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Positioning America in the Chinese Outbound Travel Market

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ABSTRACT

The present study attempts to determine the relative strengths and weaknesses of the U.S. as a long-haul travel destination in comparison to its major non-Asian competitors in the Chinese outbound travel market. A multi-step procedure of destination positioning analysis was designed, which involves a combination of multidimensional scaling, correspondence analysis, as well as logistic regression analysis. Overall, it was found that the U.S. holds a very unique position which is isolated from all other five destinations. Findings from this study may help identify areas of opportunity which could enhance American destinations' competitiveness.

Keywords: positioning, Chinese outbound tourism, destination perception

INTRODUCTION

Chinese outbound travel has become the buzzword in the international tourism community for a while. Thanks to the Memorandum of Understanding between the Chinese and U.S. governments signed in December 2007 — which essentially granted the United States the benefits of Approved Destination Status (ADS), Chinese travel trade and American destinations and attractions can now officially promote group leisure travel to the U.S. in China (Burnett, Cook, & Li, 2008). Despite the high level of interests and expectation on Chinese outbound travel to the United States, visits to the U. S. currently represent merely one percent of the whole Chinese outbound travel market. Facing intensive competition from other countries, it is crucial for the United States to better understand its competitive position, and prepare marketing strategies accordingly. The primary objective of this paper is hence to provide a destination

positioning analysis for the U.S. in the Chinese outbound travel market. Specifically, the authors attempt to determine the relative strengths and weaknesses of the U.S. as a long-haul travel destination as opposed to its major non-Asian competitors, and identify areas of opportunity which would enhance its competitiveness.

The concept of positioning has a long history in marketing literature (Aaker & Shansby, 1982; Brooksbank, 1994; Dev, Morgan, & Shoemaker, 1995; Mazanec, 1995). In the field of tourism, positioning has become a central marketing strategy in destinations across the world due to a highly competitive market environment and a need for differentiation. An aim of destination positioning strategy is to develop an effective marketing mix that enhances the competitive attractiveness of the destination by distinguishing the destination from its competing destinations on attributes considered important by the targeted tourists. Botha, Crompton, and Kim (1999) contend that positioning a destination starts with identifying the perceptions of target market toward the destination in comparison to other competing destinations. Capturing the targeted tourists' mental representations of destinations can provide a practical picture of where the destination is positioned in the minds of target market, which enables marketers to identify the relative strengths and weaknesses of the destination. Based on the assessment, marketers should be able to implement effective strategies to enhance the competitive attractiveness of the destination by either promoting the relatively attractive aspects of destination in a way that creates positive images in the minds of the targeted tourists or altering the attributes of destination along the needs of targeted tourists (Chen & Uysal, 2002).

Given this principle of positioning strategy, destination marketing researchers often attempt to measure perceptions of competing destinations in order to identify the relative strengths and weaknesses of each destination (Cracolici & Nijkamp, 2008; Kim & Agrusa, 2005; Kim, Chun, & Petrick, 2005). In research practices, tourism researchers generally utilized perceptual maps to visually capture tourists' mental configurations of destinations under investigation. This study attempts to propose a procedure of destination positioning analysis based on destination attributes and activities, which employs multiple statistical tools.

METHODS

The present paper reports findings from the final phase of a two-year, multi-phase study on the Mainland Chinese outbound travel market. In this phase, a marketing research company was hired to conduct face-to-face interviews with a convenience sample of 1,600 citizens of Beijing, Shanghai, and Guangzhou, three tier-I cities of China (Arlt, 2006). Following previous studies (CTC, 2007; Li, Harrill, Uysal, Burnett, & Zhan, 2010), this study targeted four types of past or potential Chinese long-haul outbound travelers. Specifically, the sample included: 400 respondents who had been to the U.S. for leisure purposes in the past 3 years; 400 who had traveled outside of Asia (but not the U.S.) in the past 3 years; 400 who had traveled within Asia in the past 3 years and were interested in traveling outside of Asia in the next 2 years; and 400 who had not traveled outside of China in the past 3 years but were interested in traveling outside of Asia in the next 2 years.

The survey generally took about 30 to 40 minutes to complete via face-to-face interviews. The pertinent data for this paper mainly come from the section on respondents' general attitudes toward leisure travel outside Asia. Specifically, respondents were asked to rate the importance of 15 activities (OTTI, n.d.) and 25 destination attributes (Baloglu & McCleary, 1999; Chen & Uysal, 2002; CTC, 2007; Gallarza, Saura, & Garcia, 2002; Li & Vogelsong, 2006; Pike, 2002) when deciding where to go on a leisure trip outside of Asia, from 1 (not important at all) to 5

(very important). After that, the respondents were asked to think of six countries, and choose which country or countries offer(s) the best representation of these activities/attributes, no matter whether they had visited there or not. The six countries included the U.S. and its top competitors outside Asia (i.e., Canada, France, Australia, the U.K., and Switzerland) — identified based on findings from the telephone survey stage of the project, historic visitation volume, and the project sponsors' strategic choice. Additionally, respondents' overall impressions of these six countries were measured via a 10-point item (from 1 "Highly unfavorable" to 10 "Highly favorable") asking: "How would you rate your overall impression of XXX as a leisure travel destination..." (Bigne, Sanchez, & Sanchez, 2001).

The authors designed a multi-step procedure of positioning analysis based on recommendations from extant literature (Chen & Uysal, 2002; Hair, Black, Babin, Anderson, & Tatham, 2006; Kim & Agrusa, 2005), but with some new development. The procedure started from a perceptual mapping analysis, which combined both decompositional (MDS) and compositional (CA) methods following Hair et al.(2006). One unique aspect of this analysis is that all variables based on which the CAs were performed, were weighted by their level of perceived importance in respondents' mind. Further, since the sample comprises four segments, all analyses were performed both at the collective and individual segment level, which helped illustrate the similarity and differences among groups. Finally, once the perceptual mapping analysis helped identify the primary competitor(s) of the U.S., the authors ran additional logistic regression analyses to further detect key factors accountable for the differences between the U.S. and its closest competitor(s).

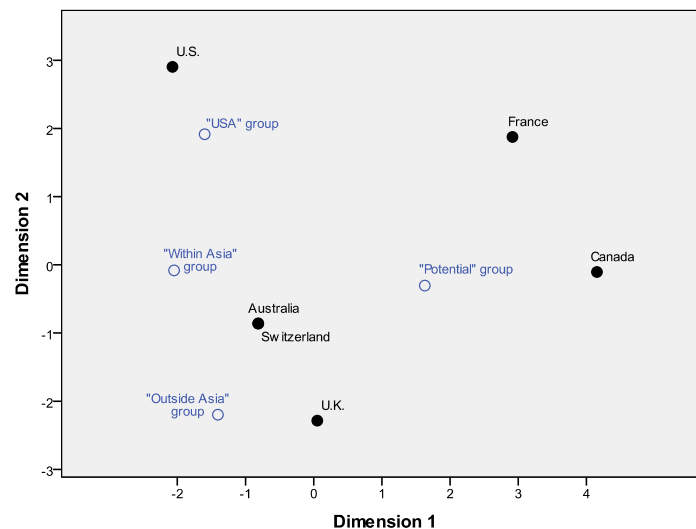
FINDINGS

As indicated, the positioning analysis involved multiple steps. First, the authors started from using CA to compare respondents' perceptions of the six destination countries specific to a set of travel activities and destination attributes. The CA results indicated that there are significant association between countries and activities ($\chi^2=2145.59$, $df=70$, $p<0.001$). Approximately 75.4% of inertia can be explained with two dimensions, which indicated that data can be depicted in a two-dimensional chart appropriately. Collectively, it seems Chinese respondents strongly associated the U.S. with "visiting casinos/gaming", and "sightseeing in cities." In contrast, the country was not deemed to be the best choices for "dining in local restaurants" (more related to Canada) or "visiting an art gallery/museum" (closely connected with France). The five competitors also have their own strengths. For instance, Canada could be distinctively positioned in terms of "visiting local Chinese communities." Interestingly, the group breakdown reveals substantially different patterns. For instance, the "USA" group associated the U.S. closely with "visiting amusement/theme parks." The "Outside Asia" and "Within Asia" groups perceived Australia and Canada fairly similar. The "Potential" group, which is the least experienced group among all, tended to cluster all countries together, which indicates a lack of clarity in each country's positions. Results regarding destination attributes were visually presented in a series of figures. Limited by space, these figures could not be included or discussed in details in this paper.

In Step 2, the authors went on comparing respondents' overall impressions of the six countries via MDS. Respondents' ratings were submitted to multidimensional unfolding analysis, a variant of MDS that is often used to analyze preference data (Coombs, 1964). The joint plot (Figure 1) indicates that the U. S. is rather distant from other destinations. It is interesting to note that Australia and Switzerland are perceived almost exactly the same, as these two destinations

share one icon. In addition, UK is perceived to be closer to Australia and Switzerland than the other three destinations. Although France and Canada are not actually close together, the distance between them is relatively short in comparison with the distance between either of them and the other four countries. In terms of preference, it is obvious that the “USA” group prefers the U. S. over other destinations. Both the “Outside Asia” group and “Within Asia” group perceive Australia and Switzerland more favorably. The “Outside Asia” group also lists UK as one of their preferred destination. Interestingly, the “Potential” group is in the middle of the six destinations with U.S. the farthest away.

Figure 1. MDS-based Joint Plots of All and Individual Groups’ Overall Impression



In the final step, based on the CA results, two countries may be identified as the immediate competitors for the U.S.: Australia in terms of the activities, and France in terms of the attributes. Logistic regressions were used among respondents who selected the U.S. and/or the competing country, using the weighted activities/attributes frequencies to predict the selection. This step attempts to further identify the differences between the U.S. and its competitors. In terms of activities, respondents were more likely to select Australia over the U.S. on “dining in local restaurants”, “visiting historical/cultural heritage sites”, “commercial guided tours”, “visiting small towns and countryside”, “going to the beach/sunbathing”, and “visiting an art gallery/museum.” On the other hand, U.S. is more strongly associated with “sightseeing in cities”, “visiting national parks”, and “visiting casinos”.

As for destination attributes, comparing with the U.S., respondents felt that France is associated with “pleasant climate”, “beautiful scenery”, “relaxing atmosphere”, “personal safety”, “cleanliness”, “friendly people or hospitality”, “inexpensive package to the destination”, “inexpensive airfare to the destination”, “good prices for accommodations”, and “attractions that are close together.” Respondents associate relatively fewer attributes with the U.S., including “sufficient tourist information”, “quality of infrastructure”, “ease of getting to the country”, “favorable currency exchange rate”, “ease of getting around”, and “well-marked roads and attractions.”

CONCLUSIONS

The present study reports findings from a destination positioning analysis for the U.S. in the Chinese outbound travel market. Specifically, the authors attempt to determine the relative strengths and weaknesses of the U.S. as a long-haul travel destination as opposed to its five non-Asian competitors. The findings present important market intelligence to the U.S. destinations and practitioners interested in the China outbound travel market. Methodologically, the authors designed a multi-step procedure of positioning analysis which involves a combination of MDS on overall destination impression and CA on specific destination activities and attributes, as well as logistic regression analysis for a direct comparison of the U.S. versus its primary competitors (Australia in terms of activity and France in terms of attributes). The use of weighted data and subgroup breakdown also strengthened the analysis.

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