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Regional Fair Market Segmentation and Application

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The Experience Economy: Regional Fair Market Segmentation and Application

Abstract

In the hospitality and tourism industry, where customer value is created from service offerings, the provision of unique consumer experience becomes critical for any service operation. Embracing the importance of understanding the nature of consumer experience, Pine and Gilmore (1998) introduced a concept of "experience economy" so as to comprehend the process of creating a more personalized and memorable experience. Although the concept is notably applicable to the tourism context, the adaptation of the "experience economy" model has existed largely still at a premature stage. Therefore, this study aims to provide more comprehensive market segment information on state fair attendees by using experience economy realms. Unlike previous market segmentation studies using travel motivation as a segment criterion, we used experience economy dimensions (esthetic, entertainment, escapist, educational) to provide more rigorous fair attendee segmentation and comparisons.

Keywords: experience economy, fair attendees, market segmentation, market segment profiles

Introduction and Purpose of the Study

Previously, in tourism research, market segmentation studies commonly used travel motivation and socio-demographic factors to segment a mass market (Chang, 2005; Park & Yoon, 2009). However, as Pine and Gilmore (1998) proposed, current value creation in the tourism industry is largely based on travelers' experience. In terms of the regional fair setting where abundant esthetic, entertainment, educational, and escapism components and opportunities are provided to attendees, the experience economy concept seems significantly appropriate to use. Despite its importance, the experience economy has not yet been significantly adopted in tourism literature (Hosany & Witham, 2009). Hence, the purpose of this study was to investigate the applicability of experience economy concept in segmenting the markets of regional fair attendees. This study sought to help people better understand how experience economy dimensions can group segments more effectively than previously used variables (e.g., travel motivation and socio-demographic variables). In this research, we sought to achieve the following research objectives:

1) To confirm the applicability of experience economy concept on a regional fair setting and to examine the factor structure of the experience economy;

2) To examine whether fair attendees can be grouped by experience economy dimensions and also to investigate whether there are differences across the segments;

3) To understand the particular demographic characteristics of each segment; and 4) To provide differentiated marketing strategies for each segment.

Methods

This study received support from the Greater Springfield CVB and the administration staff of the Eastern States Exposition and sampled the attendees of the Great New England State Fair, "The Big E." We distributed and collected the survey questionnaire over a 17-day period at the

Exposition Center in West Springfield, MA in September 2013. The participants of this study received a randomized survey and filled in the questionnaire through the online survey platform, Qualtrics™. We used Oh, Fiore, and Jeong's experience economy scale (2007) was adopted to measure four dimensions of fair attendee experience on a 7-point scale ranging from "strongly disagree to strongly agree." We eliminated all incomplete answers/surveys and a total of 507 samples were used for the further analyses.

To perform market segmentation, we adopted the most widely used segmentation method -- a factor-cluster analysis (Lee, Lee, & Wicks, 2004; Chang, 2005). In order to segment the fair attendees, we first pursued a confirmatory factor analysis to understand the regional fair attendees' experience dimensions. Once we confirmed the four experience realms, we used a two-step cluster analysis to group the event attendees by experience economy dimensions. After grouping fair attendees by their similarities in fair experience, we investigated the more detailed demographic information on each segment and named each cluster.

Preliminary Results

The study had a total of 3,274 completed (response rate: 68.4 %) surveys and among those, we used a sub-sample of 507 for the experience economy portion of the study. To investigate possibilities of market segmentation and to explore group differences, we first conducted the confirmatory factor analysis (CFA hereafter). The CFA results confirmed the four main dimensions of the model (fit statistics: $\chi^2(df)$=177.72(71), p<.000, CFI=.98, TLI=.97, RMSEA=.06, GFI=.95, NFI=.96). We attained the reliability levels from 0.80 to 0.94 and average variance extracted was ranged between 0.50 and 0.79. These figures explained that our measurement items were reliable and also had convergent validity. See Table 1 for results.

[Insert Table 1 here]

Once we confirmed our factor structure, we used two-step cluster analysis technique to identify group differences. From this analysis, we found three groups that have distinctive profile characteristics of the respondents. The first group demonstrated high levels of mean scores in each experience dimension. Therefore, we named them as "Multi-experience seekers". The respondents in this group are generally females (74.2%) age between 19-39 (52%) who live approximately 50-99 miles (37.2%) from the event site and contain the highest proportion or Millenials. The majority finished up to some college/ technical or vocational school (47.5%), and had household incomes between less than $25,000 and $99,999 (87.6%) and overall lower than the other groups. This group demonstrated the highest mean scores of intention to revisit the Big E (mean=6.79) and Pioneer Valley (6.13) among the three segments we found. This group came to experience it all and had high intentions of returning. See Table 2 for results.

The second group demonstrated relatively moderate mean scores of experience economy dimensions. However, we found particular differences in esthetics and entertainment dimensions. The segment consists of 41.6 percent of the total respondents. These people care greatly about esthetic and entertainment dimensions rather than escapism. Therefore, we named them as "sensory-fun-experience seekers". The group consists of females (74.2%) age between 30-59 (74.9%). This group resides within 0-49 miles from the event site (67%) most of them are married (55.5%). The group has high level of education level ranged from some college/technical or vocational school to post graduate degree (82.4%) and significant number of were working within the professional, technical, or manager/executive areas (34.4%). Finally,

the income level varied across a range of $25,000-149,999 (80.1%); but had overall higher household incomes that the first group of multi-experience seekers.

The last group has the least mean scores on all experience economy dimensions. However, we found that this group has particularly lower level of escapism and education dimensions in comparison to those of the other two groups. Therefore, we named this group as "general experience seeker." They appeared to come for a "general experience" and not high on any one dimension. This group has the highest proportion of females amongst all segments (81.8%) and had the highest proportion of 40-49 age group (29.7%). The majority of people belong to this group are non-locals (74.9%) and they had the lowest level of overall event satisfaction (mean=6.05), intention to revisit the Big E (6.13), and intention to return to Pioneer Valley (mean=5.36) among the found segments. However, they also had the highest proportion of well-educated individuals (44.2% held college or post-graduate degrees). See Table 3 for results.

[Insert Table 2 here]

Our findings explained that the experience economy scale is appropriate for segmenting regional fair attendees' markets. The experience based market segmentation allows future regional event planners to incorporate the experience factors that might attract more potential event visitors. From our findings, we found that when visitors are fully experiencing all dimensions of event offerings, they tend to have higher revisit intention to the event and to the nearby regions. Therefore, we argue that when event planners can address specific event experience features to each segmented market, they would have better chances to increase overall satisfaction levels as well as could expect for the event success.

[Insert Table 3 here]

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Table 1. Measurement items and properties

	Mean	SD	Loadings	Error
Esthetic (4 items, α=.80, AVE=.50)				
1. I felt a real sense of harmony at The Big E	6.18	.86	.69	-
2. Just being here was very pleasant	6.36	.81	.67	.07
3. The Big E was very attractive place	5.38	1.18	.70	.10
4. The Big E setting provided a pleasure to my senses (smells, sights, sounds, tastes)	6.01	.99	.77	.08
Entertainment (3 items, α=.86, AVE=.67)				
1. I really enjoyed watching what others were doing	6.25	.77	.82	-
2. Activities were fun to watch	5.79	1.08	.79	.07
3. Watching activities was very entertaining	6.10	.89	.85	.06
Escapism (3 items, α=.85, AVE=.65)				
1. I felt like I was a different character here at The Big E	4.65	1.49	.80	-
2. I felt like I was living in a different time or place	4.50	1.48	.81	.05
3. I completely escaped from reality at The Big E	4.37	1.59	.80	.06
Education (4 items, α=.94, AVE=.79)				
1. I learned a lot at The Big E	5.40	1.13	.87	-
2. It stimulated my curiosity to learn more	5.38	1.16	.88	.04
3. The Big E was a real learning experience	5.46	1.15	.89	.04
4. Experience was highly educational	5.33	1.19	.91	.04

Measurement Model Fit: $\chi^2(df)$=177.72(71), p<.000, CFI=.98, TLI=.97, RMSEA=.06, GFI=.95, NFI=.96

Table 2. Two-step cluster analysis

Attributes Factor[1] (n=507)	Multi-Experience Seekers (n=121)	Sensory-Fun Experience Seekers (n=211)	General Experience Seekers (n=175)	F
	Mean (SD)	Mean (SD)	Mean (SD)	
Esthetics	6.78 (.28)	6.15 (.39)	5.23 (.63)	421.31***
	a	b	c	
Entertainment	6.84 (.30)	6.29 (.45)	5.21 (.60)	464.19***
	a	b	c	
Escapism	6.07 (.82)	4.42 (.96)	3.54 (.95)	270.24***
	a	b	c	
Education	6.63 (.44)	5.52 (.71)	4.39 (.66)	453.24***
	a	b	c	
Size of Cluster (%)	23.9	41.6	34.5	

A Duncan multiple range test was performed to prove that there are significant differences in all factors.
*** p<0.00

Table 3. Demographic Profiles of Clusters by Experience Economy

Variable	Category	Multi-Experience Seekers n (%)	Sensory-Fun Experience Seekers n (%)	Generalist Experience Seekers n (%)
Gender	Male	31 (25.8)	54 (25.8)	31 (18.2)
	Female	89 (74.2)	155(74.2)	139 (81.8)
Age	Below 18	4 (3.3)	-	1 (.6)
	19-29	35 (28.9)	34 (16.1)	30 (17.1)
	30-39	28 (23.1)	61 (28.9)	49 (28.0)
	40-49	22 (18.2)	47 (22.3)	52 (29.7)
	50-59	23 (19.0)	50 (23.7)	26 (14.9)
	60-69	9 (7.4)	13 (6.2)	13 (7.4)
	Over 70	-	6 (2.8)	4 (2.3)
Generation	Millennium	50 (41.3)	57 (27.1)	52 (30.1)
	Gen X	39 (32.2)	85 (40.5)	80 (46.2)
	Baby Boomers	32 (26.4)	63 (30.0)	39 (22.5)
	Silents	-	5 (2.4)	2 (1.2)
Miles from The Big E Site	0-19	37 (30.6)	66 (32.0)	59 (34.5)
	20-49	32 (26.4)	72 (35.0)	61 (35.7)
	50-99	45 (37.2)	58 (28.2)	43 (25.1)
	100-199	5 (4.1)	6 (2.9)	7 (4.1)
	Over 200	2 (1.7)	4 (1.9)	1 (.6)
Local	Local	44 (36.4)	61 (29.0)	43 (25.1)
	Non local	77 (63.6)	149 (71.0)	128 (74.9)
Marital Status	Single	41 (34.2)	35 (16.6)	32 (18.6)
	Married	57 (47.5)	117 (55.5)	99 (57.6)
	Divorced/Separated	9 (7.5)	10 (4.7)	10 (5.8)
	Living with a same sex partner	3 (2.5)	8 (3.8)	2 (1.2)
	Living with an opposite sex partner	10 (8.3)	38 (18.0)	28 (16.3)
	Widowed	-	3 (1.4)	1 (.6)
Number of Children Living at Home (mean)	Under 18	1.18	1.01	.90
	Over 18	1.42	.83	.73
Education Level	Some high school	2 (1.7)	2 (1.0)	2 (1.2)
	High school graduate	38 (31.7)	41 (19.6)	23 (13.5)
	Some college/ technical or vocational school	57 (47.5)	97 (46.4)	70 (41.2)
	Four-year college	18 (15.0)	45 (21.5)	55 (32.4)
	Post graduate degree	5 (4.2)	24 (11.5)	20 (11.8)
Occupation	Manager/ Executive	9 (7.5)	27 (12.9)	29 (17.1)
	Clerical/ Sales	21 (17.5)	27 (12.9)	16 (9.4)
	Military	1 (.8)	1 (.5)	-
	Professional/ Technical	15 (12.5)	45 (21.4)	37 (21.8)
	Farming/ Fishing	1 (.8)	-	-
	Homemaker	11 (9.2)	21 (10.0)	14 (8.2)
	Owner/ Self-employed	7 (5.8)	10 (4.8)	16 (9.4)
	Retired	8 (6.7)	15 (7.1)	17 (10.0)
	Student	18 (15.0)	7 (3.3)	9 (5.3)
	Other	29 (24.2)	57 (27.1)	32 (18.8)
Household Income	Less than $25,000	31 (27.4)	27 (13.4)	13 (8.4)

	$25,000-$49,999	32 (28.3)	54 (26.9)	47 (30.3)
	$50,000-$99,999	36 (31.9)	71 (35.3)	58 (37.4)
	$100,000-$149,999	7 (6.2)	36 (17.9)	25 (16.1)
	$150,000-199,999	3 (2.7)	10 (5.0)	8 (5.2)
	$200,000 or more	4 (3.5)	3 (1.5)	4 (2.6)
Intention to Revisit The Big E (Mean)		6.79	6.56	6.13
Intention to Revisit Pioneer Valley (Mean)		6.13	5.92	5.36
Overall Satisfaction (Mean)		6.75	6.54	6.05