

Segmenting the Japanese Senior Travel Market: Implications for Thailand's Tourism Industry

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Abstract : Literature indicates that the senior travel market is a heterogamous market and contains sub-groups for market segmentation. However, segmenting the Asian senior tourist markets has not received significant attention. This study aims to examine the possibility of segmenting the Japanese senior travel market on the basis of destination attractiveness attributes of Thailand. Based on the factor-cluster analysis, the two distinct segments are identified: 'cultural & heritage seekers' and 'travel & leisure seekers'. Implications for developing effective marketing strategies for each segment are provided.

Keywords: Japanese senior travel market, market segmentation, destination attractiveness attributes, Thailand

Introduction

Tourism researchers have long been aware of the growing importance to the travel and tourism industry of senior travelers (Reece 2004). During the past decade the senior travel market has received much attention from industry practitioners in many countries. A major reason is that the number of international senior tourists, especially from Europe and North America has consistently increased over the past ten years (Cleaver, Muller, Ruys, & Wei 1999). It has also been postulated that the senior travel market will become more important and have profound impact on hospitality and tourism industry in the next decade because of its size, potential for growth, and time flexibility after retirement (Faranda & Schmidt 1999; Bai, Jang, Cai, & O'Leary 2001; Jang & Wu 2006).

A review of literature indicates that the senior travel market is a heterogamous market and worth for further analysis (Faranda & Schmidt 1999; You & O'Leary 2000; Lehto, O' Leary & Lee 2001). The senior travel market is a diverse market with respect to different socio-demographic characteristics, lifestyles, interests, attitudes, and consumption patterns (Faranda & Schmidt 1999; You & O'Leary 2000; Lehto, O' Leary & Lee

2001). The major reason behind this is that as consumers grow older, they become less similar and more diverse in their lifestyles and consumption patterns (Moschis 1991 cited in Faranda & Schmidt 1999). Lehto et al. (2001) noted that a broad marketing strategy aimed at the entire senior market is likely to be ineffective. To better satisfy a diversity of travel needs of senior travelers, several studies have attempted to segment the international senior travel markets based on various techniques. However, a review of literature indicates that market segmentation studies on senior travel market are primarily dominated by western sample groups. Little has paid attention to the Asian senior travelers, particularly the Japanese senior travel market. Each year approximately 2 - 3 million Japanese seniors (aged 55 or older) travel abroad (Japan Tourism Marketing Corporation 2005). This makes the Japanese senior travel markets one of the important and attractive overseas senior markets for many countries including Thailand. However, no empirical study has attempted to segment this important market. Therefore, this study, the extended study from Japanese travel-related behavior, has the purpose to further examine the feasibility of segmenting the Japanese senior travel market on the basis of destination attractiveness attributes. Destination attractiveness is one of the important components of travelers' decisions to visit a particular destination and tourists' choice of a destination is greatly influenced by perceptions of that destination (Cho 1998). Specifically, the objective of the study is to determine whether the Japanese senior travelers could be grouped together based on similarities and differences in perceived importance of destination attractiveness attributes of Thailand. The results of the study will provide useful and practical insights for destination marketers to develop and design effective marketing strategies for Japanese senior travel market.

Methodology

In this study the target population was Japanese senior travelers aged 55 years older or over who were traveling with local tour companies in Thailand. Using a convenience sampling method, data were collected at major tourist attractions in Bangkok during March to May 2006, through a closed-ended, self-administered questionnaire. Potential respondents - group tours consisting of the majority of older/senior tourists - were approached by asking the permission from tour leaders before collecting the data. The

participation was voluntary and only the respondents who were willing to participate in the survey were asked to complete the questionnaires. To ensure a high return and usable rate, questionnaires were collected onsite and checked for completeness. A total of 415 questionnaires were obtained.

The questionnaire was developed from a comprehensive review of previous studies (Cho 1998; You & O'Leary 1999; Zhang & Lam 1999; Jang & Wu 2006). Based on the review of literature, a total of 19 destination attractiveness attributes were generated through the suggestions from a group of experts (tourism professors). The questionnaire consisted of socio-demographic information and destination attractiveness attributes of Thailand. Respondents were asked to indicate their agreements based on attractiveness of destination attributes that drew them to Thailand by a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). For instance, they were asked "do you think Thai culture is an important factor attracting you to Thailand?".

The data analysis consisted of four steps. Firstly, descriptive statistics were used to profile respondents based on their socio-demographic information. Secondly, 19 destination attractiveness attributes were factor analyzed using a varimax rotation. Thirdly, a cluster analysis was used to segment the respondents into homogeneous groups. In this study, two types of cluster analysis, hierarchical and non-hierarchical cluster analysis were employed to segregate respondents into mutually exclusive groups based on their perceived importance rating on destination attractiveness attributes. Using two cluster analysis approaches has been proven to be more reliable than using only one method because the two techniques complement each other's benefits (Frochot & Morrison 2000). Fourthly, cross-tabulations were used to describe and profile each cluster based on socio-demographic characteristics. Finally, to further validate the clusters, chi-square tests were performed to examine whether there were any statistical differences among the clusters. A .05 level of significance was employed in the statistical assessments.

Research Results

The profile of respondents' socio-demographic characteristics and mean scores of destination attractiveness attributes are presented in Table 1 and 2, respectively.

Table 1: Socio-demographic profile of Japanese senior travelers to Thailand

Socio-demographic Variables	Percent (%)	Socio-demographic variables	Percent (%)
Gender		Occupation	
Male	51.0	Company employee	16.3
Female	49.0	Business owner/self-employed	15.2
Age (mean 61.5 years, S.D. 5 years)		Government sector	9.6
55 – 59 years	47.1	Professionals and technicians	12.6
60 – 69 years	44.5	Housewife	15.7
70 and above	8.4	Retired	28.1
Marital status		Others	2.5
Married	75.9	Annual income	
Single	13.3	Less than 2 million yen	15.6
Divorced/widowed	10.8	2.1 – 4 million yen	28.7
Education		4.1 – 6 million yen	22.9
High school or lower	45.3	6.1 – 8 million yen	20.5
Technical/vocational school	6.5	More than 8 million yen	12.3
College degree	48.2	Number of visits to Thailand	
Working status		One time	66.7
Currently working	51.7	Two – three times	22.7
Not working	48.3	Four times or more	10.6

Table 2: Mean scores of destination attractiveness attributes as perceived by Japanese senior travelers

Destination attractiveness attributes of Thailand	Mean (S.D.)	Rank	
Cultural & historical attractions	4.10 (0.86)	1	Five
most attractive attributes			
Thai temples	4.07 (0.85)	2	
Natural scenery and landscape	4.02 (0.86)	3	
Thai arts and traditions	3.78 (0.85)	4	
Reasonable prices of goods and services	3.68 (0.88)	5	
Hygiene and cleanliness	3.08 (0.92)	1	Five
least attractive attributes			
Climate	3.09 (0.89)	2	
A variety of travel related information	3.12 (0.89)	3	
A variety of shopping places	3.17 (0.98)	4	
Availability of travel related information	3.28 (0.89)	5	

Factor Analysis of Destination Attractiveness Attributes

According to Table 3, four factor dimensions were derived from the factor analysis of 19 destination attractiveness attributes, and were labeled as: (1) 'cultural & historical attractions', (2) 'travel arrangements & facilities', (3) 'shopping & leisure activities', and (4) 'safety & cleanliness'. These four factor dimensions explained 60.86 percent of the total variance. In this study, all the factor dimensions had eigenvalues greater than 1.0, and their items had factor loading greater than 0.4; meeting Kaiser's (1974) criterion. Cronbach's alpha

was also calculated to test the internal consistency of items within each factor. The results showed that the alpha coefficients for all factor dimensions ranged from 0.78 to 0.86, well above the minimum value of 0.6 as an indication of reliability (Hair, Anderson, Tatham, & Black 2006). Thus, all the four factor dimensions (factor 1 - factor 4) were retained for the final structure.

Table 3 : Factor analysis of destination attractiveness attributes of Thailand

Factor dimensions (Cronbach's alpha) explained	Factor loading	Eigenvalue	Variance
Factor 1: Cultural & historical attractions (0.86)	1.83	9.61	3.89
Cultural and historical places/sites	0.89		
Thai temples	0.85		
Thai arts and traditions	0.80		
Natural scenery and landscape	0.59		
Factor 2: Travel arrangements & facilities (0.83)	7.11	37.41	3.57
Convenience of traveling and ease of tour arrangement	0.80		
Tour programs and leisure activities	0.77		
Quality of tourist places and facilities	0.72		
Travel distance and time difference	0.60		
Reasonable price of goods and services	0.51		
A variety of tourist attractions	0.41		
Factor 3: Shopping & leisure activities (0.83)	1.39	7.29	3.31
A variety of shopping places	0.49		
Thai spa and traditional massage services	0.67		
Seasides/beaches	0.77		
Friendliness of Thai people	0.53		
Thai food	0.60		
Availability of travel related information	0.52		
Factor 4: Safety & cleanliness (0.78)	3.20	1.24	6.55
Safety and security	0.83		
Hygiene and cleanliness	0.86		
Weather	0.58		
Total variance explained	60.86%		

Cluster Analysis: Market Segmentation of the Japanese Senior Travel Market

A combination of hierarchical and non-hierarchical cluster analysis was employed to identify market segment of Japanese senior travelers based on their perceived importance rating on the destination attractiveness attributes of Thailand. The four dimensions extracted in the factor analysis were used as clustering variables. Firstly, the hierarchical procedure with a Ward's method was performed to obtain an initial seed point and to establish the number of cluster by reviewing the dendrogram and cluster (agglomeration) coefficients. The dendrogram and agglomeration coefficient revealed that a two-cluster

solution was most appropriate. Secondly, the solutions or the number of clusters defined from the hierarchical clustering were used a starting point for subsequent K-means clustering (non-hierarchical procedure). Cluster memberships were saved for further comparison between the cluster groups.

To delineate the two identified clusters and label them, mean score for each factor dimension was computed as suggested by previous studies (e.g. Jang, Morrison, & O'Leary 2002). When considering mean score of each factor dimension between the two clusters (Table 4), cluster 1 had higher mean scores on factor 2 'cultural & historical attractions' (M=4.17) and factor 4 'safety & cleanliness' (M=3.55). As the value of mean score of factor 2 is much greater than that of factor 4, this suggests that labeling cluster 1 as 'culture & heritage seekers' seems to be appropriate. As for the cluster 2, it had higher mean scores on factor 1 'travel arrangement & facilities' (M=3.81) and factor 3 'shopping & leisure activities' (M=3.57). This suggests the label of cluster 2 as 'travel & leisure seekers'.

Table 4 : Mean scores of factor dimension as rated by the two clusters

Pull motivational factors (detonation attributes)	Cluster 1 (n=287)	Cluster 2 (n=128)
Factor 1: Travel arrangements & facilities (factor mean)	(M=2.90)	(M=3.81)*
Convenience of traveling and ease of tour arrangement	3.01	3.95
Quality of tourist places and facilities	2.90	3.81
Tour programs and pack tours	3.15	3.91
Travel distance	2.72	3.70
Reasonable price of goods and services	2.80	3.80
A variety of tourist attractions	2.87	3.70
Factor 2: Cultural & historical attractions (factor mean)	(M=4.17)*	(M=3.29)
Cultural & historical places/sites	4.29	3.29
Thai temples	4.20	3.44
Thai arts and cultures	4.09	3.31
Natural scenery and landscape	4.08	3.12
Factor 3: Shopping & leisure activities (factor mean)	(M=2.62)	(M=3.57)*
A variety of shopping places	2.40	3.54
Seaside/beach	2.49	3.49
Thai spa and traditional massage services	2.61	3.60
Thai food	2.50	3.61
Friendliness of Thai people	3.18	3.82
A availability of travel related information	2.51	3.35
Factor 4: Safety & cleanliness (factor mean)	(M=3.55)*	(M=2.39)
Safety and security	3.79	2.69
Hygiene and cleanliness	3.45	2.20
Weather	3.40	2.30

* indicating higher value of mean score between the two cluster

Profile of Japanese Senior Travel Market (based on each cluster)

Cross-tabulations were performed to provide socio-demographic profiles of the two clusters as shown in Table 5. The chi-square analyses were used

to identify whether there were any significant differences existed between the two clusters.

Table 5: Socio-demographic profiles of the two cluster

Socio-demographic characteristics	Cluster 1 (n=287)	Cluster 2 (n=128)	(χ^2)	Sig.
Gender			20.45	0.005**
Male	49.8%	63.5%		
Female	50.2%	36.5%		
Totals	100%	100%		
Age			15.25	0.012*
55-59 years	36.4%	58.1%		
60-69 years	52.5%	32.3%		
70 or older	11.1%	9.6%		
Totals	100%	100%		
Marital status			4.12	0.784
Married	71.2%	69.5%		
Single	10.0%	13.7%		
Divorced/Separated/Widowed	18.8%	16.8%		
Totals	100%	100%		
Education			3.28	0.687
High school or lower	35.5%	38.9%		
Technical or vocational school	14.6%	13.6%		
College/university degree	9.9%	47.5%		
Totals	100%	100%		
Occupations			23.80	0.001**
Company employee	18.8%	19.4%		
Business owner/self-employed	12.5%	13.2%		
Government officer	6.2%	8.5%		
Professionals	8.0%	10.2%		
Technician	4.1%	7.7%		
Housewife	8.5%	9.8%		
Retired	41.4%	30.3%		
Others	0.5%	0.9%		
Totals	100%	100%		
Annual Income			17.8	0.025*
Less than 2 million yen	39.3%	24.2 %		
2.1 – 4 million yen	21.9%	30.8%		
4.1 – 6 million yen	17.3%	28.7%		
6.1 – 8 million yen	15.5%	12.1%		
More than 8 million yen	6.0%	4.1%		
Totals	100%	100%		
No. of visits to Thailand			19.2	0.031*
First time	58.5%	42.9%		
2 nd – 3 rd times	34.8%	53.3%		
4 times or more	6.7%	3.8%		
Totals	100%	100%		

* p< .05

** p< .01

According to Table 5, cluster 1 - cultural & heritage seekers represented 69% of the total samples (n=287). It consisted of travelers who perceived cultural and historical destination attributes as the major factors attracting

them to Thailand (see Table 4). They traveled to Thailand to seek new knowledge and experience different culture that they could not obtain from their usual environment. The members of this cluster appeared to place the importance on cultural and historical aspects such as Thai arts, the temples, and visiting cultural and historical places/sites. The proportion of males and females were approximately the same size (see Table 5). However, the majority of this group was somewhat older travelers (60-69 years) compared to cluster 2. Most of them were married (71.2%), and had education level at university degree (49.9%). Respondents had different occupation backgrounds. However, nearly 42% were retired. More than half (61.2%) had an annual income in the ranges of less than 2 million yen (39.3%) and between 2.1 - 4 million yen (21.9%). About 59% were first-time visitors to Thailand.

With regard to cluster 2 - travel & leisure seekers, this segment represented 31% (n=128) of the total samples. The members of this cluster were likely to place importance on travel facilities and leisure activities as the major factors attracting them to Thailand (see Table 4). They tended to enjoy holidays and considered Thailand as a good place for overseas vacation with a variety of tourist facilities and attractions. They traveled to Thailand to enjoy a variety of leisure and holiday experiences such as Thai food, Thai spa and massage, beautiful beaches, and shopping activities. The majority of this cluster was male travelers and somewhat younger seniors than cluster 1 (see Table 5). About 58% were in the age between 55-59 years, while 41.9% were 60 years old or above. Most of them were married (69.5%), and had education at the university level (47.5%). More than 50% are still working and have different occupation backgrounds, while 30.3% were retired people and 9.8% were housewives. Nearly 31% had annual incomes in the range of 2.1 - 4 million yen, while 28.7% earned income between 4.1 - 6 million yen, and 24.2% earned less than 2 million yen. More than half (57.1%) were repeat visitors to Thailand.

Conclusions and Recommendations

By using the factor-cluster analysis approach, this study suggests that it is possible to segment the Japanese senior travel market based on destination attractiveness attributes of Thailand. The two segments were 'cultural & heritage seekers' and 'travel & leisure seekers'. They were different with regard to what they perceived as the major destination attributes drawing them to Thailand. The study also found significant differences in socio-demographic characteristics (i.e. gender, age, occupation, annual income, and number of visits to Thailand) among the two segments. It is important for destination

marketers to develop more effective marketing strategies to attract each segment such as product development, marketing promotion, and advertising.

Based on the results, it indicated that the members of cluster 1 (cultural & heritage seekers), the largest segment identified in this study, seemed to perceive Thailand's cultural and historical attractions as the major factors drawing them to Thailand. They came to Thailand with the main purpose to see different culture and experience Thai hospitality and local ways of life. The result of the study is similar to You and O'Leary's (2000) study in that cultural and historical aspects are regarded as the important factors motivating Japanese seniors to visit an overseas destination. This suggests that cultural and historical attractions of Thailand should be developed as the major theme when marketing the Japanese senior travel market. The promotion will be more effective if the destination marketers can position Thailand as the land of unique and exotic culture that is different from other nations in the South Asia-Pacific region. The highlight should be focused on Thailand's history and its independence from western powers. Thailand is one of a few countries in the world that has never been colonized by any western countries. This phenomenon affects the nature of the land, culture, history, and Thai people to this day. This makes Thailand different from other nations in the region with a unique and attractive culture. Typically, many tour companies offer cultural tours in Bangkok and nearby cities such as Ayutthaya (former capital) or Nakhon Pathom (e.g. visiting cultural villages). To better satisfy this segment and provide a truly experience on cultural and heritage tours of Thailand, tour companies should offer programs to visit the three capitals of Thailand (i.e. Bangkok, Ayutthaya and Sukhothai). The trip will provide travelers with a better understanding of Thais' origin and historical background of the kingdom of Thailand. In addition, a visit to the associated historic towns in the northern region and programs relating to religious tourism (e.g. temple tours, visiting ancient towns) should be included in the tour packages. The tour programs may be also designed to provide travelers with the opportunities to learn and experience Thai hospitality and locals' way of life by visiting a local or cultural villages/communities. According to Lehto et al. (2001), older travelers appear to value local cuisine/new food and local crafts/handiwork. This suggestion seems to be relevant to the needs of this segment. During the trip, tour companies should provide travelers the opportunities to experience and try a variety of Thai traditional food and local herbal cuisines. A visit to local villages producing and demonstrating Thai traditional crafts and handiwork is also strongly recommended. The opportunity to try and produce a simple handiwork item could provide a great experience and enjoyment for travelers.

As for the cluster 2 (travel & leisure seekers), the majority of this segment (53.3%) was repeat travelers; suggesting that products offered for this segment should be different from the first group. In particular, their main objectives to visit Thailand appeared to focus on travel and leisure activities. For marketing purposes, there is a need to communicate to the 'travel and leisure seekers' that there are a variety of travel and leisure activities available in Thailand than the typical package tours. As the members of this segment are likely to prefer products that are different from those in segment one, it is suggested that products offered for this group should be focused on leisure and relaxation activities. To satisfy this segment, tour companies should offer several kinds of holiday and leisure products such as ecotourism or nature-based tourism, resort stay (mountain or beach area), island tour, river/canal excursion, safari trip, shopping, health tourism (e.g. Thai traditional sap and massage, Thai hot spring), and cultural tours. For cultural tours, many used to travel to Thailand and they might already have visited several famous cultural and historical places in Bangkok and Ayutthaya. It is suggested that the cultural tours designed for this segment should be different from the first time travelers. In addition to Bangkok and Ayutthaya trips (central region), there are several cultural and historical places/sites throughout the country such as in the north (Chiang Mai, Chiang Rai, Sukhothai, and Phitsanulok), the northeast (Nakhon Ratchasima, Khon Kaen, and Udon Thani), and the south (Surat Thani and Nakhon Si Thammarat). The new programs will broaden travelers' knowledge and understanding about Thailand.

Despite there some differences in travel interests and preferences between the two segments, there are some common travel-related behavior among the Japanese travelers that need to be addressed to develop appropriate marketing strategies for this market. Firstly, the package tours should be designed with longer length of time to stay in Thailand as there are a variety of tour programs available for them, and the fact that many are retired people and they seem to have more time for traveling. Due to time flexibility after retirement, it is suggested that tourism marketers should develop attractive products or special promotions drawing them to Thailand during low season months. Secondly, travel information and brochures should be designed in Japanese language because most Japanese seniors cannot understand other languages except Japanese. Thirdly, older travelers today tend to be more sophisticated in their travel tests as a result of more travel experience (Lehto et al. 2001), including Japanese senior travelers who are likely to demand products and services suitable to their needs and life styles (You & O'Leary, 2000). Tour companies should keep this in mind when designing tourism products for the Japanese senior travel market. The tour programs should be designed with standard

quality and suitably catered to travelers' needs and expectations. Fourthly, Japanese tourists have been characterized as shopping lovers during their overseas trips (Mok & Lam 2000), including Japanese older travelers (You & O'Leary 2000). This suggests that shopping should be also an inseparable part of the package tours to Thailand. In addition to a trip to major shopping department stores, local shops and outlets selling Thai and local products with good quality should be included in the programs. Finally, safety and hygiene conditions are also more of a concern for senior travelers compared to younger travelers (Lehto et al. 2001), particularly among Japanese senior tourists (You & O'Leary 2000). This suggests that concerned parties (government and private sectors) should work together to build confidence and strengthen up country image regarding the safety and hygiene standard of Thailand when marketing the Japanese senior travel market.

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