

## 2007 North American Society for Sport Management Conference (NASSM 2007)

### Developing New Products: A Case Study in Adventure Sport Tourism

Vassilios Ziakas, University of Texas at Austin  
Carla Costa, University of Texas at Austin (Advisor)

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Sport and tourism marketers must continuously develop their products, which may include deleting, revising or adding any one or more of the elements that make up a comprehensive product (Mullin et al., 1993). While in large companies, the new product development is formalized in divisions of research and development (R&D), it would be safe to say that in the sport and tourism industry the companies that contain units of R&D are mainly those dealing with goods (instead of services). Consequently, it is a common practice within sport and tourism markets that new products (specifically services) be created somewhat intuitively to meet consumers' needs, and respond to increased competition. Even though the development of new products certainly has an intuitive component, the process seems to be greatly improved and more efficient when a planned/structured approach is used (Kotler, 1997). This study purports that a planned approach applied to the development of products (mainly services) within the sport and tourism industry will increase the potential for their success and it specifically examines that in the case of adventure sport tourism.

The adventure tourism market represents \$1-2 billion dollars of the \$500 billion a year travel industry (Associated Press, 2004). It is characterized by small to medium enterprises that bundle a variety of supplier offerings. For instance, a travel package may consist of tour guides, lodging, equipment, food, adventure tour operators, adventure ground handlers, travel agents, transportation, and medical supplies. The industry players rely primarily on psycho-graphic segmentation because many of the motivators and determinants of the behavior of buyers relates to their personalities and lifestyles. A critical commonality is that these consumers wish to incorporate recreational and fitness activities (i.e., hiking, biking, kayaking) into their travels which makes sport a critical element in adventure tourism whether it is a core or secondary activity. For these reasons, we have chosen to apply the new product development process to the adventure sport tourism market which is one of the most volatile and rapidly growing markets of recreational sport.

The stages of opportunity identification, concept generation and evaluation as well as new product development strategy were followed to develop, test and market a new product concept to a chosen target segment within the adventure sport tourism market. This framework was chosen as an example of assorting a unique set of methods appropriate to a case at hand since there is no a generic 'tool kit' for new product development in services (Crawford & Di Benedetto, 2005). In the opportunity identification stage it was considered that as more people turn to adventure tourism, various new market segments emerge. Since there is a great disparity amongst potential target segments, product offerings cover a broad spectrum of considerations: seasonal vs. all-year; individual vs. group; short vs. long; rugged vs. luxurious; low price vs. premium; customized vs. prepackaged; local vs. international; low-intensity vs. high; and so on. Additionally, instead of the industry's traditional segmentation based on age, companies are beginning to segment based on gender, family status, ethnic backgrounds, among other innovative approaches (Swarbrooke et al., 2003). Yet, current segmentation strategies used in the industry tend to overlook certain subsets of unaddressed potential consumers. These subsets represent an opportunity to create new market space in the adventure travel industry. Although various unaddressed segments exist, single mothers were chosen as market segment because the segmentation of women fails to address the particular needs of the single mothers. Single mothers are an attractive segment for several reasons: 1) they are currently ignored by the market; 2) their needs can be readily addressed if properly understood; and 3) a company that can target this segment will gain access not only to the mothers but also to their children, potentially creating a life-long, loyal customer.

To identify the needs of this target market fifteen interviews were conducted on location at an REI store in Austin, Texas. The interviews were tape-recorded and transcribed, and a needs analysis was conducted. The identified needs were categorized according to the "need career ladder" (Ryan, 1998) which evolves from relaxation, to stimulation, to relationship, to human development/health, to self-fulfillment. On this basis four product concepts were generated and two were selected based upon their market potential: (1) the layaway and (2) the relationship-building. Grounded on the analysis of the target customer's needs it was determined that single women are primarily concerned with price and are attracted to the idea of building relationships while on adventure trips.

In order to validate the product concepts an instrument was designed and consequently a small-scale survey (N = 40) was conducted to test consumer reaction to these new products. The survey results showed that single mothers respond favorably to the concepts and indicate a high probability of intention to purchase. There are important implications theoretical and practical

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implications regarding development strategy for these new product offerings as they may become platforms for tailored derivatives which would further enhance the offerings to meet the needs of subsets within the single mother segment. Another major implication is that in reaching this subgroup, a company may refine the value curve currently used in the industry. More specifically, this change in industry standards will entail a prioritization of shorter durations, lower prices and an emphasis on relationship-building. In moving forward, a company must focus on refining the existing research for pricing through further surveys and focus groups in order to identify appropriate pricing ranges tolerable for single mothers.

The study shows that a planned approach is essential when developing new products in sport and tourism. This approach brings together strategy, organization, concept generation, evaluation and marketing explicating the benefits or value a new product concept may provide to customers and hence evaluating its potential for success.

### References

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