5**
Sociodemographic Profile of Five Star Hotel Users by Clusters

| Sociodemographic Variables & Source of Info. | Cluster 1 % | Cluster 2 % | Cluster 3 % | Chi-Sq.Prob. |
|---|---|---|---|---|
| | | | | 0.000 |
| **AGE** | | | | |
| 16 to 25 years old | 14.0 | 11.4 | 0.0 | |
| 26 to 35 years old | 70.0 | 56.8 | 0.0 | |
| 36 to 45 years old | 16.0 | 18.2 | 13.8 | |
| 46 to 55 years old | 0.0 | 4.5 | 35.4 | |
| 56 to 65 years old | 0.0 | 9.1 | 41.5 | |
| 66 years old and above | 0.0 | 0.0 | 9.2 | |
| | | | | |
| **GENDER** | | | | 0.835 |
| Male | 62.5 | 59.5 | 65.5 | |
| Female | 37.5 | 40.5 | 34.5 | |
| | | | | |
| **PERMANENT RESIDENCE** | | | | 0.000 |
| North America | 59.2 | 29.5 | 36.9 | |
| Europe | 20.4 | 6.8 | 9.2 | |
| East Asia | 0.0 | 56.8 | 33.8 | |
| South East Asia | 20.4 | 6. 8 | 20.0 | |
| | | | | |
| **IS THIS YOUR FIRST VISIT TO LANGKAWI?** | | | | 0.000 |
| Yes | 72.0 | 79.5 | 30.3 | |
| No | 28.0 | 20.5 | 69.7 | |
| | | | | |
| **TIMES OF VISIT TO LANGKAWI** | | | | 0.000 |
| Once | 72.0 | 79.5 | 30.8 | |
| Twice | 18.0 | 18.2 | 52.3 | |
| More than twice | 10.0 | 2.3 | 16.9 | |
| | | | | |
| **MARITAL STATUS** | | | | 0.000 |
| Married | 34.0 | 45.5 | 80.3 | |
| Unmarried | 66.0 | 54.5 | 19.7 | |
| | | | | |
| **NUMBER OF CHILDREN** | | | | 0.935 |
| None | 82.0 | 79.5 | 77.3 | |
| One to two | 14.0 | 15.9 | 15.2 | |
| Three to four | 2.0 | 2.3 | 6.1 | |
| More than four | 2.0 | 2.3 | 1.5 | |
| | | | | |
| **EDUCATION COMPLETED** | | | | 0.000 |
| High School | 0.0 | 15.9 | 0.0 | |
| College | 24.0 | 27.3 | 25.8 | |
| Graduate | 76.0 | 56.8 | 74.2 | |
| | | | | |
| **CURRENT EMPLOYMENT** | | | | 0.000 |
| Full-time | 82.0 | 63.6 | 39.4 | |
| Part-time | 18.0 | 13.6 | 3.0 | |
| Retired | 0.0 | 11.4 | 47.0 | |
| Homemaker | 0.0 | 4.5 | 10.6 | |
| Student | 0.0 | 6.8 | 0.0 | |
| | | | | |
| **PRETAX HOUSEHOLD INCOME** | | | | 0.000 |
| Under US$15,000 | 0.0 | 2.3 | 0.0 | |
| US$15,000 to US$24,999 | 10.2 | 2.3 | 1.5 | |
| US$25,000 to US$34,999 | 14.3 | 18.2 | 21.2 | |
| US$35,000 to US$49,999 | 34.7 | 25.0 | 12.1 | |
| US$50,000 to US$74,999 | 32.7 | 27.3 | 47.0 | |
| US$75,000 to US$104,999 | 8.2 | 25.0 | 18.2 | |
| | | | | |
| **SOURCE OF INFORMATION ABOUT LANGKAWI** | | | | 0.000 |
| Travel Agency | 62.0 | 68.2 | 74.6 | |
| Friends and/or Relatives | 28.0 | 4.5 | 23.8 | |
| Travel Magazine | 10.0 | 27.3 | 1.6 | |

unemployed. On the contrary, only 39.4% in the oldest cluster (Cluster 3) were fully employed. This cluster also had a high percentage of retirees (47%), and homemakers (10.6%). Individuals in Cluster 2 appeared to be well distributed in their employment status with the majority (63.6%) having full employment, 13.6% working part time, 11.4% retired, 4.5% being homemaker and 6.8% still studying.

The pre-tax household income of individuals within the three clusters also differed significantly with 25% in Cluster 2 having the highest household income between US$75,000 to US$105,000. However, this was also the only cluster that reported income under US$15,000. Comparatively speaking, Cluster 1 had the lowest percentage of individuals with income greater than US$50,000. In contrast, 65.2% of individuals in Cluster 3 had income of this magnitude. Therefore it can be concluded that Cluster 3 is the most well-off segment.

The three clusters also differed significantly in the number of first time visitors to Langkawi. Cluster 2 had the highest percentage (79.5%) of first time visitors compared to only 18.2% who had visited Langkawi twice, while 2.3% indicated that they had visited more than twice. In contrast, a low percentage of individuals in Cluster 3 (30.8%) were first time visitors. A high percentage (52.3%) of the individuals in this cluster had visited Langkawi twice while 16.9% had been to Langkawi more frequently. In other words, Cluster 3 mainly comprises individuals who were repeat visitors. As for Cluster 1, 72% were first time visitors.

There was also a significant difference across the clusters in the source of information about Langkawi, with a high percentage of individuals in Cluster 3 preferring to use travel agencies as their main source of information. Comparing the three clusters, a significant percentage of individuals in Cluster 1 had a strong tendency to choose friends and relatives as their source of information while a significant percentage of individuals in Cluster 2 preferred to use travel magazines as their main source of information about Langkawi. In terms of the number of children and gender distribution, however, there were no significant difference among the three clusters.

## DISCUSSION

The sociodemographic characteristics of individuals in the 'Fun and Excitement Holiday Seeker' segment reinforce their psychographic inclination in travel. The fact that a majority of them were young and single explains their high tendency to travel and engage in active as well as adventurous activities, and their lack of obligation to stay in just one destination while vacationing. Although individuals in this segment were not earning as much as individuals in the other two segments, their fascination about having plenty of money at hand could indicate that they are big spenders during vacation. This, compounded with the fact that a high percentage of them have full time employment, and have strong interest in sports (whether as player or a spectator) could help hotel marketers especially in terms of designing vacation package for these type of individuals. The high education background and the place of origin of individuals in the segment were probably two of the main contributing factors to their self-confidence and decisiveness in travel decisions.

The sociodemographic characteristics of individuals in the 'Quiet but Meaningful Elitist Holiday Seeker' segment also reinforced their psychographic tendency in travel. The fact that most of the individuals in this group were old and married supported their tendency for a vacation that is relaxing, educational and family-oriented. Their gregariousness in travel was probably influenced by their high education background and their places of origin (i.e., North America and Europe). This is so because education brings with it the knowledge and ability to make informed choices. The culture of the country of origin also plays an important role in shaping a person's attitude. Their taste for high-class qualities and the strong tendency to brag to others about their vacation may indicate that these individuals are willing to spend lots of money while vacationing. In addition, the fact that a significant portion of the cluster consisted of retirees indicated that they had lots of discretionary income to spend.

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The sociodemographic characteristics of individuals in the 'Active Weekend Holiday Seeker' segment, were also consistent with their psychographic tendencies in travel. The majority of individuals in this segment were not as young as those in the 'Fun and Excitement Holiday Seeker' segment, and yet not as old as the 'Quiet but Meaningful Elitist Holiday Seeker' segment. This could probably explain their strong tendency to carefully plan their trips and yet still look forward to an active and adventurous vacation. Their lower educational background (compared to individuals in the other two clusters) probably contributed to their lack of physical and travel gregariousness. Although a significant portion in this segment were Asian, their inclination for weekend vacations cannot be linked to proximity of their respective countries of origin to Langkawi. This is because a high percentage of them were first time visitors to Langkawi. However, this may be interpreted as follows: although they prefer to travel during weekends, their trip to Langkawi at the time was probably a planned annual vacation, and not one of their weekend outings. In addition, their moderate interest in travel, coupled with their marital status (45.5% were married) probably contributed to their high tendency to take short, weekend vacations within their own countries or at other destinations that are closer to their residence than Langkawi.

## CONCLUSION AND MARKETING IMPLICATIONS

Based on the findings of this research, it appears that there are three categories of tourists that the participating hotels need to consider when designing marketing strategies. While the nature of these strategies may depend on monetary and non-monetary resources of the hotels, the following suggestions might be helpful:

*Strategies for Cluster 1*

As discussed earlier, Cluster 1 consists of young individuals with a strong tendency to travel and

a willingness to spend during their vacation. Therefore this segment could be a very good target. Their keen interest in watching sports while vacationing indicates that promotion to this segment should highlight any upcoming sports events. In addition, any initiative to include sports television channels such as 'ESPN' and 'Star's Sports Network' in the guestrooms would definitely make the hotel more attractive to individuals from this segment.

The holiday packages that the hotels offer need to stress strongly on recreation. For example, hotel marketers need to emphasise the element of 'thrill and excitement' by providing 'adrenaline-pumping' activities such as high-speed boat rides, bungy jumping, water skiing and jungle exploring. In addition, it might be helpful to include camping to secluded wilderness e.g., Pulau Singa Besar as part of the package. Perhaps the most important thing is the assurance that recreation activities are carefully planned, and that the equipment is sufficient and in good working condition. This is to ensure the quality of the tourists' experience.

Individuals in the segment use travel agencies as their source of vacation information. Therefore, forming partnerships especially with American based travel agents might help 'capture' these tourists before they choose other hotels. However, a significant portion of this segment preferred friends and relatives as their source of information. This means that besides forming partnerships with travel agencies, hotel marketers must also allocate resources to ensure consistent provision of quality service to avoid bad rumours/word-of-mouth about the hotel.

*Strategies for Cluster 2*

This segment may or may not be a promising segment to target. This is because it comprised only 27.5% of the sample, and the individuals in the segment had demonstrated only moderate interest in travel. Nonetheless, their pre-tax household income was higher than that of Cluster 1 which may indicate a higher disposable income. Therefore, marketers could

capitalise on the segment's high interest to travel during weekends by encouraging them to choose Langkawi as their weekend destination. Strategies could include giving them frequent guest bonuses such as discount rates, free dinners, and bouquets of flowers in their rooms. In addition, promoting family-oriented packages such as a reliable baby-sitting service as well as separate daily activities for young children and teenagers, may increase the attractiveness of the holiday package.

Finally, as a sizeable portion of them used travel magazines as their main source of information about Langkawi, hotel marketers should consider advertising in internationally-acclaimed travel magazines such as *Business Travellers* to reach this particular segment effectively.

*Strategies for Cluster 3*

Like Cluster 1, Cluster 3 could also be a good target because individuals in this segment have good taste, are willing to spend simply for prestige reasons, and have high discretionary income. In addition, many of them appear to be repeat tourists to Langkawi. This fact could indicate the high probability that these individuals would continue to make future visits to the island.

Since individuals in this cluster prefer a relaxing vacation, promotion of hotels need not stress on a holiday package that is packed with sporting activities such as that aimed at Cluster 1. Instead, promotion for this category should emphasise more on the hotel's resources and ambience, that could ensure a quiet, relaxing holiday. Nonetheless, options for activities such as guided tours to historical and educational sites in and around Langkawi must be made available to the tourists to take up on whenever they please.

As indicated by their high mean score on the variable 'one-upmanship', individuals in this segment appear to have strong tendency to display to others in making their travel decisions. Among the manifestation of this 'showing off' is the habit of buying expensive souvenirs that would please their friends. For this reason, a holiday package that includes a visit to

places such as Pusat Budaya Langkawi could satisfy this particular segment. In addition, the segment would also be attracted to a family-friendly package such as that suggested for Cluster 2.

Since this segment preferred to use travel agents, hotel marketers must work hand in hand with selected travel agencies especially those who deal with inbound tourists from North America and/or Europe. A mutually benefiting agreement must be made to ensure the agencies' co-operation in promoting the respective hotels to tourists.

To conclude, the identification of categories of tourists via market segmentation is an essential process in targeting consumers. In the case of five star hotels, targeting marketing strategies to the appropriate segments of tourists could reduce wastage of resources and ensure tourist satisfaction. More research is required to improve our understanding on the existing patrons of not only the five star hotels, but also of Pulau Langkawi as a whole.

For future research, greater care should be taken to overcome the shortcomings of this study to ensure representativeness of the sample: 1) the questionnaire was translated into three different languages only. It should be translated into as many languages as possible to ensure a wider coverage of hotel guests 2) the element of randomness of the sample may have been reduced since the questionnaires are filled only by guests who are most willing to do so, in hotels that were willing to participate. Some remedial measures may also need to be considered to find out what non-response means.

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