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Determining Spending Behavior Variations and Market Attractiveness of Solo and Non-Solo Travelers

This research determines the spending behavior of solo and non-solo traveler segments. Furthermore, segment attractiveness is investigated in terms of market potential and expenditure risks. The results indicate non-solo travelers to be the more attractive segment with a higher spending power.

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Introduction

The tourism literature is replete with studies that have used two kinds of segmentation analyses have been used: priori or posteriori (Dolnicar, 2004). In priori segmentation analysis, segments are already known and the division is based upon an objective variable such as gender, age, etc. On the other hand, posteriori analysis identifies "sizes and number of visitor segments previously unknown involving factor-cluster statistical analysis" (Formica & Uysal, 1998:17). Using a priori segmentation analysis, this study identifies the solo and non-solo visitor segments based upon the group size.

Furthermore, spending behavior, market potential, and segment attractiveness of these groups are ascertained. Jang et al. (2004) quantified the market potential and expenditure risks while determining target markets. Expenditure risk was equated with standard deviation and risk-adjusted Expenditure Index (REI) "represented the mean expenditure divided by the standard deviation times one hundred, and indicated the relative expenditure level per unit of risk" (Jang et al., 2004).

Methodology

A survey was conducted in Sacramento (California) in the autumn and spring of 2001 and 2002 respectively. The visitors were asked to offer information on purpose of travel (leisure versus business), sources used to plan travel (travel agent/tour operator versus self plan), accommodation type (staying with friends, commercial lodging, and day tripper), people per group, length of stay (nights), and demographics (age, income, and gender). A sample of 700 respondents was obtained which was segregated into 16% solo (115) and 84% non-solo travelers (585) based upon the group size variable. Mahalanobis distance was calculated to identify

outliers in a preliminary regression procedure. Resulting outliers were deleted from the analysis.

One way ANOVA tests were conducted to determine differences between various groups of solo

and non-solo travelers. Finally, expenditure risks were calculated.

Findings

Solo Travelers

The findings indicate noteworthy results. Average age of a solo traveler was 37 years and

the length of stay was 4 nights. Average total spending was found to be $154.14. Approximately

56% were males and 63% had an average household income below $60,000. Majority of them

used the travel agent or a tour operator. Significant differences were observed with regard to

income, purpose of visit, sources used to plan the visit, and accommodation type used (Table 1).

Table 1: Spending behavior among different groups

	Frequency	Average Expenditure ($)	F value	Significance
Plan Travel A. /Tour O. Self Plan	27% 73%	251.33 124.14	5.74	P =.02
Purpose Leisure Business	57% 43%	249.15 92.42	15.89	P =.000
Accommodation type Friends Commercial Lodging Day trippers	43% 43% 14%	119.63 254.80 41.53	10.34	P =.000
Income Below $60,000 Above: $60,000	53% 47%	107.96 216.48	8.21	P =.005
Gender Male Female	56% 44%	173.19 123.42	.70	P =.404

Non-solo travelers

Non-solo travelers accounted for 84% of the total visitors. Average age of the non-solo traveler was found to be 42 years and length of stay was 2 nights. Non-solo travelers tended to travel in groups of 4 and incurred an average of $ 222.16 during their visit. Table 2 provides information on spending behavior of non-solo travelers. Significant differences were observed between accommodation groups.

Table 2: Spending behavior of non-solo travelers

	Frequency	Average Expenditure ($)	F value	Significance
Plan				
Travel A. /Tour O.	16%	224.9	.001	.980
Self Plan	84%	223.9		
Purpose				
Leisure	83%	209.4	2.14	.190
Business	17%	285.7		
Accommodation type				
Friends	27%	214.9	23.11	.000
Commercial Lodging	42%	352.5		
Day trippers	31%	72.7		
Income				
Below $60,000	50%	195.3	2.24	.101
Above: $60,000	50%	259.8		
Gender				
Male	48%	236.9	1.02	.340
Female	52%	206.8		

Segment attractiveness

Finally, using the technique provided by Jang et al. (2004), market potential and the expenditure risks were calculated for the solo and non-solo travelers. The market potential of the solo travelers was 17,756 (sample size times mean expenditure) and the non-solo travelers was 129,987. Expenditure risk for solo travelers was 308.51 and non-solo was 348.78. Non-solo travelers had a higher expenditure risk. REI for the solo and non-solo travelers was found to be

49.9 and 63.7 respectively. The non-solo segment proved to be a better market segment in terms of market potential and an expenditure stand point.

Conclusion

The findings provide useful information for destination marketing organizations. Even though both the groups had a tendency to self plan their trips, solo travelers spent more through travel agents or tour operators and stayed longer. Purpose of visit for a substantial number of solo travelers was business but contrary to expectations, their average expenditures were much less than those of non-solo travelers. Solo travelers were more likely to stay with friends and be day trippers while non-solo travelers incurred substantial expenditures in commercial lodging. Furthermore, income split between solo and non-solo was fairly even with high income spenders generating higher bills. Solo travelers were dominantly male while non-solo were female. Males in both cases were higher spenders than the females. The non-solo market was judged to contribute more economic benefits than the solo market.

References

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