Rural tourism: Marketing strategies for the bed and breakfast industry in Taiwan

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ABSTRACT

Market segmentation based on consumer motivation has proven to be one of the most valuable marketing tools for business promotion. The current study segments the bed and breakfast (B&B) market to better understand the different characteristics and demands of visitors to B&Bs in Taiwan. Our findings can assist B&B operators to determine resource allocation in developing marketing strategies.

This study methodology utilized a questionnaire survey. Four clustered segments were identified based on five motivational factors. Based on our findings, most B&B visitors were repeat customers from nuclear families. They were well-educated with low to mid-range median family incomes. Though websites and travel guidebooks were expected to be the dominant sources of information on B&Bs for such visitors, word-of-mouth was found to be the most effective advertising channel for B&B accommodation choices.

1. Introduction

Current trends suggest that the 21st century will see increased growth in the global service sector. One of the world's major service industries, tourism, has contributed significantly to the global economy in recent decades (Law et al., 2011). For this reason, many governments aggressively promote the development of this so-called "chimney-free industry" (Su, 2011). The same is true for Taiwan. Facing greater agricultural competition since joining the World Trade Organization (WTO), the government is eager to offer assistance in rural agricultural areas (Gian, 1997). Tourism has long been considered a potential means for socio-economic development and regeneration of rural areas, in particular those affected by the decline of traditional agrarian activities. Rural areas are also considered to be repositories of older ways of life and cultures that answer postmodern tourists' quest for authenticity (Urry, 2002). As such, the encouragement of rural tourism has become a common policy in developed countries.

The bed and breakfast (B&B) sector is a promising part of rural tourism due to its positive contribution to the innovation of tourist products and its small scale. 'Green' issues and special facilities differentiate B&Bs from other types of accommodation (Hjalager, 1996; Hsieh and Lin, 2010). B&Bs add to the tourism diversity of an area and enhance the appeal of the community to travelers because the properties are personal in nature, offering a friendly, private atmosphere that entices guests to become acquainted with the local environment (Nuntsu et al., 2004). They combine the advantages of local culture, ecology, and natural beauty, creating leisure attractions with a unique local flavor (Wu and Yang, 2010).

In Taiwan, B&B regulations were enacted in 2000. Government support helped the B&B industry to mushroom across the country. From 2001 to 2010, legal B&B properties increased dramatically, from 36 to 3236 (Tourism Bureau, Taiwan, 2011). In 2011, the B&B sector accommodated 1.83 million travelers (Tourism Bureau, Taiwan, 2012).

B&Bs can have a substantial positive economic impact, especially in smaller communities where motels and hotels are limited and B&Bs may handle a large percentage of visitors (Zane, 1997). The B&B industry has thus altered the use of Taiwan's agricultural areas. In many localities traditional crop-producing functions have been augmented by the development of a leisure-based economy, which has reduced the negative agricultural impacts associated with Taiwan's accession to the WTO.

In addition to economic development, the B&B sector also stresses community sustainability (Sharpley, 2002). For instance, townships might experience a population increase if B&Bs attract repatriates or immigrants who invest their resources in these aging rural areas. Rural life remains a central part of the visual and social image of the countryside, particularly for urban dwellers (Frochot, 2005). B&Bs thus offer a promising opportunity for the regeneration and extension of lifestyles and cultural images within local communities (Sharpley, 2002).

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In order to successfully operate a B&B, it is essential to identify and target particular market segments (Heung et al., 1995; Lee et al., 2004). While the B&B sector has several advantages over more traditional types of accommodation, B&Bs in rural areas often experience resource-based marketing obstacles. First, many B&B operators are frustrated or uncomfortable with making marketing decisions because of the lack of immediate returns (Davies et al., 1993; Oppermann, 1996; Rogak, 2000). Further, B&B operations typically generate relatively low levels of income during the off-seasons, making marketing expenditures a challenge for many operators. Moreover, B&B owners may lack professional skills or accommodation management knowledge to promote their products. Finally, Taiwanese owners of legal B&Bs are often threatened by investors from illegal large-scale or more upscale B&B properties (Tourism Bureau, Taiwan, 2012).

Therefore, defining appropriate target markets and developing effective marketing strategies for those markets are critical issues for legal B&B operators. This study identifies market segments and visitor characteristics for Taiwan B&Bs to help operators develop marketing strategies, allocate resources efficiently, and achieve sustainability. This study has four main objectives:

(1) Identifying the underlying dimensions of visitors' motivations when choosing B&B accommodations.
(2) Segmenting the B&B market using a cluster analysis based on motivations.
(3) Understanding visitors' decision-making channels in order to allocate resources to promotion channels.
(4) Offering managerial implications from a marketing mix perspective.

2. Literature review

2.1. Characteristics of B&B visitors

B&B visiting patterns are characterized by a high proportion of weekend visitors. Studies conducted in many countries have suggested that typical B&B visitors include pre-middle aged families with children. For example, Pevetz (1982) found that in Austria, 66% of B&B tourists were between the ages of 31 and 49, with most having children under the age of 16. Survey results collected in Minnesota, USA, showed that the majority of B&B visitors were families in their thirties or forties with children who had higher income levels and had graduated from college (Koth and Norman, 1989). Fleischer and Pizam (1997) found that B&B visitors in Israel were predominantly urban adults with children; common occupations included professors or business owners. A similar profile of visitors was described by Vofeler's work (1977) in Canada. Since these studies all pertain to western countries, the current study seeks to identify client characteristics of Taiwan B&Bs, to increase our knowledge of the B&B market in Asia.

2.2. Need for segmentation

Market segmentation is a technique used to help the organization to target particular market segments that are likely to purchase the organization's products (Reid and Bojanic, 2006). It is a cornerstone of marketing strategy and can result in a more effective use of marketing and promotional dollars (Kotler and McDougall, 1983; Park and Yoon, 2009). Though the need for marketing segmentation is as critical for rural tourism operators as it is for other tourism sectors (Frochot, 2005; Getz and Page, 1997), few studies to date have offered effective marketing proposals for B&B owners or identified the wide range of tourist needs and expectations associated

with rural areas (Gilbert, 1989). This information is required for a deeper understanding of the current B&B market.

B&Bs are a unique sector within the tourism industry, because they are run by operators who offer personalized service in a homely environment (Hsieh and Lin, 2010). The B&B accommodation market thus represents a compelling alternative to more traditional types of accommodation and has become increasingly popular with travelers who do not want to stay in traditional hotels or motels (Hsieh and Lin, 2010). While some travelers are looking for a place to relax (Schiff, 1993), most B&B guests are looking for short vacations relatively close to home, where they can experience uniqueness not only in terms of the location, but also in terms of the accommodations themselves (Lanier and Berman, 1993). In addition, some B&Bs fascinate nostalgia enthusiasts due to the architecture or the farming activities (Gian, 1997). These differences suggest that a "blanket" marketing approach targeted at general visitors is unlikely to be effective. Thus, market segmentation may be able to identify particular niche markets.

2.3. Motivation-based segmentation

Market segmentation can be accomplished using different types of data, including geographic, demographic, psychographic, and behavioral variables (Reid and Bojanic, 2006). Customers do not make consumption decisions in a vacuum. Rather, they are affected by both external and internal factors. External influences include culture, socioeconomic level, reference groups and household income, while internal influences include motivation, personality and self-image characteristics (Kotler and McDougall, 1983). Motivation is considered to be one of the strongest psychographic variables of segmentation bases because it is defined as a personal inner state that directly satisfies a felt need, as well as triggers behavioral intention and actual consumption behaviors (Park and Yoon, 2009).

While it is possible to segment the B&B sector using product/activity categories, this would be of limited interest since such categories would not show how visitors perceive B&B offers. Further, as visitors' perceptions can vary dramatically, it might be more appropriate to employ a segmentation technique based on psychographic criteria, rather than one based on product bundles or demographic data (Frochot, 2005). Accordingly, the present study employs motivation-based segmentation. This method is recognized as a relevant technique for gaining knowledge of consumer markets. It also offers greater understanding of B&B development as a social and psychological phenomenon. Finally, it allows us to offer practical managerial insights (Cohen, 1974).

With respect to the importance of motivation-based segmentation in tourism studies, Sharpley and Sharpley (1997) showed that relaxing and escape from daily life was critical motivations for visiting rural attractions. Park and Yoon's research on rural villages in Korea (2009) identified six motivations including *relaxation, socialization, learning, family togetherness, novelty*, nd *excitement*. Similarly, Loker-Murphy (1996) performed a motivation-based segmentation study that investigated backpackers in Australian national parks. The results outlined multiple motivations such as "meeting the locals" and "excitement/adventure" as cluster bases, where four clusters were identified as having significant variance among the subgroups. Song (2005), who segmented Korean tourists in rural areas, found that the major motivational clusters influencing visits to rural tourism villages were "learning and family gathering," "relaxing by escaping from the daily life," "self-fulfillment," "refreshment," "accessibility," and "activities". Gian's (1997) investigation of pensioners in agricultural areas identified multiple motivations like "learning," "relaxing," "simplicity," and "curiosity" as cluster bases. The above studies reveal that