

ENTREPRENEURIAL OPPORTUNITY RECOGNITION THROUGH A MARKET SEGMENTATION OF A SELECTED FILIPINO YOUTH MARKET

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ABSTRACT

Youth travel is of special interest because a considerable number of Filipinos belong to the youth population. By focusing on the youth market, tourism enterprises can maximize considerable business opportunities. This study, using several known motivations and activity preferences of travellers, identified major push motives of young students.

Factor analysis of responses from 117 students revealed four push motives, namely, nature and wellness, education, meeting people and relaxation and unique experience. Young students have been found to travel from the hustle and bustle of city life and contemplate nature, learn, rest, interact with other people and acquire a different kind of experience.

Cluster analysis of responses from 95 students resulted to two market segments, the “enthusiasts” and the “moderates”. The “enthusiasts” score higher in the motivations and activity preferences used in the study. The two groups can also be distinguished in terms of age, gender and monthly family income.

The young Filipino traveller is at least “midcentric” using Plog’s typology. Product development efforts can be carried out using the findings of the study.

INTRODUCTION

Throughout the years, tourism has emerged as a major national income earner for the Philippines. Since the creation of the Ministry of Tourism in the 1970s, it has become a major contributor to the Philippine economy starting in the 1990s. It currently accounts for 4-5% of the nation’s Gross Domestic Product and employs more than three million Filipinos.

Experts of world tourism say that consumers are no longer the same consumer decades ago. The Fordian paradigm of mass tourism with its standardized vacations and rigid packages is becoming obsolete. It has been in force immediately after the Second World War until the early part of the 80s. We are now in what is dubbed as “the New Age of Tourism”. Consumers have transformed from being homogenous, having basic motivations and without previous experience to heterogeneous consumers who are experienced, unpredictable and more demanding. Suppliers are realizing that the Fordian paradigm is no longer adequate to address the challenges of competition.

This change in the nature of the consumer of tourism products can lead to many entrepreneurial opportunities. In terms of personality types, consumers can be classified as

allocentrics, psychocentrics and midcentrics. Allocentrics, psychocentrics and midcentrics are personality types in Plog's psychographic typology (Weaver & Oppermann, 2000). The model is used for psychographic segmentation. Allocentrics and psychocentrics are extremes in Plog's bell curve. Allocentrics and near-allocentrics satisfy their intellectual curiosity by seeking adventures that allow them to immerse themselves in other cultures. In contrast, psychocentrics minimise risk by patronizing familiar destinations where usual goods and services are available. Midcentrics are between the psychocentric and allocentric characteristics. Today's traveller has been observed to be allocentric.

An understanding of the tourism market is vital to the growth of the industry. The tourism market has to be understood if it is to be served well and its profit potentials are to be realized. Among the different tourism markets, the youth population of the Philippines is a good target market. There are more than 20 million Filipinos included in this market.

Opportunity recognition, which consists of identifying possibilities for new profit potentials, is a critical task for tourism entrepreneurs. It usually entails significant improvements in product offerings. However, for product development to be effective, there is a need to understand the characteristics of the Filipino youth market. There is a need to look into their motivation and preferences on which their purchase of tourism products depends. Moreover, market segmentation is a powerful marketing tool to identify homogenous groups among the selected Filipino youth market in terms of their motivation and activity preference. The demographic characteristics of these markets can be further used as basis for a more focused product development.

STATEMENT OF THE PROBLEM

Why do the selected Filipino youth market travel? What are their activity preferences? What market segments can be identified on the basis of motivation and activity preferences? How are these market segments characterized in terms of age, gender and monthly family income?

OBJECTIVES

The researcher aims to understand the needs of the Filipino youth as a traveler by identifying factors, in terms of motives, that could affect the travel choices of students. The study seeks to enhance the knowledge of tourism entrepreneurs with regard to experiences sought by the Filipino youth when they travel. The researcher also aims to identify market segments among the selected Filipino youth market based on motivation and activity preferences. The study also aims to identify the demographic characteristics of these market segments. It is hoped that the task of entrepreneurial opportunity recognition among tourism entrepreneurs through the results of the market segmentation will be facilitated and translated to specific product development directions.

SIGNIFICANCE

Youth travel is of special interest because a considerable number of Filipinos belong to the youth population. By focusing on the youth market, tourism enterprises can maximize considerable business opportunities. The results of the market segmentation will have important implications in product development.

SCOPE AND LIMITATIONS

The study will be limited to the identification of major factors, in terms of motives, affecting travel choices of a selected Filipino youth market as well as market segments in terms of motives and activity preferences. The demographic characteristics that will be used to define the market segments will only be limited to age, gender and monthly family income. The study covers students in one particular university. The results serve to provide preliminary insights with which to subsequently understand the Filipino youth market at large.

REVIEW OF RELATED LITERATURE

There have been previous research done on travel motives to help identify factors that affect travel choices of consumers. These motives are either push or pull motives. The decision as to “whether to go” pertains to push motivation while the question of “where to go” is addressed by pull motivation (Kim, Jogaratnam & Noh, 2006).

Kim, Jogaratnam & Noh (2006), in a study they made regarding travel decisions of students at a US university, identified seven push factors, namely “escape”, “seeing and learning”, “adventure and thrill”, “VFR”, “indulgence”, “nature” and “fun and entertainment”. In a separate study on college student travel, Kim, Oh, Jogaratnam (2006) identified seven factors or push motivational dimensions associated with US college student travelers. These are labeled as “Knowledge”, “Sports”, “Adventure”, “Relax”, “Lifestyle”, Travel bragging and Family.

The first comprehensive study on Filipino travel behaviour was made by the Department of Tourism in relation to the National Youth Travel Program of the government in 1976. The study is based on a survey aimed to measure the attitudes and practices of students towards domestic travel. Findings of the study indicate that travel behavior is a function of income and gender. The high income vs. low income and male vs. female differ in motivations. Those who belong to low income families travel to gain friends and to see places, whereas, those who belong to high income families travel to see places and for status and prestige. Males travel primarily because of status and prestige while females travel to see places and have little concern with status and prestige. In general, the youth was found to have the following motivations, as ranked:

1. to experience travelling
2. to see places

3. to see places for its historical and cultural value
4. to relax
5. to gain friends

Nolasco (2002), in her study of the Filipino youth travel market, identified the Filipino youth's motives for traveling as : visiting friends, to experience traveling and to relax and learn.

The World Tourism Organization (WTO) as the only intergovernmental technical body dealing with all aspects of tourism has come up with numerous publications on a regular basis. These publications, as well as the activities of the organization, cover all sectors of tourism on a worldwide basis. Their studies support the view that mass tourism is getting to be obsolete as a business framework. In a monograph identifying major tourism trends in Asia Pacific, WTO explained that the basis of travel is no longer the destination but the activity. Mihelj (2010) cites experiential learning as key to today's travel experience. The consumer has evolved to being an experienced traveler, with more complex needs and wants.

Allocentrics, psychocentrics and midcentrics are personality types in Plog's psychographic typology (Weaver & Oppermann, 2000). The model is used for psychographic segmentation. Allocentrics and psychocentrics are extremes in Plog's bell curve. Allocentrics are adventurous and intellectually curious travelers who immerse themselves in other cultures. Psychocentrics are not willing to take risk and go for familiar, extensively developed destinations. Midcentrics are in between. According to Weaver & Oppermann (2000), today's traveler, has become allocentric.

According to Tibon (2011), the young Filipino traveller is midcentric. Some have basic motivations while some others have the "adventure or a different kind of experience type" of motivations. He has tried various modes of transport, have gone to several destinations, both here and abroad. Though not largely pronounced, he has developed a liking for novel destinations and flexible travel arrangements that require more personalized service on the part of travel agents or tour operators.

Dotson, Clark and Dave (2008) segmented the youth market into two age groups, 18-23 and 24-30. They found out that these two age groups differ in what they want to do when traveling. The younger group tend to be "hedonistic" while the older group is more "family-oriented".

Kim and Jogaratnam (2003) was able to identify two homogeneous groups among 514 college students surveyed in the US. They called these groups as "moderates" and "enthusiasts" based on the latter's higher ratings for all the 16 activity items used in the study. They also found that characteristics such as gender, age, source of income, length of stay, marital status and travel group size differentiate these two groups.

METHODOLOGY

A questionnaire was designed using the research instruments based on past studies as guides. It is composed of 17 motivational and attitudinal statements. The respondents were asked to specify their level of agreement to each item by using a five-point Likert-type scale ranging

from "1-strongly disagree to 5- strongly agree". A sample of 117 business students of a college in Manila was used. Non-probability judgement sampling was employed. It is purposive in nature. These were administered to the students in between their classes. To reduce the number of dimensions and identify the major factors affecting travel choices of the student market, the 17 motivational and attitudinal statements were subjected to factor analysis.

The same questionnaire was administered to a sample of 95 undergraduate and graduate business students of a university in Manila with additional entries on age, gender and monthly family income. Respondents were asked to check the monthly family income they belong to. The brackets include below Php20,000, Php20,000 to Php50,000, Php51,000 to Php100,000 and above Php100,000. Non-probability judgement sampling was likewise employed. Data gathered was subjected to cluster analysis. Cluster analysis was carried out to determine whether different groups of similar students could be grouped on the basis of their motivation and activity preferences. The goal of cluster analysis is to group individuals or objects with similar characteristics and differentiate them from other clusters on the basis of these characteristics (Hair, et al, 1998). The grouping was done through a hierarchical clustering procedure, specifically, Ward's method.

T-test was carried out between clusters to determine differences in motivation and activity preferences. Crosstab analysis of demographic characteristics such as age, gender and monthly family income were used to tease out the profile of the clusters.

RESULTS AND DISCUSSION

Of the 95 students surveyed, 51% are females while the rest are males. Fifty four students are between 16 to 23 years of age and the remaining forty five are within the 23 to 30 year old bracket. Majority, that is 62% of the sample, have family incomes exceeding Php100,000 a month.

The 17 variables representing motivations and activity preferences of students are as follows:

MOTIVATIONS

Variable 1	To relax
Variable 2	To see places
Variable 3	To see a place for its historical/educational value
Variable 4	To experience travelling
Variable 5	For adventure
Variable 6	To get away from the city
Variable 7	To be nearer to nature

ACTIVITY PREFERENCES

Variable 8	Going to beaches and marine areas
Variable 9	Going to mountains, deserts and geographical areas
Variable 10	Going to health spas
Variable 11	Visiting family and friends
Variable 12	Camping
Variable 13	Rapelling and backpacking
Variable 14	Learning new languages and culture

Variable 15	Going to aquariums and botanical gardens
Variable 16	Participating in cruise seminars and educational programs
Variable 17	Going to themeparks

A principal factor analysis using SPSS on these variables resulted to a Kaiser-Meyel-Olkin (KMO) measure of .790 – middling but close to meritorious. The four factors with eigenvalues greater than 1 that were extracted can be named as:

Factor 1	Nature and Wellness
Factor 2	Education
Factor 3	Meeting People and Relaxation
Factor 4	Unique Experience

These are the push factors that affect the travel choices of the Filipino youth, specifically students. The 17 motivations and activity preferences can be summarized into these four factors that more clearly define the profile of the Filipino youth in terms of motivations and activity preferences.

The first factor has to do with travelling to sites where they can escape from the hustle and bustle of city life and contemplate nature. The second factor has to do with learning while travelling. The third factor has to do with rest and social interaction while the fourth factor has to do with acquiring a different kind of experience while travelling.

The responses of the 95 students surveyed with regard to their motivations and activity preferences were subjected to a cluster analysis using Ward's method, a hierarchical clustering procedure. Square Euclidean distance was used for the similarity measure. To find out the optimal number of clusters, the dendogram and agglomeration schedule were used. Distance levels were considered as significant increases in cluster homogeneity because they provide an indication for a possibly optimal number of clusters. The dendogram and agglomeration schedule indicate a possible 2 cluster solution.

The two cluster solution identified two different groups of young Filipino students on the basis of their motivations and activity preferences. Group 1, the “enthusiast” group, similar to the groupings made by Kim and Jogaratnam (2003) comprises 58.95% of the respondents. This group has higher ratings on the motivation and activity preferences. Group 2, the “moderates” group, containing 41.05% of the respondents, have motivations and activity preferences lower than that of the “enthusiasts”. Descriptive statistics can be found in Table 1.

MOTIVATION/ACTIVITY	CLUSTER	N	MEAN	STD. DEV
V1 To relax	ENTH	56	4.59	.532
	MOD	39	4.54	.643
V2 To see places	ENTH	56	4.75	.513
	MOD	39	4.54	.643
V3 To see a place for its historical/educational value	ENTH	56	3.96	.894
	MOD	39	3.56	.912
V4 To experience travelling	ENTH	56	4.48	.738
	MOD	39	4.26	.715
V5 For adventure	ENTH	56	4.86	.353
	MOD	39	4.13	.894
V6 To get away from the city	ENTH	56	4.36	.773
	MOD	39	3.97	.932

MOTIVATION/ACTIVITY	CLUSTER	N	MEAN	STD. DEV
V7 To be nearer to nature	ENTH	56	4.36	.645
	MOD	39	3.15	.961
V8 Going to beaches and marine area	ENTH	56	4.50	.739
	MOD	39	3.90	.912
V9 Going to mountains, deserts and geographical areas	ENTH	56	4.09	.837
	MOD	39	2.56	.821
V10 Going to health spas	ENTH	56	3.20	.980
	MOD	39	3.49	.144
V11 Visiting family and friends	ENTH	56	4.23	.786
	MOD	39	4.26	.637
V12 Camping	ENTH	56	3.88	.955
	MOD	39	2.59	.880
V13 Rapelling and backpacking	ENTH	56	4.02	.798
	MOD	39	2.62	.990
V14 Learning new languages and culture	ENTH	56	4.18	.834
	MOD	39	3.62	.016
V15 Going to aquariums and botanical gardens	ENTH	56	3.82	.897
	MOD	39	3.28	.972
V16 Participating in cruise seminars and educational programs	ENTH	56	3.79	.847
	MOD	39	3.21	.174
V17 Going to themeparks	ENTH	56	4.30	.872
	MOD	39	4.03	1.11

The T-test conducted between the two cluster groups revealed differences in 11 out of 17 variables. Both groups have similar considerations with regard to traveling to relax, to see places, to experience traveling, going to health spas and visiting family and friends. They differ in all the remaining motivations and activity preferences used in the study. Table 2 gives the details of the t-test conducted.

MOTIVATION/ACTIVITY	CLUSTER	N	MEAN	t-value	Sig.
V1 To relax	ENTH	56	4.59	.420	.675
	MOD	39	4.54		
V2 To see places	ENTH	56	4.75	1.780	.078
	MOD	39	4.54		
V3 To see a place for its historical/educational value	ENTH	56	3.96	2.129	.036
	MOD	39	3.56		
V4 To experience travelling	ENTH	56	4.48	1.485	.141
	MOD	39	4.26		
V5 For adventure	ENTH	56	4.86	5.525	.000
	MOD	39	4.13		
V6 To get away from the city	ENTH	56	4.36	2.181	.032
	MOD	39	3.97		
V7 To be nearer to nature	ENTH	56	4.36	7.310	.000
	MOD	39	3.15		
V8 Going to beaches and marine area	ENTH	56	4.50	3.550	.001
	MOD	39	3.90		
V9 Going to mountains, deserts and geographical areas	ENTH	56	4.09	8.805	.000
	MOD	39	2.56		
V10 Going to health spas	ENTH	56	3.20	-1.327	.188
	MOD	39	3.49		
V11 Visiting family and friends	ENTH	56	4.23	-.160	.874
	MOD	39	4.26		
V12 Camping	ENTH	56	3.88	6.663	.000
	MOD	39	2.59		

MOTIVATION/ACTIVITY	CLUSTER	N	MEAN	t-value	Sig.
V13 Rapelling and backpacking	ENTH	56	4.02	7.631	.000
	MOD	39	2.62		
V14 Learning new languages and culture	ENTH	56	4.18	2.959	.004
	MOD	39	3.62		
V15 Going to aquariums and botanical gardens	ENTH	56	3.82	2.786	.006
	MOD	39	3.28		
V16 Participating in cruise seminars and educational programs	ENTH	56	3.79	2.802	.006
	MOD	39	3.21		
V17 Going to themeparks	ENTH	56	4.30	1.364	.176
	MOD	39	4.03		

The crosstab results indicate that the “enthusiasts” is composed of individuals that are younger, more male-dominated and have a wider range of income. Thus, the “moderates” tend to be older, female and have a higher level of income. Details of the cross-tab procedure is indicated in Table 3.

		ENTHUSIASTS n=56	MODERATES n=39
AGE	Below 18 years old	15	5
	18-23 years old	28	19
	24-30 years old	13	15
GENDER	Male	30	16
	Female	26	23
INCOME	Below Php50,000	13	3
	Above Php 50,000	43	36

CONCLUSION

The Filipino youth make travel choices such as where and what to do while travelling influenced by four main push motives or factors, namely: nature and wellness, education, meeting people and relaxation and unique experience.

All in all, the study confirms that the Filipino young traveller is at the very least, midcentric, according to Plog’s typology. Two groups of Filipino young travellers emerged from the study: the “enthusiasts” and the “moderates”. The “enthusiasts” tend to be “allocentric” in activity preferences and motivations. The group is younger, male dominated and more diverse in terms of income. The “moderates”, on the other hand, tend to be female, older and are in the higher income brackets. They are “midcentric” in motivations and activity preferences. Travel products should, therefore, match the profile of the “enthusiast” as more adventurous than a typical “moderate”.

RECOMMENDATIONS

The researcher recommends that tourism entrepreneurs make use of these findings in order to come up with tourism products that would serve the needs of the Filipino youth. Several things can be looked into such as the identification of domestic destinations and what to include in product offerings. Packages can be made largely to address one or two of the factors identified

to affect travel choices of the student market with optional offerings addressing the other two. What is achieved is more focus in the marketing efforts directed to the Filipino youth.

The researcher also recommends that these factors be considered as themes to the domestic tourism promotions, not only of the private sector but more importantly, of the government, through the Department of Tourism.

With regard to the market segments identified and its characteristics, tourism entrepreneurs are encouraged to develop products for higher income, female and relatively older segment veering towards the “midcentric” type and the younger, male and middle income segment for the “allocentric” type.

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