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## EFFECT OF CUSTOMER TYPOLOGY ON REVENUES OF ENTREPRENEURIAL ENTITIES IN THE TOURISM SECTOR

*Enterprising in tourism in today's difficult economic – social conditions is not simple. This relates to compliance with a number of laws, decrees, rules, principles, as well as business ethics. The complexity of the business activities is closely related to income as a determining factor in relation to the typology of customers towards meeting the customer needs. The aim of this paper was based on theoretical and practical knowledge and the results of the marketing survey highlight the impact of customer typology on revenues of businesses operating in the tourism sector in Slovakia. When processing the survey, statistical methods were used: the descriptive statistics which deals with the methods of description, summarizing and data presentation; and inferential statistics, which allows to generate statistical estimates, and generalize the data obtained from the study group on the whole target population. In the context of an analysis of the primary data, there were used two methods of multivariate statistical methods like factor and cluster analyses, on which typology of customers in the tourism market was drawn.*

**Keywords:** *Typology of Customers. Tourism. Consumer Behaviour. Marketing Research.*

### Introduction

Structural changes inherently differentiate customer segments and divide them into smaller parts, resulting in a greater individualisation in meeting the needs of customers in tourism. Development of customer orientation in developed countries is shifted from quantity to quality, from material consumption preference to quality of life associated with the development of creative personality, creativity, ethics and aesthetics, and a variety of leisure activities of individuals. Consumer behaviour in tourism market in Slovakia in recent years has become less stable, which can also be associated with the possibilities of satisfying the needs of customers by entrepreneurial entities, but also with the very satisfaction of customers depending on their own feelings, from their pleasure or disappointment resulting from a comparison of the customer usefulness with expected usefulness. In tourism, the emphasis is on emotional survival of customer which arises from the consumption of a particular service and expresses how the customer perceives the service considering their expectations and perceived value.

The aim of this paper is to highlight the impact of customer typology on revenues of businesses operating in tourism industry in Slovakia based on theoretical and practical knowledge and results of the marketing survey.

### 1 Theoretical analysis of the issues – tourism, typology of customers

In the early 20<sup>th</sup> century the systematic attention to tourism from the theoretical perspective began to be paid. The most significant work dealing with tourism as a sector is considered general doctrine of tourism by Swiss authors Hunzicher and

Krapf [4]. According to these authors, tourism represents a set of phenomena and relationships arising from the stay in the strange place, if destination is not a permanent residence or carrying out professional activity.

Some authors [6] consider building customer relationship management (CRM) in tourism as an essential aspect of gaining competitive advantage. These authors point out and appeal to the creation of the so-called human world in the process of acquiring a customer.

The analysis in tourism is important from the macro-economic point of view and its importance has been increasing. Globally, it is said that the share of tourism to GDP is about 11 to 13% (the calculation of the multiplier effect on GDP) and employs more than 11% of employees [9].

From a macro-economic perspective the influence of tourism can be specified in these dimensions [1]:

- Tourism as a cross-section industry – the existence of close links of direct tourism providers to infrastructure, construction, industry, services, culture, education; and other areas of development of countries produce significant synergies;

- Multiplier effect of tourism – tourism multiplier provides information about how much the tourism revenues exceed their expenses, which were triggered, and at the same time tourism multiplier depends mainly on the amount of import and tendency to consumption;

- Tourism and added value – tourism is material and raw material saving industry producing a huge share of added value;

- Tourism and economic growth – the share of the tourism sector to GDP varies, tourism in the EU countries produces in average more than 5% of GDP [10];

- Tourism and enterprising – there are entrepreneurial entities of different size in tourism from global players in the hotel and air travel, travel agencies to small and medium-sized businesses and freelancers;

- Tourism and the labour market – tourism significantly contributes to employment growth and at the same time it participates in the training and mobility of human resources. It is the economic sector consisting of a large number of activities with different production features and a high intensity of workforce in which different types of occupations and degree of specialisation may be applied;

- Tourism and consumption – in the opinion of the European Economic and Social Committee individuals and families have more than 80% share on European tourism, while the rest is business convention tourism. European families dedicate about an eighth of personal expenditure on tourism [11].

Tourism is not only still more significant part of the population consumption, but increasingly it is also becoming a major economic phenomenon. In order to enable participation in tourism, it is necessary to provide a wide range of economic activities. People must be transported to places of tourism, there must be created conditions for their residence as well as for the specific use or free time, which is the motive for participation in tourism. Tourism has become an important area of business opportunities and also factor of regional development, development of national economies and the world economy [3].

*“Consumer behaviour from the micro-economic perspective can be considered as the basis of marketing theory. The difference between the study of consumer behaviour at the micro and macro levels consists in the fact that at the micro-level, problems are connected with individual businesses and the consumer analysis has to help them achieve their objectives, and at the macro-level, knowledge about consumers is applied in aggregate level and is related to large social groups or entire society”*[8].

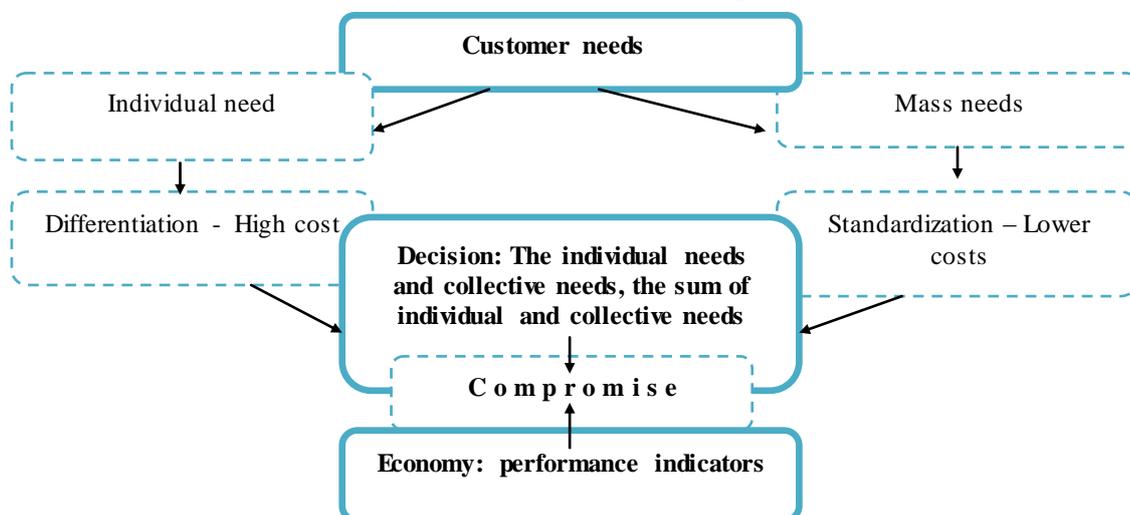
Current trends in consumer behaviour when selecting a tourism product in Europe are affected by changes like an increase in the elderly, increasing education level, the decline of persons living in the same household, leisure, travelling, lifestyle, health,

unstable political environment, conditions of departures and entries (passports and visas), the increase in information technologies, GPS, sustainability of environment and recreation areas, experience with travel, customer loyalty to certain destination and others.

The typology can help design new types of products, which can address certain groups of tourists, draw attention to a certain groups of tourists who might be willing to pay higher prices for certain benefits such as exclusivity and services, show which distribution channels could be the most efficient for a certain type of tourists and decide which messages could aim at certain types of tourists.

It is important to understand that most of information is based on allocation of customers in certain categories, which have approximately the same needs, attitudes, but yet it is very important to understand how customers – tourists perceive themselves. Marketing in this case means to work with the image that customers have of themselves and also with the reality of their decision to purchase service.

Marketers should consider determining factors that may affect the sale of products and take appropriate action. They must decide among individual customers and mass customers. For individual customers they have to consider fulfilment of individual needs, thus provide services tailored to meet the needs of customers and consider the number of such customers in order to make company profitable at the same time. Enterprise must bear the so-called risk of segment, which will not be willing to pay the given price or only a small percentage of customers will accept the price. If a business accepts to meet the needs of mass consumers, it is likely that not all customers will have their needs fully met, but they will have a lower cost on consumption of services. The business entity may consider the percentage of providing services to individual customers and mass customers. This is generally the search for compromises (Picture 1) and optimal solutions to problems related to satisfying customer needs and corporate economy.



Picture 1: Company - segmentation model of finding a compromise in the tourism market in 2014 [2]

Some theoretical approaches characterize each typology of consumers based on particular kinds and forms of tourism. Based on surveyed typologies of consumers in tourism market [5] [7] (Long, 2004; Schannel, Yeon and Baker, 2012; Pizam and Mansfield, 2000; Gonzales and Bello, 2002), we can conclude that each typology is based on the personality traits of the individual consumers, lifestyle, demographic criteria and consumer behaviour. We may agree with their opinion that the specific typology of consumer in tourism brings identification of opportunities to meet their needs.

## 2 Results of the market research in the field of tourism

Within the collection of primary data, the method of quantitative research of questioning (tool – a standardized questionnaire) was applied. The research sample consisted of 315 respondents of the East Slovak region. In determining the sample random selection was used. East Slovakia was chosen due to the best availability and diversity of region. The final sample was made up of respondents from 4 district towns in Eastern Slovakia and two regional cities. In the months of January to March 2013, the primary data obtained were subjected to statistical analysis and processing. In April to May 2013, the

results of primary research in the area of consumer behaviour in tourism were interpreted.

The content of the research was customer behaviour and description of customer attitudes in the area of tourism. The first problem area was consumer behaviour in the tourism market (characteristics of selected product, the holiday place of residence, type of holiday, the length of stay on holiday, use of own transport, price per person leave, and the type of accommodation). The second set of questions was focused on consumer decision-making process in the tourism market (the use of a travel agency, the process of planning holidays, the criteria used for the selection of holidays, sources of information in selecting a holiday, identification of the passenger units). The third problematic circuit represents consumers' attitudes to tourism market (selected characteristics measuring attitudes in relation to tourism).

In analyzing the results of the impact of demographic variables on customer behaviour in the tourism market, there have been studied effects of gender, education, income, age, and the residence to place of temporary accommodation, type of holiday, its length, type of accommodation, using the services of travel agencies, way of planning vacations and sources of information.

**Tab. 1: Statistical confirmation of the impact of demographic variables (own processing)**

	Gender	Education	Income	Age	Residence
Place of stay	yes	no	yes	no	no
Type of holiday	yes	yes	yes	yes	no
Length of stay	no	no	yes	yes	no
Type of accommodation	no	yes	yes	no	yes
Use of services	no	no	yes	no	no
Planning of leave	no	no	yes	yes	yes
Sources of information	yes	yes	yes	yes	yes

The table above (Tab. 1) shows the statistical confirmation of the impact of various demographic variables on consumer behaviour when deciding on summer vacation. The gender and income have had an influence on the choice of place of stay. Men prefer recreation, sightseeing and adventure tourism, while women are also inclined to spa tourism. The highest percentage of the spa and pilgrimage tourism is created by the age group 60 plus. Holiday, sightseeing and adventure tourism is typical for the income group over €800. Respondents with income levels up to €800 prefer the length of stay up to 8 days, while the respondents with income above €800 prefer longer stay up to 15 days. Respondents with basic education stay in hotel, apartment or camp, respondents with completed higher secondary and university education prefer accommodation in hotels and apartments. Using services determines only income, and other variables are not reflected in decision-making. Important consideration of the way of planning vacation is accompanied with an increasing age. Source of information is influenced by all vari-

ables corresponding to the sociological environment (personal sources of information), as well as the perception of impersonal information sources.

Attitudes of consumers of tourism to vacation were assessed by the set of eight claims to which respondents took a position under a seven-point numerical scale with extremes 1 – strongly agree and 7 – completely disagree. The aim of submission of particular claims was to determine whether consumers invest in vacation, what their relationship to travel agencies is and also attitude to holiday abroad.

A research study examined attitudes not only to particular claims, but also requested connection among these statements and also identified whether there is a correlation among them. Factor analysis has revealed the latent (indirectly observed) causes of data variability. There were finally selected seven claims from the former eight, which were correlated and method of factor analysis was used, eliminating the number of variables to lower number of meaningful factors in order to classify the respondents. Kaiser – Meyer – Olkin test of adequacy (Kaiser

normalised varimax rotation) confirmed the appropriateness of the method's selection and Bartlett's spherical test confirmed that the correlation matrix of original manifest variables is not unitary. Based on the rotated components matrix, there were drawn three factors (components). The rotation does not affect the variability being explained, it will only adjust the specification of factor loads enabling unambiguously to assign the variable to the factor. In the case the component's eigenvalue being higher than 1.00, the decision of the selected components is confirmed. Three selected components explain 62.5% of the total variance.

Scree plot of eigenvalues and variability being explained demonstrated the appropriateness of

the choice of three components. Scree plot of eigenvalues and variability being explained proved the decision of selection of three components since their eigenvalue is higher than 1.00. They explain 62.5% of the total variations. Typology of customers in the tourism market was created on the basis of cluster analysis, which was based on three main components, where clustering was done by means of a hierarchical clustering method. There were formed three groups of consumers: demanding, conservative and economical consumers.

These groups differ from each other by their consumer behaviour, attitudes and decision-making. Detailed characteristics of different types of consumers are reported in Table 2.

**Tab. 2: Typology of customers in the tourism market**

Typology of customers	Description of customers demographics	Customer behaviour preferences
<b>Demanding customer (4%)</b>	Prevalence of male sex, family status, income over € 800, resides predominantly in village and town, age 30 – 49 years, education - basic and secondary;	Destinations with visa requirements, type of accommodation – apartment, own transport, the willingness to invest in vacation, but do not incline to services of travel agencies;
<b>Conservative customer (83%)</b>	Travelling unit - single, couple or family, income over -€800, reside mainly in city, age group 18 – 49, education predominantly secondary and higher;	Willingness to invest in holiday, type of accommodation – hotel, the predominance of knowledge, sightseeing and recreation, services of domestic travel agencies, neutral view to curbing freedom of travel agencies, resting own transport, an important consideration is the cost of the stay and rest;
<b>Economical customer (13%)</b>	Most of the male sex, income group up to €800, residence – city, big family, age group 60 plus, education basic and higher secondary;	Reluctance to invest in a holiday, the use of travel agents, cheap types of accommodation, travel by their own means, stay on leave in 8 days, main criterion for selection are the price and distance, do not travel to countries with visa requirements, foreign holiday is not needed.

Source: own processing based on marketing research

### Conclusions of marketing research

A positive conclusion of the research is that most consumers expressed a positive argument with the statement that they are willing to invest more money because it is the most pleasant time of the year. Most consumers are in favour of travel agencies and perhaps because of lack of knowledge of foreign languages, they often opt to travel through a travel agency. A large percentage of the respondents said that they should only relax on the holiday, but it is not necessarily just about the holiday abroad. Slovakia is a country which has all the prerequisites for the development of tourism in all its forms. The research also confirmed that there are differences in individual specified categories of customers based on consumer behaviour and demographic criteria. Most customers in the tourism market are sensitive to price, so it is very difficult to influence the consumer decision-making process.

Based on studies of secondary sources and the analysis of marketing research results there can be provided proposals for further research in the area of consumer behaviour in the tourism market:

- Investigated issue has convinced us that it is necessary to deal with consumer behaviour in the tourism market and to examine its trends;
- There is a need to constantly examine and know the model of consumer behaviour in tourism;
- There is also a need to analyze particular motivational factors and determinants influencing consumer behaviour in this area;
- Consumer market segmentation in tourism plays an important role in the development of marketing instrument sets in concrete terms;
- Consumer behaviour in the tourism market is characterized as unstable, dynamic and rapidly changing with regard to development of environment, therefore it requires detailed examination;
- Consumer behaviour can be further explored and specified not only on the basis of demographic criteria and analysis of consumer attitudes, but its values could be interpreted depending on other factors arising from consumer behaviour in the tourism market. It might be a review and component analysis of particular services

in the field of tourism and in connection with the forms of tourism.

An important finding was that in all three segments, the most important criterion when choosing a holiday is a price of service, which is directly linked with an income of entrepreneurs in tourism. Demanding consumers are more willing to invest in holiday than conservative or economical consumers. In this context there arise wide opportunities for entrepreneurs to attract those customers whom they are able to satisfy, to fulfil their desires and at the same time to become profitable. Typology has specified characteristics of individual customers, whereby it is possible to form a range of services. Every business in tourism should be oriented to a certain group and must consider the provision of services to either individual customers or mass customers (Picture 1).

#### Conclusion

Knowledge of existing as well as potential customer needs as an incentive in the demand for tourism enables businesses to find a suitable way to satisfy them and trigger a positive experience. Being remunerative and earn a profit in tourism means to adapt offer to typology of customers. Motives that influence traveller's behaviour vary in differ-

ent consumer segments. Consumer behaviour of current customer in tourism is affected to a high degree by including travel to their lifestyle. The continual changes in society and trends – economic, social or lifestyle subsequently influence preferences and behaviour of participants in tourism as an integral part of society. While in the past offer affected demand, at present it is vice versa. Market saturation, pushy customers, higher disposable income and more free time influence the profitability of tourism. Competition in tourism market has intensified. Marketing research is an important part of the process of marketing management in any business area. In tourism, a starting point for planning development of destination, building its products, but especially planning marketing activities is to attract and satisfy customers. The most important part of marketing research is a survey of consumer behaviour enabling entrepreneurs to identify opportunities and targeted them to the customer. If businessmen in the tourism offer services in such extent and quality that customers will be willing and able to accept (tailored services) according to their specificities (typology), they will be able to recon higher revenues in the future.

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