CHANGES IN THE U.S. DOMESTIC GROUP TOUR MARKET

A Senior Scholars Thesis

by

MELANIE L. PURIFOY

Submitted to the Office of Undergraduate Research
Texas A&M University
in partial fulfillment of the requirements for the designation as

UNDERGRADUATE RESEARCH SCHOLAR

April 2008

Major: Recreation, Parks and Tourism Sciences

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Associate Dean for Undergraduate Research: Robert C. Webb

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ABSTRACT

Changes in the U.S. Domestic Group Tour Market (April 2008)

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The group tour market is a market that is currently undergoing some fundamental changes. Many had predicted that this market would die out with the rise of technology, Internet and changes in consumer behaviour. This study aimed at investigating if group tour operators and Convention and Visitors Bureaus (CVBs) recognized changes in the group tour market and at examining ways that they sought to react to those changes. The study revealed that destinations who have acted upon consumer changes have become successful group tour destinations. Group tour operators also appear to be aware of the changes in the market and are implementing changes and approaches in their offerings as well. There were several trends that this study discovered. The first is that tour structures are changing such as flexible itineraries and hub and spoke tours. Second, group tour planners have specific information needs and CVBs and suppliers should accommodate those needs. Third, the path to group tour planners leads through consumers. Fourth, there is a focus on emerging markets such as student groups and soft adventure tours. Fifth, group tours expect special accommodations from suppliers such as group rates, motorcoach parking and behind the scenes tours. Finally, CVBs are a key player in the

group tour market. While the results from this study provided important insights, there is still a need for more research regarding the group tour market and its new customers.

ACKNOWLEDGMENTS

I would like to thank my advisor and mentor, Dr. Ulrike Gretzel, for all of her support and guidance in this thesis. I thank the members of the LIST lab for helping me with pulling this together and mailing out surveys. In addition, I thank all of the interview participants for giving me such great material and information to work with.

NOMENCLATURE

ABA	American Bus Association
ADA	American Disability Act
CBSA	Core Based Statistical Area
CRS	Computerized Reservation Systems
CVB	Convention and Visitors Bureau
CVA	Convention and Visitors Authority
DMAI	Destination Marketing Association International
DMO	Destination Marketing Organization
FAM Tour	Familiarization Tour
FIT	Foreign Independent Traveler
MPG	Miles per Gallon
NTA	National Tour Association
RFP	Request for Proposal
SYTA	Student and Youth Travel Association

TABLE OF CONTENTS

LIST OF FIGURES

FIGURE Page

LIST OF TABLES

TABLE Page

CHAPTER I

INTRODUCTION

Many tourist destinations in the United States depend heavily on group tours and Convention and Visitors Bureaus (CVB) play an active role in attracting group tours (Pike, 2004). Popular destinations receive economic input, increased sales tax revenues and social benefits such as the creation of jobs from the group tour market (American Bus Association [ABA], 2006). To reap such group tour-related benefits, CVBs have traditionally focused on providing solutions targeted towards group tour planners (Gartrell, 1994). CVBs typically employ staff to manage group tour accounts and develop lasting relationships with group tour companies. Thus there is a great need for CVBs to understand the dynamics of the group tour market. In addition, group tour planners must remain sensitive to the market and the services offered to help them.

In order for a destination marketing organization (DMO) and group tour planners to effectively work together in developing tours and choosing destinations, they must take into consideration changes in consumers and implement proper services. Consumers are now participating frequently in the pre- and post- consumption phases via the Internet. New consumers are thus more informed and independent than in the past (Poon, 1993).

This thesis follows the style of *Tourism Management*.

Florida (2002) recognizes a new kind of consumer, the “Creative Class” which has formed in an age of ever-present mobility and rising technologies. Consumer behaviors are changing in the emergence of communication technologies, which provide a wealth of new information (Poon, 1993). In addition, consumers are now more environmentally conscious which opens new marketing opportunities (ABA, 2007b). However, the changes in the group tour market and their effects on the relationship between group tour planners and CVBs in the United States have not previously been studied.

The objective of this study is to explore how changing consumer trends affect the collaboration between group tour planners and CVBs. First, the current state of CVBs as well as the importance of the group tour market will be reviewed. Second, the position of tour operators will be investigated. Third, this study will discuss how the changes in tourism consumers will continue to affect the relationship of the group tour planner and the CVBs.

Services provided by Convention and Visitors Bureaus

First, it is important to understand the role CVBs play in assisting group tour planners. The relationship between group tour planners and CVBs has not previously been studied. However, services offered by CVBs have been studied in the past. CVBs are DMOs at local destinations (Morrison, Bruen, & Anderson, 1998). The primary function of a CVB is to ‘‘develop an image that will position their cities (or regions) in the marketplace as a viable destination for meetings and visitors’’ (Gartrell, 1994, p. 20). CVBs typically spend 24% of their entire budget (sales & marketing, personnel, administrative) on convention sales and marketing; 19% is spent on consumer leisure marketing efforts (Destination Marketing Association International [DMAI], 2005). An additional 10% is directed towards the travel trade sector, communications efforts receive 9% and visitor services receive 8% (DMAI, 2005). CVBs provide an array of information, promoting their product and destination. They organize Familiarization trips (FAM trips) and site reviews for those interested in the destination (Polivka, 1996). Due to CVB employees' knowledge of the destination, they advise on site selection, transportation, local services and referral services by suggesting reliable and appropriate service providers (Polivka, 1996). The CVB provides assistance in the areas of convention promotion, convention housing, on-site registration and information, and on-site registration staffing. Further, CVBs provide a variety of types of contact such as personal contact, mail, email or websites (Polivka, 1996). Importantly CVB websites have taken on a crucial role in the process of information provision (Weber, 2000). CVB websites have to address the shorter turnaround times for information requests, and also need to address cost effectiveness, quality and usefulness (Weber, 2000). Clearly these services offered by CVBs are especially relevant to group tour planners. As can be seen from CVB websites, many of these organizations provide the following services to tour planners: suggested itineraries, media support, FAM tours, site inspections, directions and parking tips, hotel lead assistance and planning assistance. The evidence suggests that CVBs provide an array of services to group tour operators. In the past those who have attracted group businesses successfully have generated repeat business and profitability (Gartrell, 1994).

Therefore it is important that CVBs seek to form and retain relationships with group tour operators. However, the importance of the relationship that the CVB seeks to retain with the group tour market has not been explored yet. In order to determine the importance of the relationship between the CVB and the group tour market, the importance of the group tour market to the community must first be examined.

The importance of group tours

By taking a closer look at the group tour market it becomes apparent that many tourist destinations in the United States rely upon group tours (Pike, 2004). The US group tour operators currently serve mostly the senior market and the predominant mode of transportation is the motorcoach (Chacko & Nebel, 1993). In 2004 motorcoach tours represent 2% of America's mode of transportation used during traveling (Travel Industry Association of America [TIA]). This market share is larger for cities that attract many group tours such as Branson, Missouri, which had 5% of visits via motorcoach in 2006 (Branson Lakes Area Chamber of Commerce, 2007). In 2001, North American packaged travelers spent $99 billion on trips to destinations within the United States (National Tour Association [NTA], 2001). In the United States, independent packages account for 60 percent of the packaged travel market, while group packages account for 40 percent (NTA, 2001). Many popular group tour destinations receive a large economic impact from group tours. Areas such as Athens, Georgia, receive an estimated $156 per person, per night from those traveling in a motorcoach tour (Athens Convention and Visitors

Bureau [ACVB], 2007). Cleveland, Ohio received a direct economic impact of nearly 630 jobs and a total economic impact of over $16.7 million supported by direct spending in the late fall and early winter of 2005 and early summer of 2006 (ABA, 2006). According to an ABA (2006) study, the average day trip to Cleveland brings about $4,400 to the local economy, per bus trip, while the average overnight bus trip generates an impact of just below $7,000. The report continues to explain that many of Cleveland's lower income residents hold jobs supported by motorcoach tourism (ABA, 2006). Benefits of group tourists visiting attractions include attendees for local cultural attractions economic benefits to local businesses, and city and county sales and excise tax revenues (ABA, 2006). The local economy is stimulated by all of these activities (ABA, 2006). Some typical examples of other destinations with significant economic input from the group tour market are Pigeon Forge, Tennessee and Chicago, Illinois. In Pigeon Forge, motorcoach tourism spending supported as many as 2,100 jobs in the local economy and the total economic impact was reported at nearly $76 million (American Bus Association, 2007a). Chicago reported an astounding economic impact of $357,390,520 in 2005 (Neirotti, 2005). This evidence suggests that other popular group tour destinations will receive similar economic benefits as the areas discussed. Thus many destinations are interested in the group tour market as a source of economic investment into their communities. Hence, CVBs have focused on providing solutions targeted towards group tour planners (Gartrell, 1994).

The role of tour operators

Tour operators serve as an intermediary between suppliers and the end users of the products and services (Chacko & Nebel, 1993). They range from wholesalers who may or may not conduct tours, travel agents, operators, transportation carriers and other enterprises (Reid & Reid, 1990). They negotiate with suppliers such as hotels and transportation companies and then combine the components into a tour package (Chacko & Nebel, 1993). The role of the tour operator reduces information and costs for the traveler and promotional expenditures for suppliers (Sheldon, 1986). In addition, tour operators are often dependent on their suppliers in terms of quality of services and products. Several operators exclusively provide tours and others offer tours as an accessory or supplemental service (Reid & Reid, 1990). In a 1990 study, tour operators were identified as mostly small enterprises and had less than eight employees and average annual sales of less than $1.75 million (Reid & Reid). Additionally, the 1990 study states that the median number of annual tour departures is 81 respectively, and the median number of annual customers served is 2,490 (Reid & Reid, 1990). Marketing strategies implemented by tour operators were identified by the Reid and Reid (1990, p. 152) study as "developing new products for current customers and on finding new customers for their existing products." This implies that many operators aim at customer retention through continually developing new tour types and packages. Consequently, operators must then focus on remaining competitive in pricing, distribution and product/service positioning and differentiation in order to build customer loyalty. In 1990, operators signified that their tours serve a general market and that the senior market is still considered a mass market, “suitable for targeting tours with a generalized appeal” (Reid & Reid, 1990, p. 153). One study investigated the relationship between tour operators and product development where tour operators were defined on a continuum (Jones, Hudson & Costis, 1997). Tour operators offer anything from highly structured packages to flexible packages (Jones et al., 1997). In addition, tour operators offer anything from many styles of vacation to appeal to a broader market, to a focus on a niche market (Jones et al., 1997). During the 1980s many tour operators were taken-over or went out of business. Jones et al. (1997) express the importance of vertical and horizontal integration and the niche markets seem to be the most resilient to loss of business or take-overs. Due to new take-overs of those companies that did not focus on niche markets, the 1990s began a new trend of developing a differentiated product (Jones et al., 1997). In addition to differentiated markets, Poon (1993) discusses three factors, which will affect the functions of tour operators. Poon (1993) recognizes the development of Computerized Reservation Systems (CRS), increasing transparency of information, and the maturity of consumers as the factors, which will most affect the way tour operators plan and execute group tours. CRSs give the consumer the flexibility of booking their own reservations (Poon, 1993). Due to availability of information to suppliers, tour operators will lack discounted rack rates since suppliers are able to better manage their yield with the access of information (Poon, 1993). Finally, a more mature consumer will desire flexible travel alternatives. Consumers are becoming more experienced travelers and demand less mass tourism types of vacations, and more unique, personalized experiences. Consequently, group tour consumers are likely to be less interested in traditional group tour products. As a result, it is vital to understand the changes in consumer behavior in order to gain insights into the dynamics of the group tour market.

Changes in consumer behavior

There are many changes in today's consumer that tour operators should take into consideration. Of these changes, some important ones to follow are changes in the consumer's personal views such as a desire for an "experiential life" and a greater consciousness regarding the effects they have on the environments around them. In addition, technology, especially the Internet, has led to the emergence of a new consumer.

One of the major changes in the tourism consumer market is the development of a new social class called "The Creative Class." Florida (2002) claims that new consumers of the Creative Class are interested in an "experiential life". This new class of consumer is different due to increased mobility and pioneering technologies (Florida, 2002). The traditional consumer would seek planned, sequential and logical experiences (Pink, 2005). The Creative class, however, participates in structuring their own experiences, rather than purchasing a pre-structured tour package. The experiences the creative class is seeking are characterized by play, aesthetics and empathy (Pink, 2005). The Creative Class also seeks a blend of experiences across a continuum such as active to passive or solitary to social (Gretzel & Jamal, 2007). Thus it can be assumed that the experiences consumers seek are rather complex. Due to the complexity of consumer expectations, Gretzel and Jamal (2007) suggest that marketing to the creative class is multifaceted and simple demographics would not properly reflect tourists' needs. However, they do advise that blogs and social networking sites make experience desires of the creative class openly available, and suggest that appropriate marketing approaches be developed (Gretzel & Jamal, 2007).

Recently, green consumer behavior has been a key focus of research. According to Leena Haanpää (2007, p. 478), "the constant presence of environmental issues related to consumption and the changes consumer society has faced during the 20th century are presumed to reflect on present consumer behavior". In addition, studies have indicated that tourists are for the most part aware of social and environmental problems rising from tourism and that they seek to positively reduce these effects (Budeanu, 2007). However, there has been a disconnect with the tourist's desire to reduce environmental problems with tourism and their actions in reducing environmental impacts. The motorcoach and group tour industry could potentially play a large role in encouraging people to participate in more green forms of travel. In addition, using motorcoaches as a green source of travel could be a viable marketing strategy for many. The American Bus Association recently published a brochure titled "Save a Penguin, Take a Motorcoach." This brochure lays out the environmental benefits of traveling via a motorcoach such as fuel efficiencies of 184 passenger miles per gallon (MPG) compared to the commuter rail at 86 passenger MPG and single-passenger automobiles at 28 passenger MPG (ABA

2007b). In addition, many of the motorcoaches run on blends of ultra-low sulfur or biodiesel fuel (ABA 2007b). Furthermore, each full motorcoach could potentially remove 55 vehicles from highways (ABA 2007b). According to the ABA (2007b, p. 1), "Expensive, future technologies to fight climate change aren't years and billions of dollars away. They're right here today."

Historically, group tour consumers purchased standardized packaged holidays (Poon, 1993). Purchasing a pre-packaged group tour offered convenience and low costs (Gartrell, 1994). Now, with the rise of new resources on the Internet, it has become easier for consumers to access and purchase products for their vacation, empowering consumers. The Internet provides a myriad of options, making for a smarter, more powerful consumer (Windham & Orton, 2000). This empowerment has led to certain implications such as: consumers expect not to have their time wasted; the desire to find what they want, when they want it; resistance to perceived meaningless material; consumers expect not to be exploited; and less room to disappoint the consumer (Windham & Orton, 2000). An article from Forbes.com reports that online leisure travel is the largest e-commerce category (excluding pornography), and in the United States it is projected to generate $74.4 million in sales in 2006, an increase of almost 17 percent over the $63.6 billion spent in 2005 (Banay, 2006). By 2009 it is predicted that online travel spending in the United States will rise to $110.5 billion (Banay, 2006). A 2005 study by the Travel Industry Association of America states that 37 percent of the US population used the Internet and made travel plans online. Among the traveling population, 52 percent made travel plans online (TIA, 2005). In addition, 44 percent of the US population used the Internet and traveled for pleasure in 2005, and 63 percent of the traveling population did the same (TIA, 2005). With the rise of accessibility and use of the Internet, a new effect has been identified in the behavior of consumers, the web effect. This effect begins with gaining access to the web and then becoming familiar with the web very quickly. According to Windham and Orton (2000, p. 5), "the web effect unfolds in the following sequence. Access leads to preference. Preferences become demands. Demands guide selection criteria. Selection criteria first include minimum requirements. Once the minimum requirements are met, then the most important criteria become the characteristics that differentiate the chosen solution from the rest." This path implicates that group tour planners who wish to cater to the new consumers must take into consideration how quickly and greatly the web can influence those consumers. Therefore, tour planners must explore the needs of the new consumers and create websites, which meet the expectations of these empowered individuals.

With the rise of technology, consumers wish to participate more in the pre and post consumption phases via the Internet. Since tourism products cannot be physically inspected before purchase, such as tangible, industrial goods, consumers have begun to rely more heavily on the Internet as one of a myriad of resources used in the research of the tourism product (Poon 1993). Tourism customers are spending innumerable amounts of time in their pre-consumption phase in investigating, and experiencing the destination. In the post-consumption phase online resources are used to share experiences, relive experiences and continue interaction with the product and service providers, attractions and places (Gretzel & Jamal, 2007). Thus, it becomes essential that destinations offer tour planners resources. The tour planners could then offer these resources to consumers, fulfilling the pre and post consumption phases.

Clearly these changes in the consumer market impact the group tour planners. In addition, given the importance of the group tour market, CVBs also need to recognize such changes in the interest of catering to this market. Therefore these changes are also affecting CVBs. Consequently, this study seeks to determine how these changes affect group tour planners and CVBs. First, this study explores whether group tour planners and CVBs have recognized these consumer changes and if they are perceived as important. In addition, the study seeks to determine if players in this market have taken actions to serve these changes.

CHAPTER II

TOUR OPERATOR SURVEYS

Consumer behavior is changing and the group tour market is likely going to be affected by these changes. Tour operator surveys were conducted to investigate whether group tour companies experience market changes and have adjusted their strategies accordingly. Also, to be better able to serve this market, the study examined the information and planning needs of group tour planners, as well as their perceptions of group tour destinations and services provided by convention and visitors bureaus (CVBs).

Methodology

Data collection

In this study, a paper based mail survey was used. The survey questionnaire included 33 questions, and pre-tests were conducted using 10 survey experts to test the face validity of the questions and the suitability of the survey questionnaire design. A drawing for a $100 gift certificate was used as an incentive to encourage survey participation.

Questions asked relate to the level of planning, information sources used, factors which encourage new tour development and planning styles as well as perceived changes and reactions to those. Other questions asked refer to use of online services provided by CVBs, and the general role which CVBs play in the planning process of group tour planners.

The survey was administered during a 4 week period between March 23 and April 20, 2007. Two rounds of surveys where mailed to the tour planner contacts. Two weeks after the first round of surveys was sent, a reminder postcard was sent to those who had not responded. Three weeks after the first mailing, a second survey mailing was sent to the remaining contacts who had not responded. After four weeks a final reminder postcard was sent to those who still had not responded. Contact names were removed from the list for returned envelopes.

Sample

The survey was administered to 908 tour planners throughout the United States. Mailing addresses were acquired from the contact database of the Elkhart County CVB. A total of 161 responses were received. 110 letters could not be delivered although addresses had been checked against the US postal address database and online searches for group tour businesses. Thus, the effective response rate for this survey is 20.2%.

Analysis

Data for the various questions were analyzed using descriptive statistics. In addition, the geographic locations of the group tour planners in the contact list were analyzed using listed states and zip codes. Locations based on CBSAs (core-based statistical areas) were used to determine whether group tour companies are mostly located in urban centers.

Results

Geographic location of tour planners

The addresses in the original contact list were analyzed to obtain an overview of the location of the various group tour companies. The analysis by state shows that many group tour planners who contacted the Elkhart County CVB are located in Ohio (120) and Michigan (103), followed by Illinois (75), Pennsylvania (63) and Wisconsin (58). Missouri, New York, Indiana, Minnesota and Texas are also frequently represented, as reflected in Fig. 1. Overall, about 54 percent are located in Midwest states (Illinois, Indiana, Iowa, Michigan, Missouri, Ohio, Wisconsin). However, most importantly, the other half is widely spread across the United States (Fig. 2).

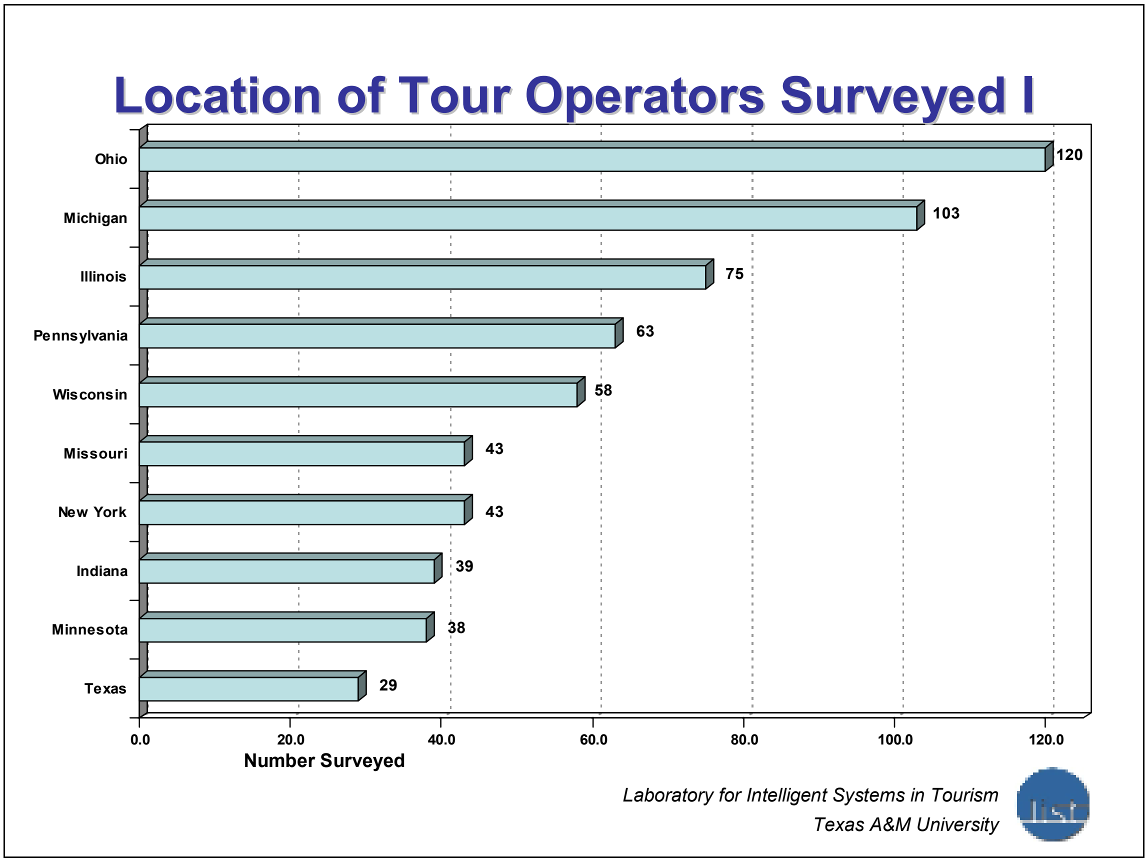

Fig. 1. Location of Tour Operators Surveyed I.

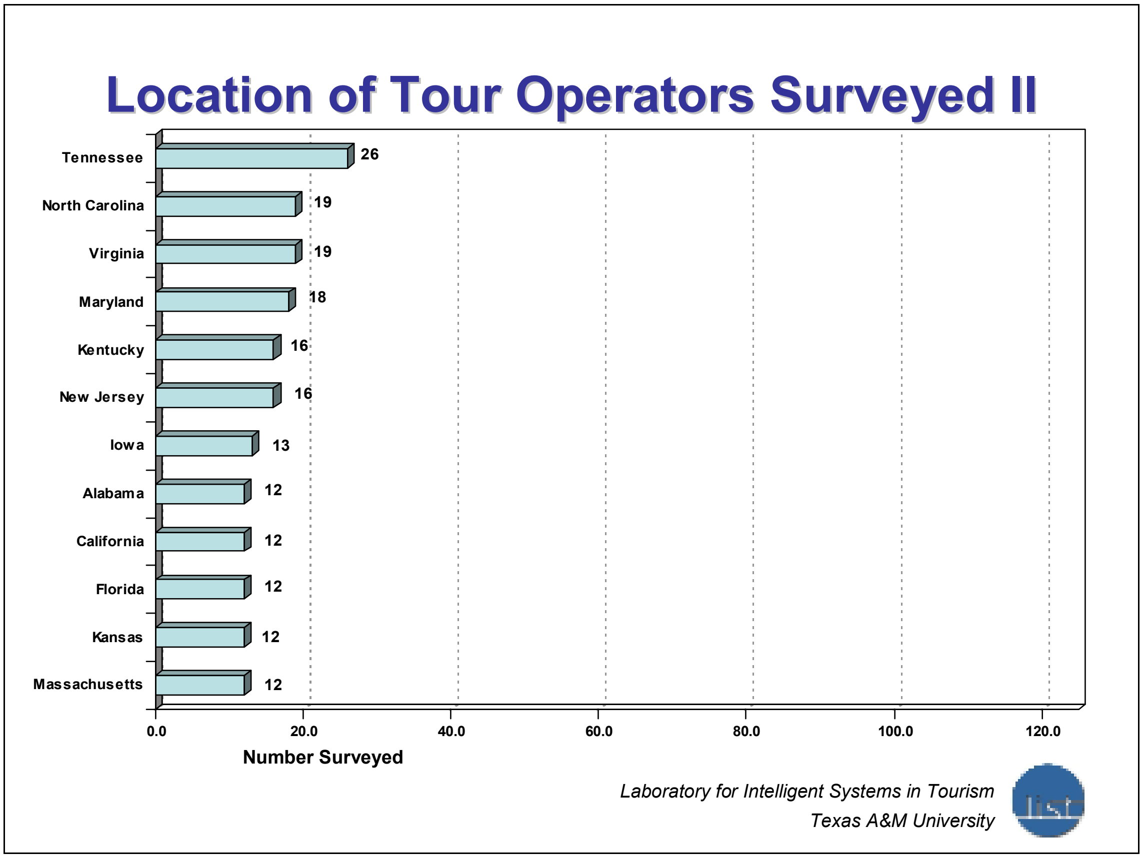

Fig. 2. Location of Tour Operators Surveyed II.

Fig. 3 and Fig. 4 show that no major metropolitan area dominates. Even the Chicago metropolitan area accounts for only 5 percent of the group tour planners in the database. Indeed, almost two thirds (62.5%) of the group tour companies are located outside of metropolitan areas.

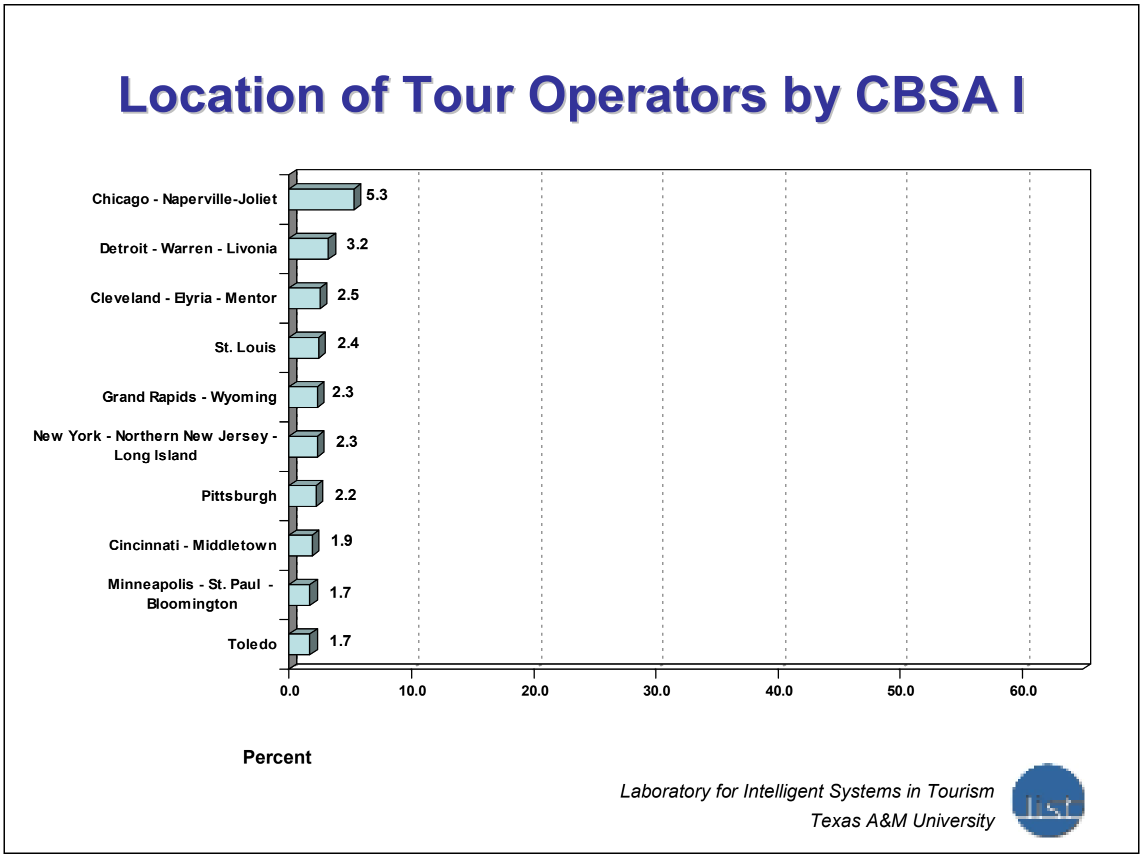

Fig. 3 Location of Tour Operators by CBSA I.

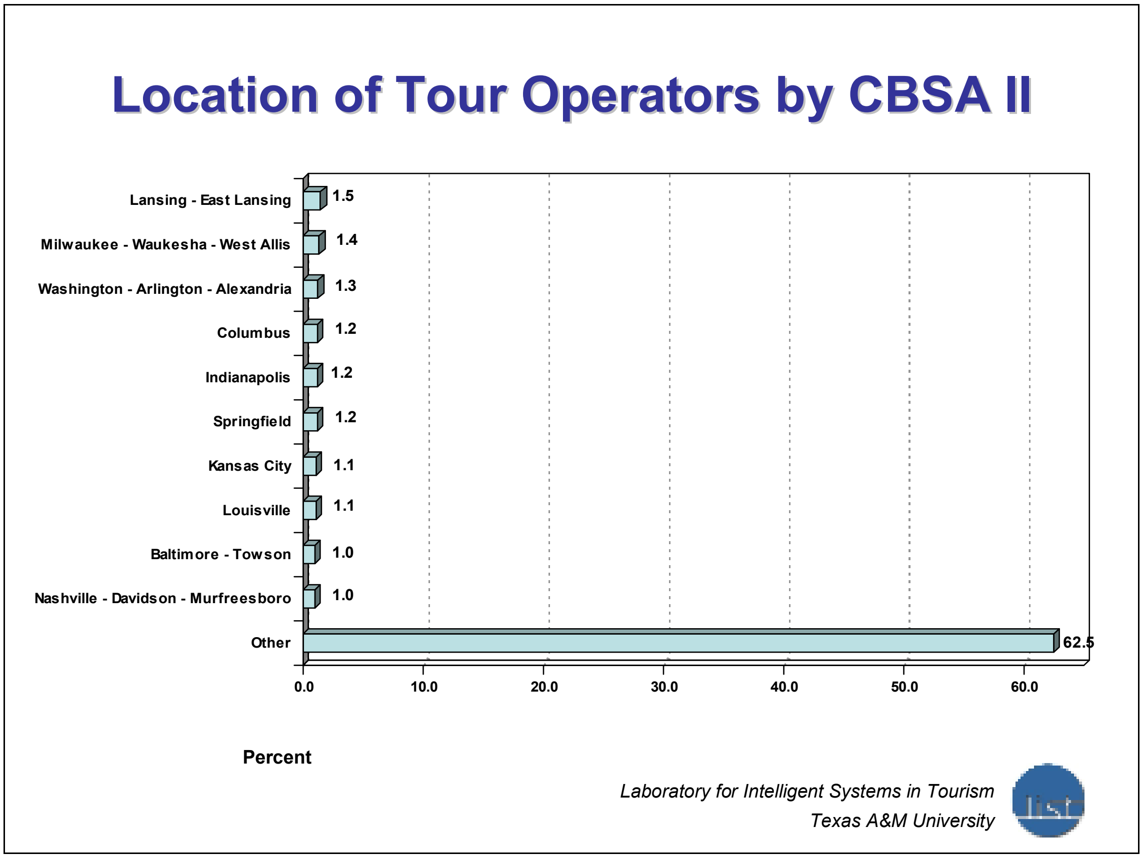

Fig. 4. Location of Tour Operators by CBSA II.

Extent of new tour planning

Almost one third of the tour operator respondents reported taking 10 to 29 tour departures in 2007 (30.4%), as shown in Fig. 5. 19.9 percent reported taking 30 to 49 tour departures in 2007, 18.7 percent had 50 to 99, and 21 percent had 100 or more tour departures. The smallest percentage reported only 1 to 9 tour departures for 2007 (11.2%). The mean for the 2007 tour departures was 71 departures. This suggests that respondents in the sample represent group tour companies with a wide range in terms of size determined by tour departures offered.

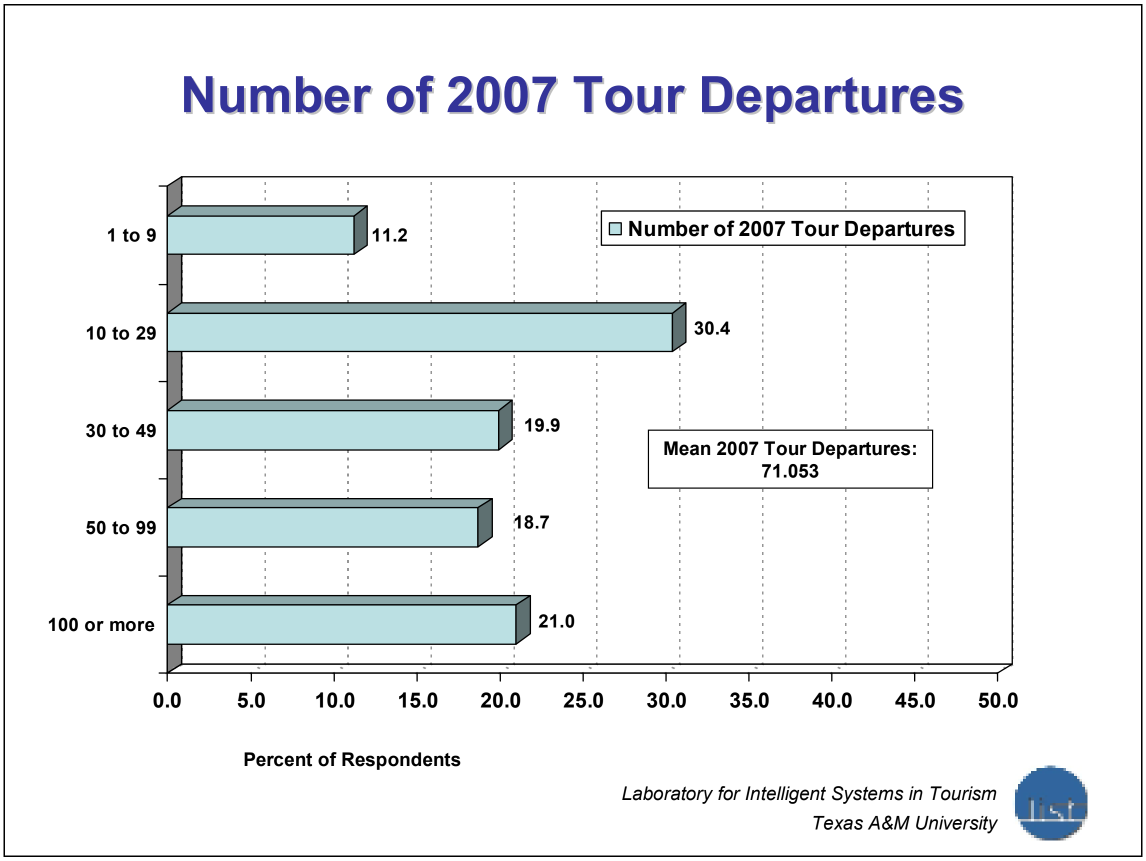

Fig. 5. Number of 2007 Tour Departures.

For about half of the companies (49.6%), day tours account for more than half of their tour departures. Approximately one third of the respondents (32.9%) had 50.1 to 75% day trips. Nearly one quarter (24%) have 25.1 to 50% day trips. 13.8% have 1 to 25% day trips. 14.2% don’t have any day tours at all and only 1.4% only have day tours, represented in Fig.6. The mean percent of day tours was 46.6%.

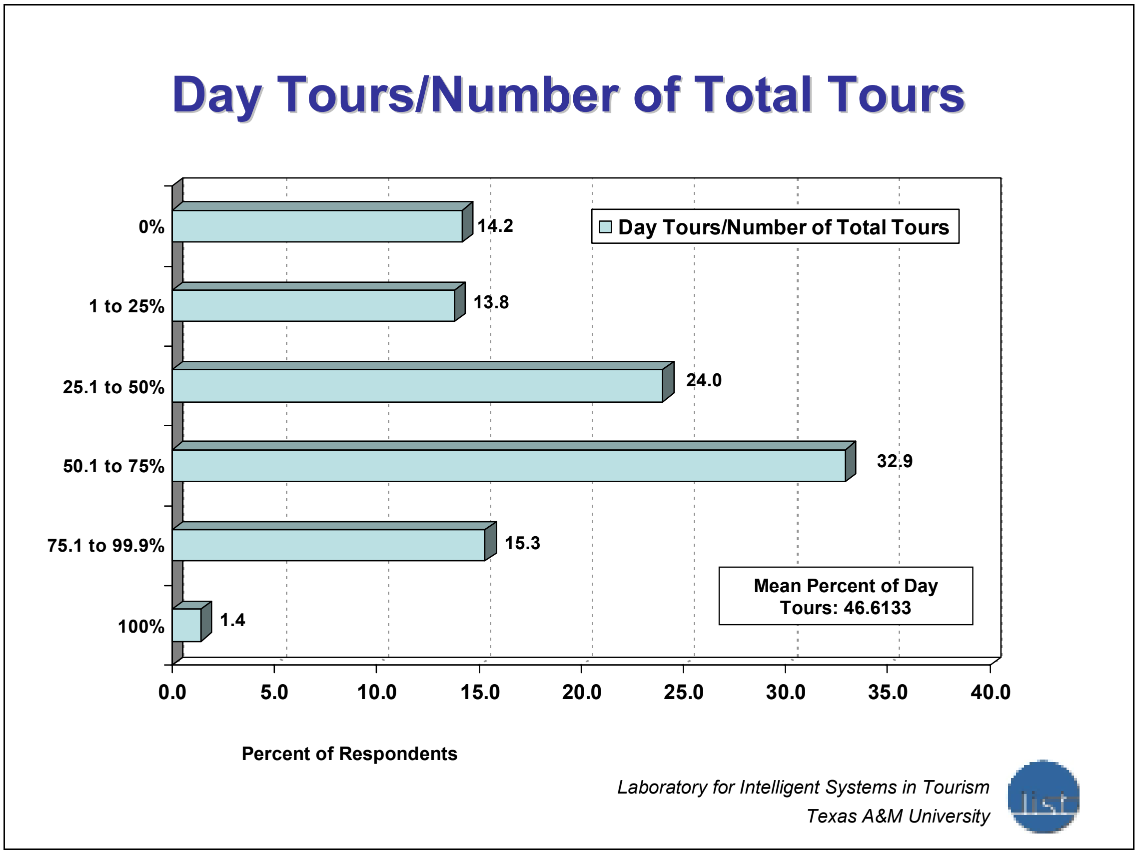

Fig. 6. Day Tours/Number of Total Tours.

Fig. 7 reflects that for over 26 percent of the companies, more than 50 percent of the tours they offered in 2007 were new tours. Only 1.4 percent did not offer new tours. Almost one quarter of the respondents included 11 to 20 percent new tours (24%), and 17.4 percent included 1 to 10 percent new tours. The mean percent of new tours in relation to all tours offered was 36.1.

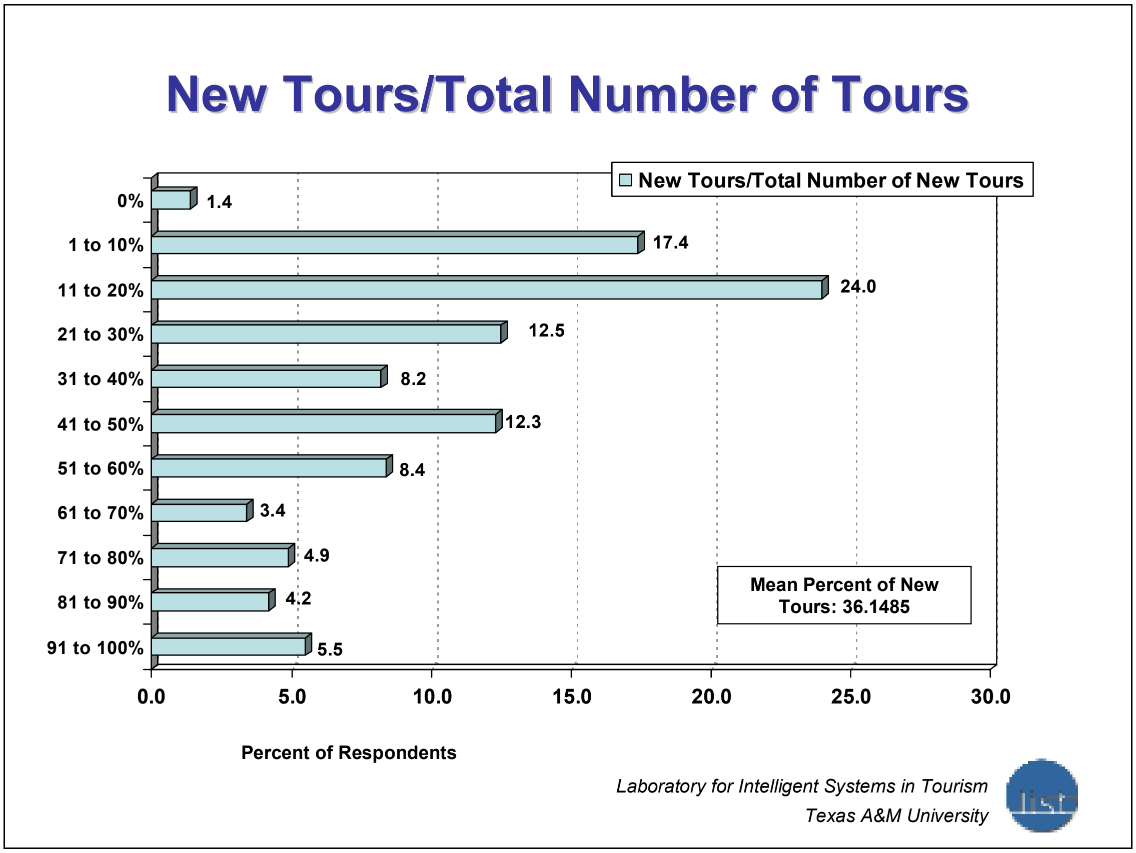

Fig. 7. New Tours/Total Number of Tours.

Fig. 8 shows that a majority (60.4%) stated that they plan 6 to 11 months in advance for new tours while 9.1 percent plan less than 6 months and 30.5 percent plan 1 to 2 years in advance. None of the respondents plan 3 years or longer in advance.

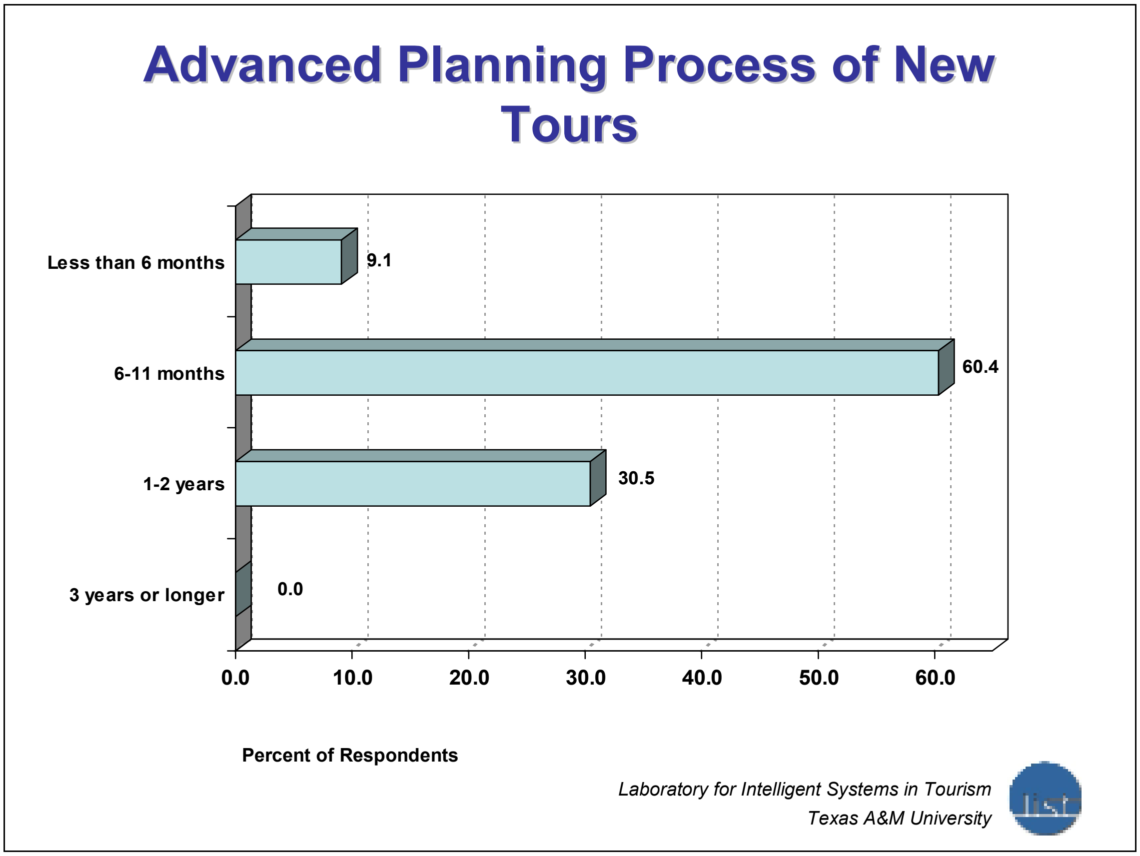

Fig. 8. Advanced Planning Process of New Tours.

A majority agreed that tour changes involve entirely new destinations (71.9%), new tours are developed on a regular basis (70.7%), and many resources are devoted to tour development (58.4%). 30.2 percent stated that tour changes are limited to updates in itineraries and 16.1 percent only changes tours if they have to (Fig. 9).

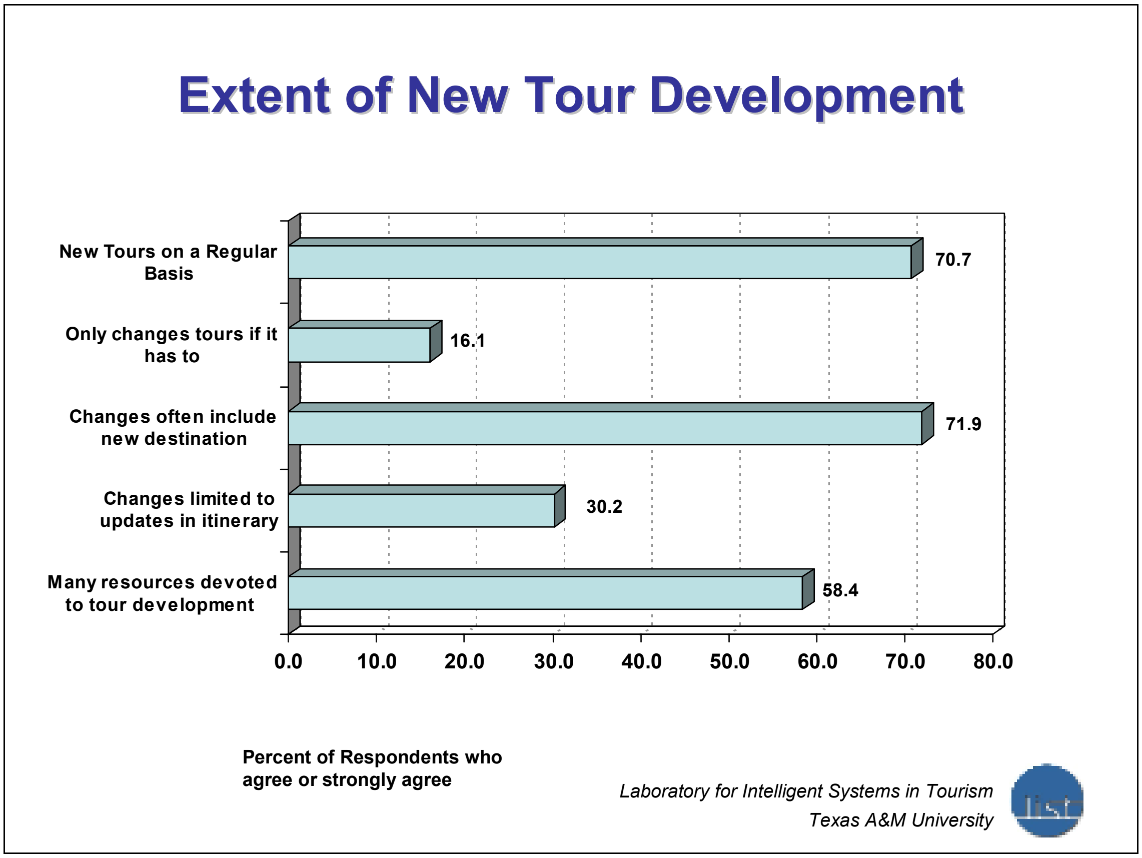

Fig. 9. Extent of New Tour Development.

New tour planning process

Fig. 10 shows the majority of respondents stated that the following information sources were used for itinerary and tour development: input from customers (79.5%), personal experience (74.5%), trade publications (73.9%), tourism office publications (70.8%), trade books/guidebooks (69.6%), trade shows (68.9%), input from drivers/guides (65.2%), tourism office websites (60.9%), FAM trips (60.9%), tourism office group tour staff (60.2%), and tourism office 1-800 number (54%).

Fig. 11 shows that information sources reported by less then half of the respondents include: supplier web sites (44.1%), sales representatives (42.9%), consumer magazines (35.4%), family/friends (31.0%), newspapers (30.4%), travel guide web sites (27.3%), television shows (15.5%), consumer online opinion platforms (12.4%), television ads (8.1%), and radio ads (3.7%). Other sources noted (6.2%) were web searches (2 responses), direct mail (1), marketing research (1), and videos (1).

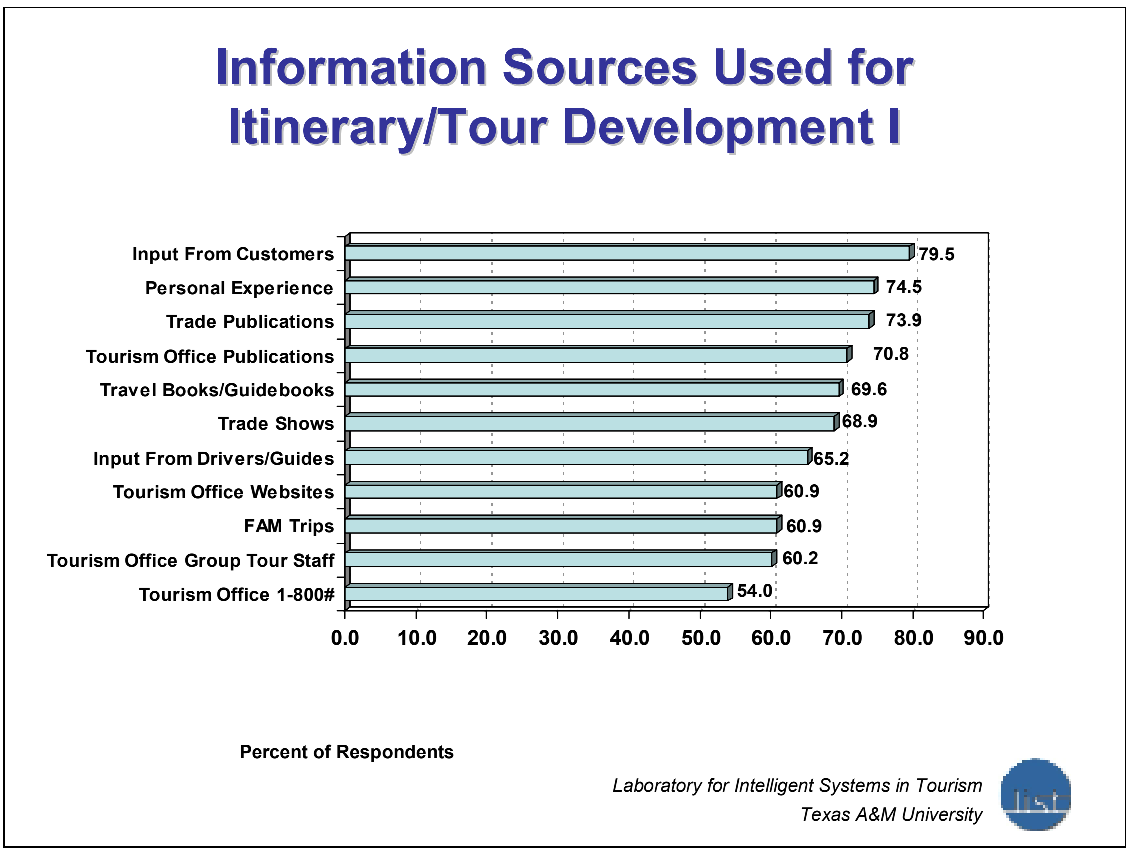

Fig. 10. Information Sources Used for Itinerary/Tour Development I.

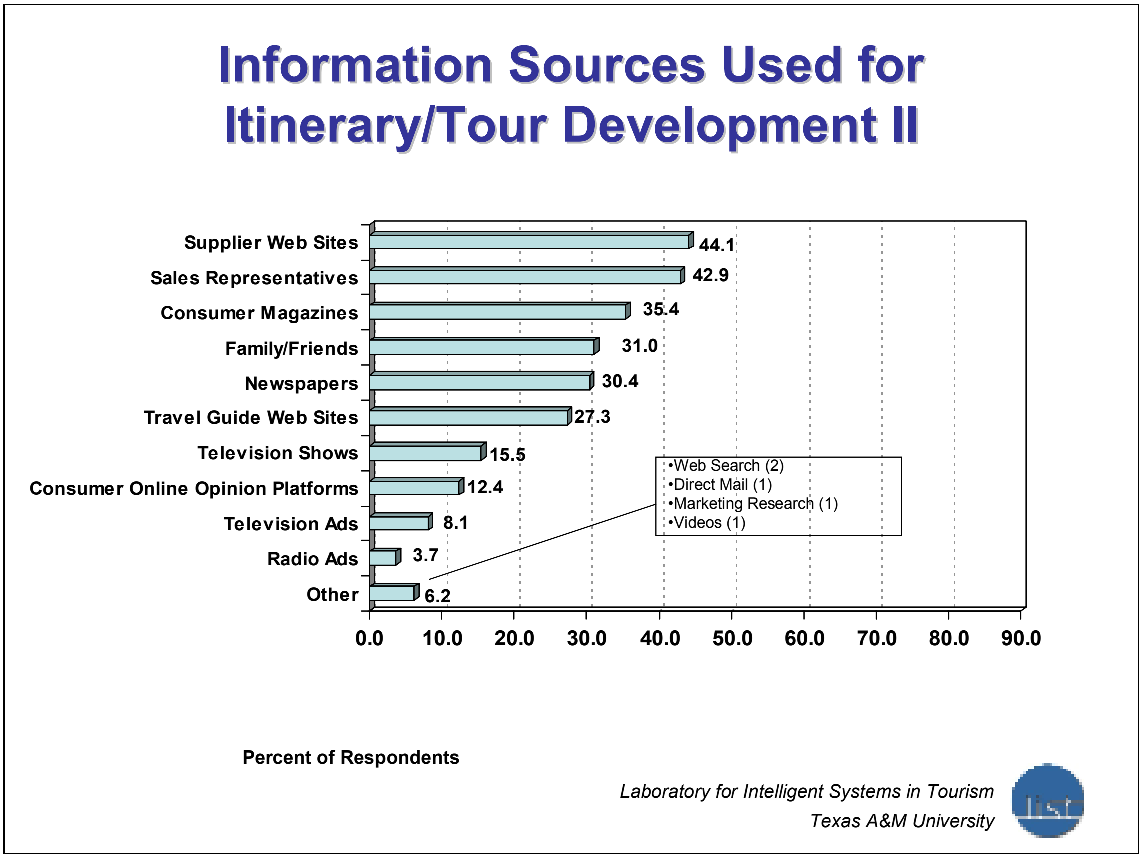

Fig. 11. Information Sources Used for Itinerary/Tour Development II.

Nearly all of the tour operator respondents reported that customer feedback was an important or very important factor encouraging new tour development (95%). Other top factors reported are: change in demand for tours (90%), and new attractions open (88.1%), The following factors were also reported by many as important or very important: information received at trade shows (76.1%), driver/guide suggestions (74.9%), change in price levels at current destinations (72.7%), recommendation by tourism office (69.2%), difficulties with current suppliers (68%), special deals offered by suppliers (67.3%), changes in the environment (65.4%), and overcrowding at current destination (59%). New tours offered by competitors ranked the lowest as a factor encouraging the development of new tours (42.8%) (Fig. 12).

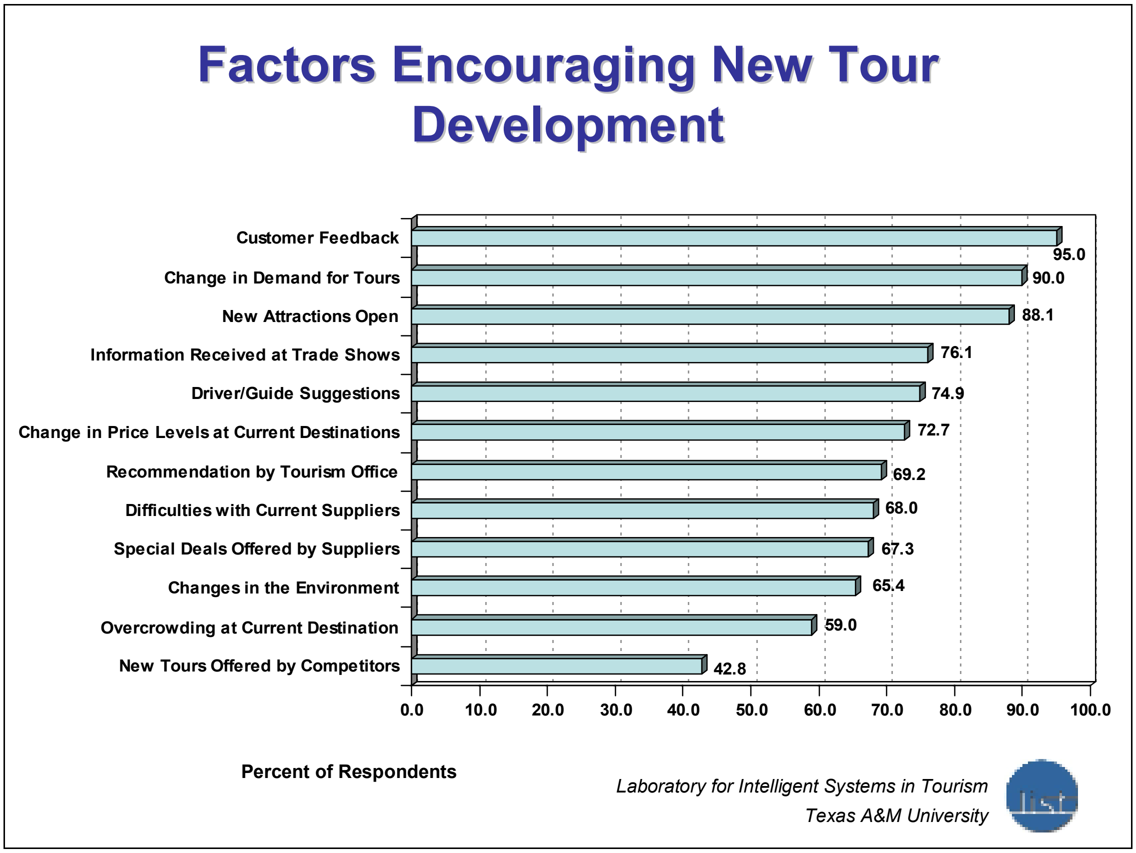

Fig. 12. Factors Encouraging New Tour Development.

Fig. 13 illustrates that a majority of the respondents agreed or strongly agreed that they consider the attractions first and then the destination (77.2%) and consider attractiveness then cost (71.3%) in their tour planning approaches. Almost half stated they decide on the theme of the tour first and then the destination (51.3%) and about half choose start and endpoints first (51.2%). Only 36.9 percent consider distance from point of origin in their tour planning approach.

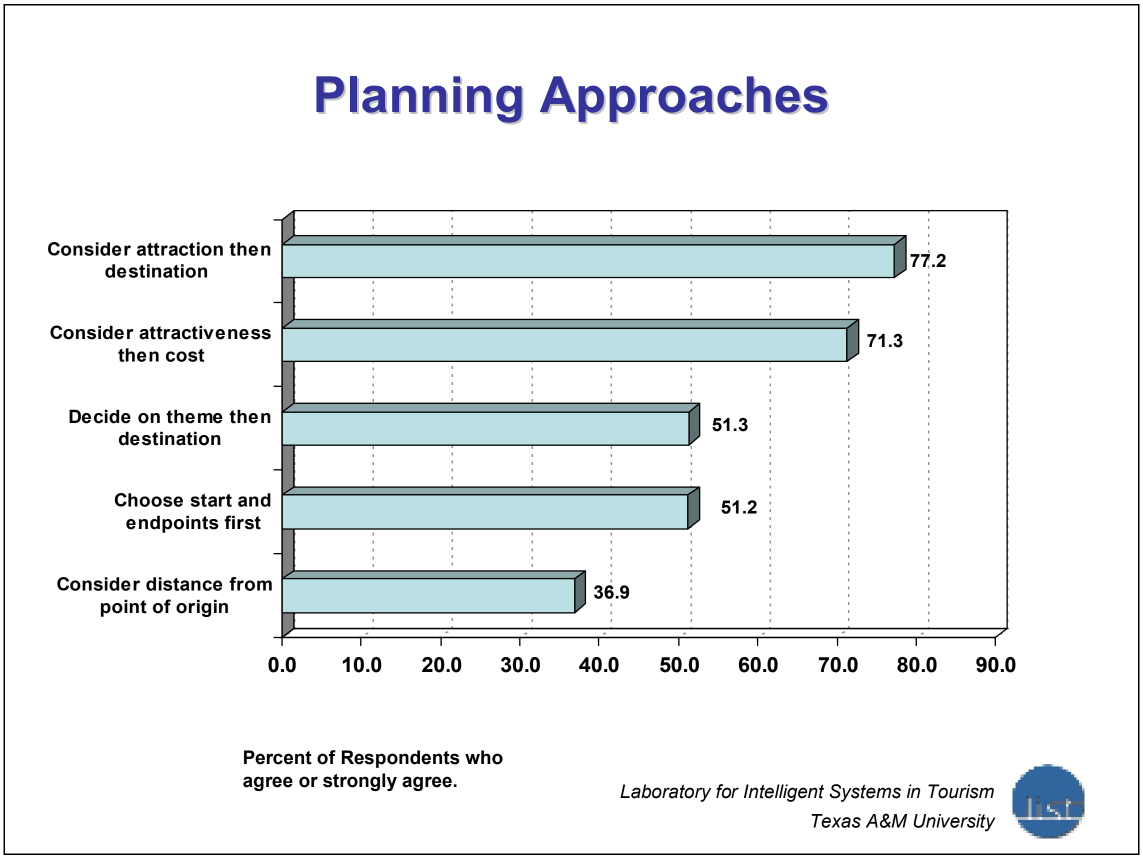

Fig. 13. Planning Approaches.

Fig. 14 shows that a large majority state they do use the internet for tour planning (83.8%).

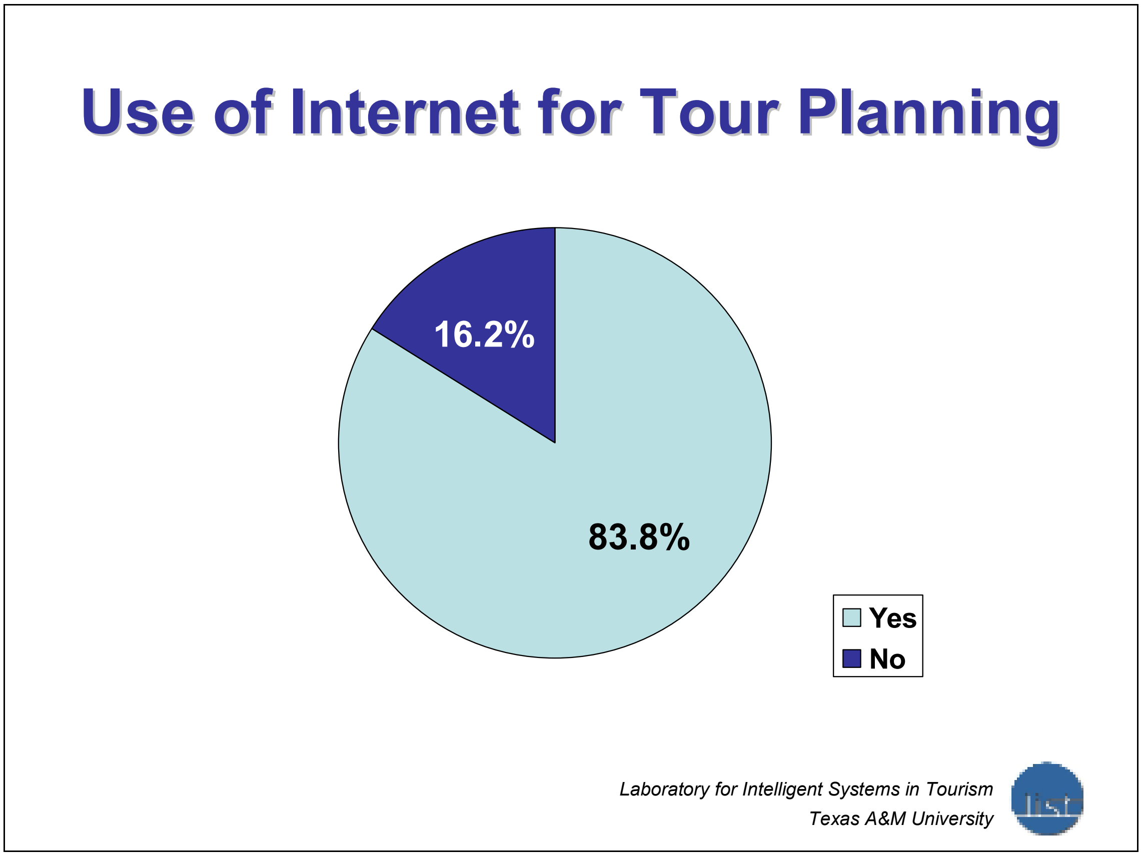

Fig. 14. Use of Internet for Tour Planning.

Over two thirds of the respondents who reported using the Internet in their new tour planning state that the role of the internet is either one of a select number of sources (35.7%), or one of the most important sources (32.5%) in new tour planning. Almost one quarter state that the Internet is either one of many sources (18.3%) or one of several sources (5.6%). Only 7.9 percent state that the Internet is the primary information source in new tour planning (Fig. 15).

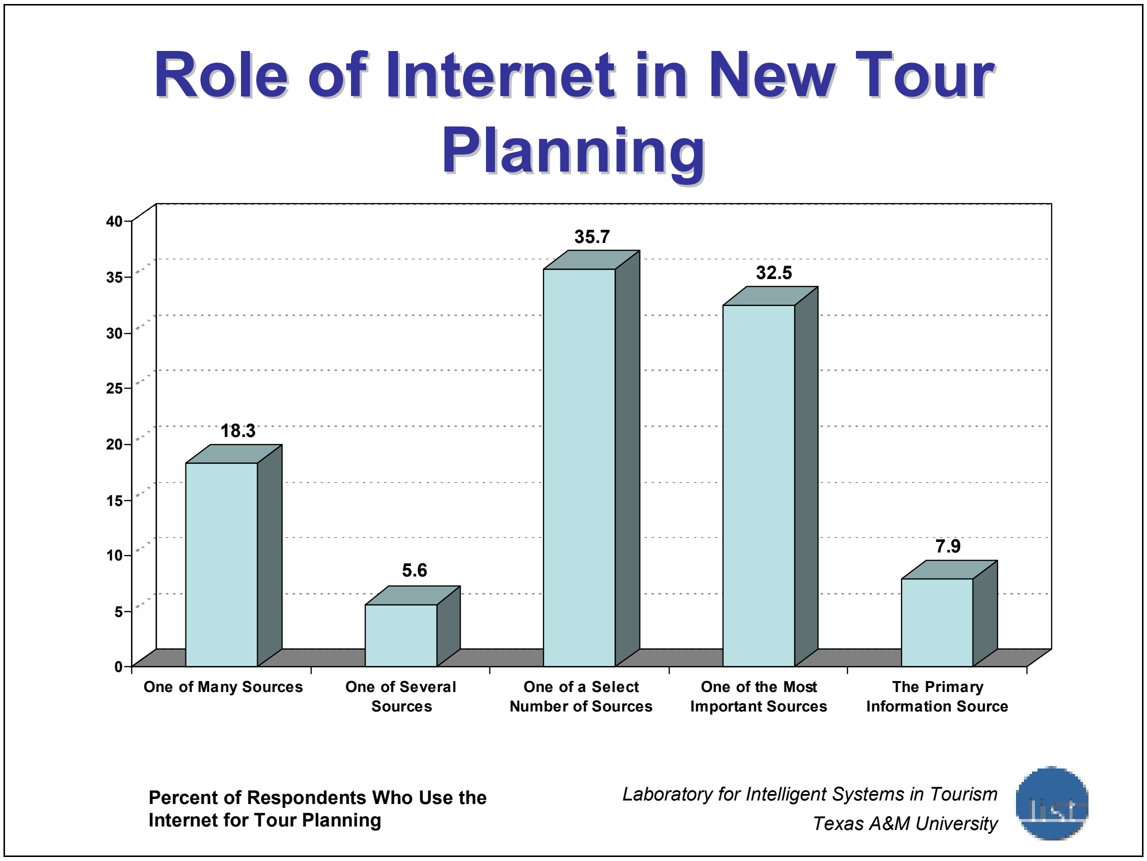

Fig. 15. Role of Internet in New Tour Planning.

Use and perception of CVB information and services

As Fig. 16 shows, a large majority of the respondents who reported using the Internet in their new tour planning rated the following information on a destination website as being important or very important: group rates/discounts (89%), motorcoach parking (86.6%), hotel amenities and rating (85.9%), opening hours for local attractions (83.5%), guided tour availability and length (80.3%), suggested itineraries (80.3%), and group tour specific planning services (80%). There were also many who rated the following as important or very important: restaurant menus (72.7%), calendar of events (69.8%), distance to other destinations (69.3%), restaurant capacities (64.9%), reviews by group tour planners (55.1%), hotel room capacities, (50.8%) and ADA accessibility (50%). Less than half rated the following as important or very important information on a destination website: reviews by customers (44.1%), climate information (41.4%), and shopping opportunities (38.3%) (Fig. 17).

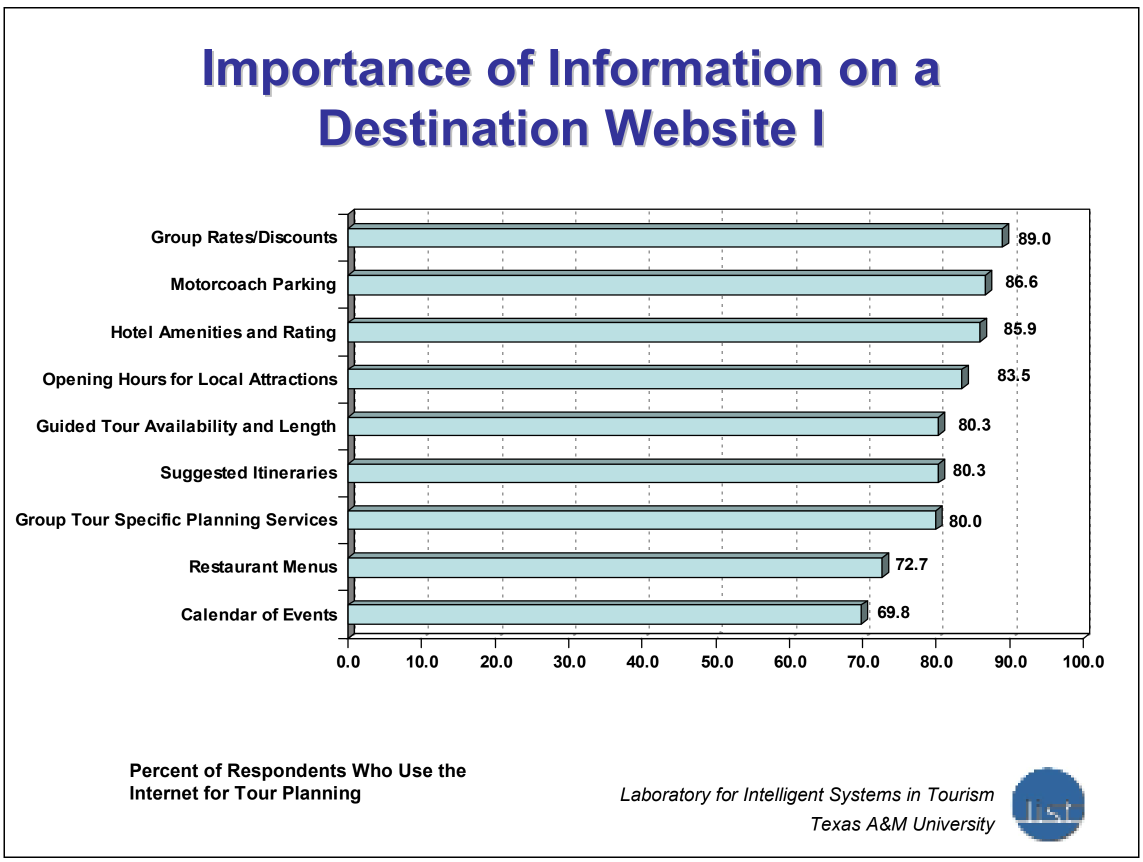

Fig. 16. Importance of Information on a Destination Website I.

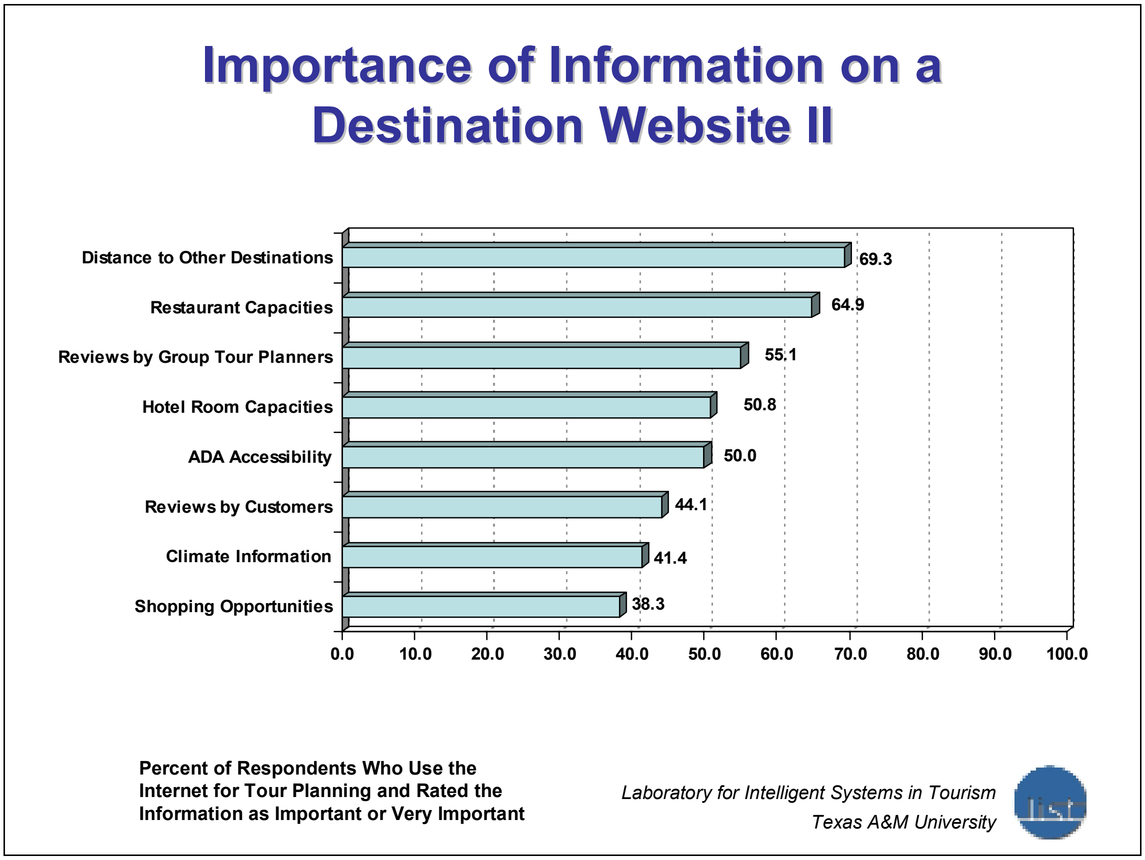

Fig. 17. Importance of Information on a Destination Website II.

Other types of information reported as desired on a destination website are: indications of low/high season, day of the week rates, surrounding points of interests/destinations/regional maps, updated prices, group services contact/contact info for real, live person to talk to, ability to order large quantities of maps/destination brochures, detailed/in-depth attraction descriptions including time it takes to visit, breakfast availability for accommodations, age of hotel/renovations, deposit requirements, hotel location in relation to attractions, distance from different destinations, maps with mileage markers, escort notes (see triptrivia.com), audio tours of city, FAM Tour info, group-friendly restaurants, group reservation policies, historic importance of area and of attractions, hotel packaged with some meals, Hub N Spoke itineraries, local interpreters for hire, list of step on guides in the area, local cuisine/specialties, pictures available for promotional purposes, name of receptive operator who can plan trip and make all reservations from start to finish, nearby motorcoach service, new or planned attractions, off the beaten path touring opportunities, suggested itineraries for different types of groups (school groups, seniors, youth, family), time of last update, usable pictures of properties (inside and outside), virtual tours.

Fig. 18 reflects that the features on a destination website most frequently reported as used by respondents who use the internet in their new tour planning are: an interactive map (59.4%), picture gallery (57.3%), downloadable high resolution photos (53.9%), and a virtual tour (53.7%). Further frequently reported features are interactive trip planner (50.8%), customizable brochure (50.8%), and destination video (48.4%).

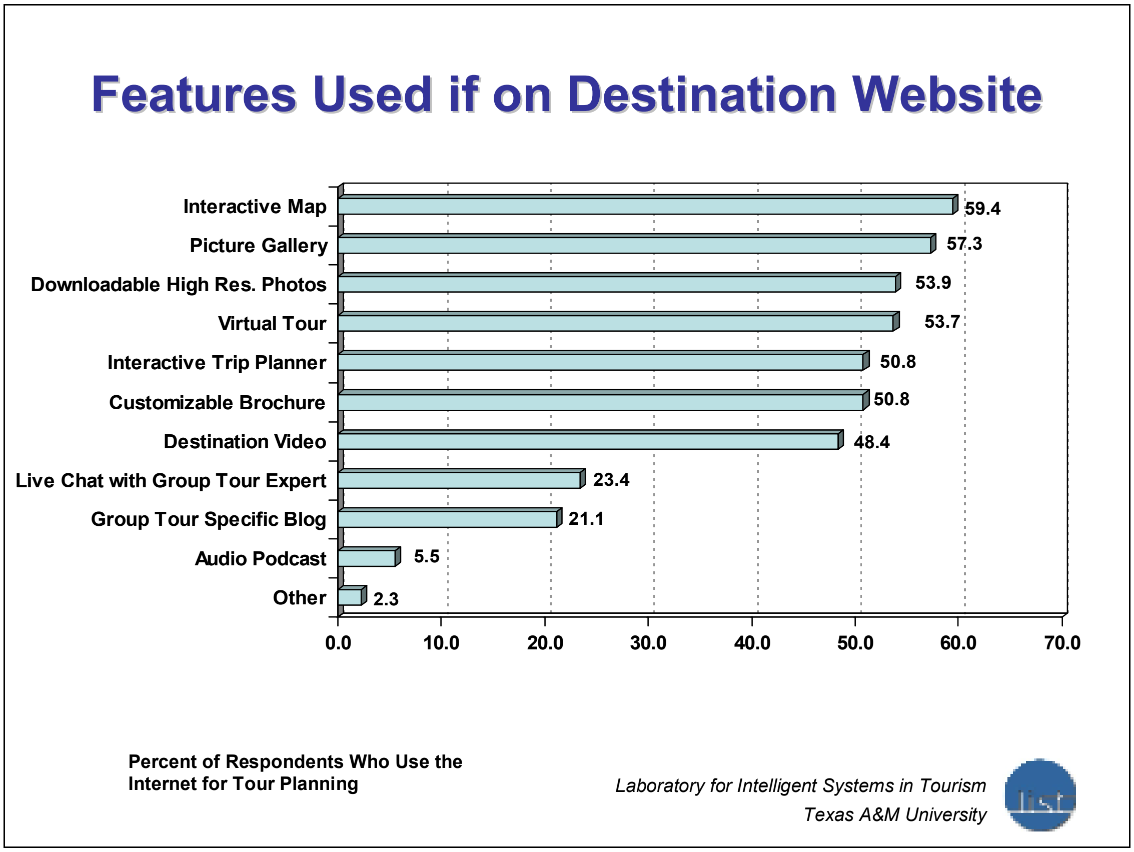

Fig. 18. Features Used if on a Destination Website.

Not so frequently reported as features that they would use are live chat with group tour expert (23.4%), and group tour specific blog (21.1%). Audio podcast was the least reported destination website feature used by respondents at 5.5 percent. Fig. 19 lists other features mentioned by respondents: pricing information (5 responses), contact information (3), receptive information (3), detailed maps (2), restaurant information (2), openings of new attractions (1), current name (1), driving times (1), group codes for pricing information (1), time allowance at attractions (1), time of last update (1), and history (1).

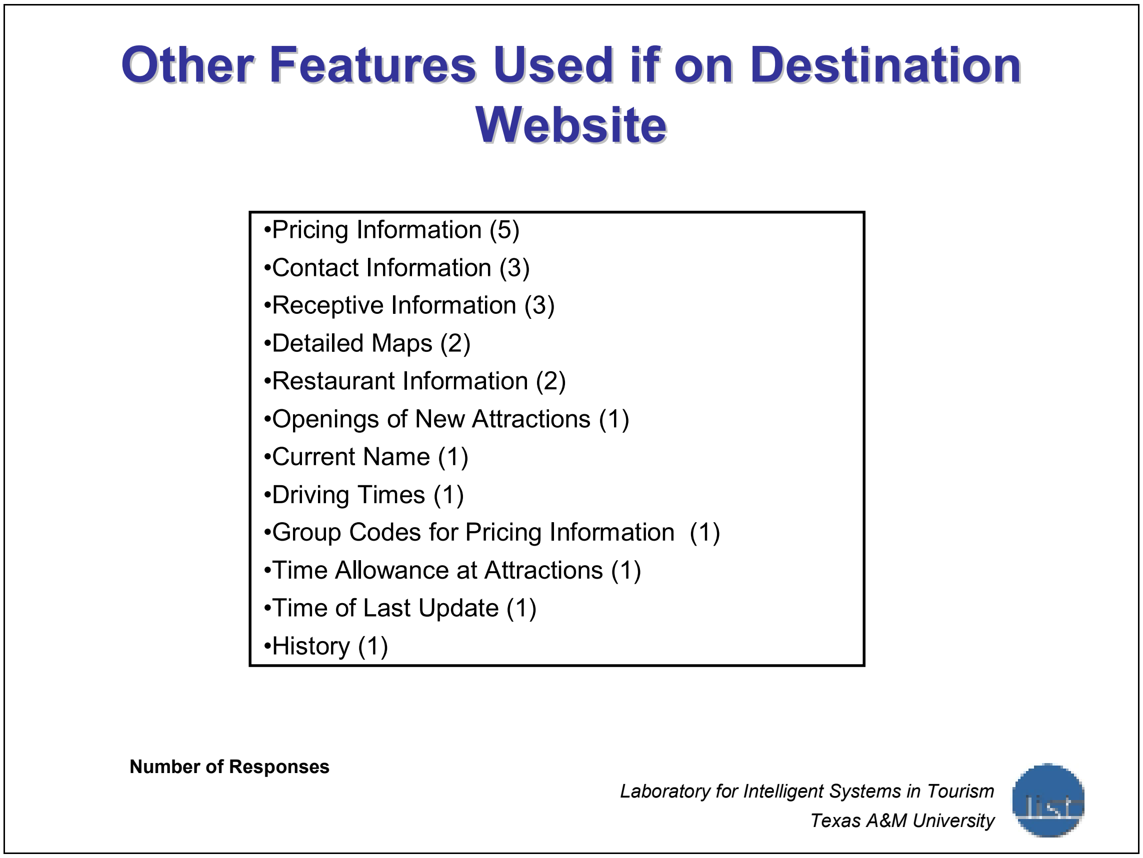

Fig. 19. Other Features Used if on a Destination Website.

Most respondents stated that they use CVB services frequently (46.4%). Almost one quarter stated (24.8%) they use CVB services every time they plan a new tour and 22.2 percent state they sometimes use CVB services. Only 3.9 percent rarely use CVB services, and only 2.6 percent never use CVB services (Fig. 20).

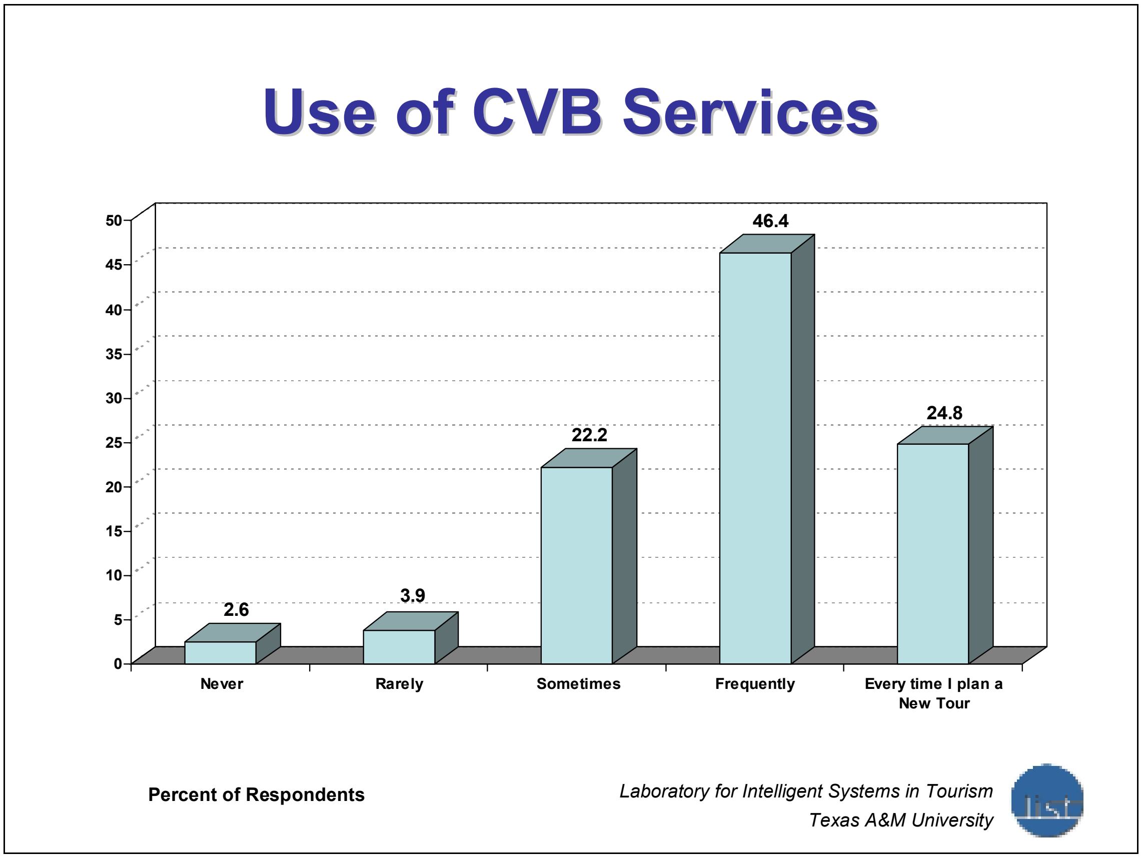

Fig. 20. Use of CVB Services.

Fig. 21 shows that a large majority of respondents reported using the following CVB services when planning new tours: individual assistance from group planning staff (77.9%), the call center to request information (75.3%), website (65.6%), and shipping brochures, photos, etc. (64.9%). Many also reported using CVB services of FAM tours, (53.9%), customized tour itineraries (50%), customized themed tour itineraries (44.8%), and point-to-point directions within the destination (39.6%). Only 10.4 percent reported using sites sales mission appointments, and about 1 percent do not use any of these services (1.3%) when planning new tours. Other services used that were mentioned by respondents were promotional DVDs (2 responses), receptive information (2), check on new things (1), gifts and giveaways (1), meet n' greets (1), dining guide (1) and references of motels and attractions (1).

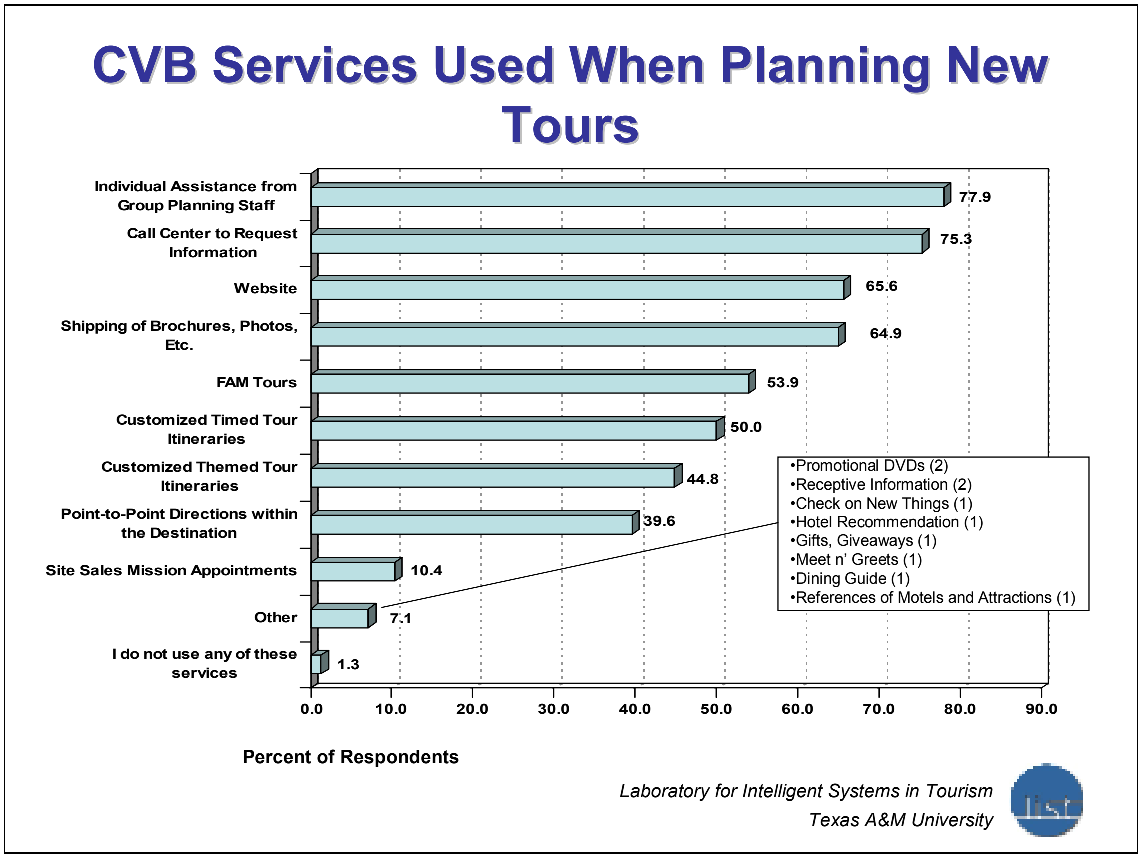

Fig. 21. CVB Services Used When Planning New Tours.

A majority of respondents perceive CVBs as interested in helping group tour planners (78.8%), providing the most up-to-date information (73.9%), the local experts (72.3%), having competent staff (71%), and providing great ideas for tour itineraries (68.9%). Many also perceive CVBs as one-stop shops (47.1%), are aware of the services CVBs provide (47%), and think requesting information through CVBs is faster than requesting information from suppliers directly (42.5%). Over one quarter of respondents prefer to deal directly with suppliers (28.1%) and 13.3 percent feel they can get all of the information they need without the help from CVBs (Fig. 22).

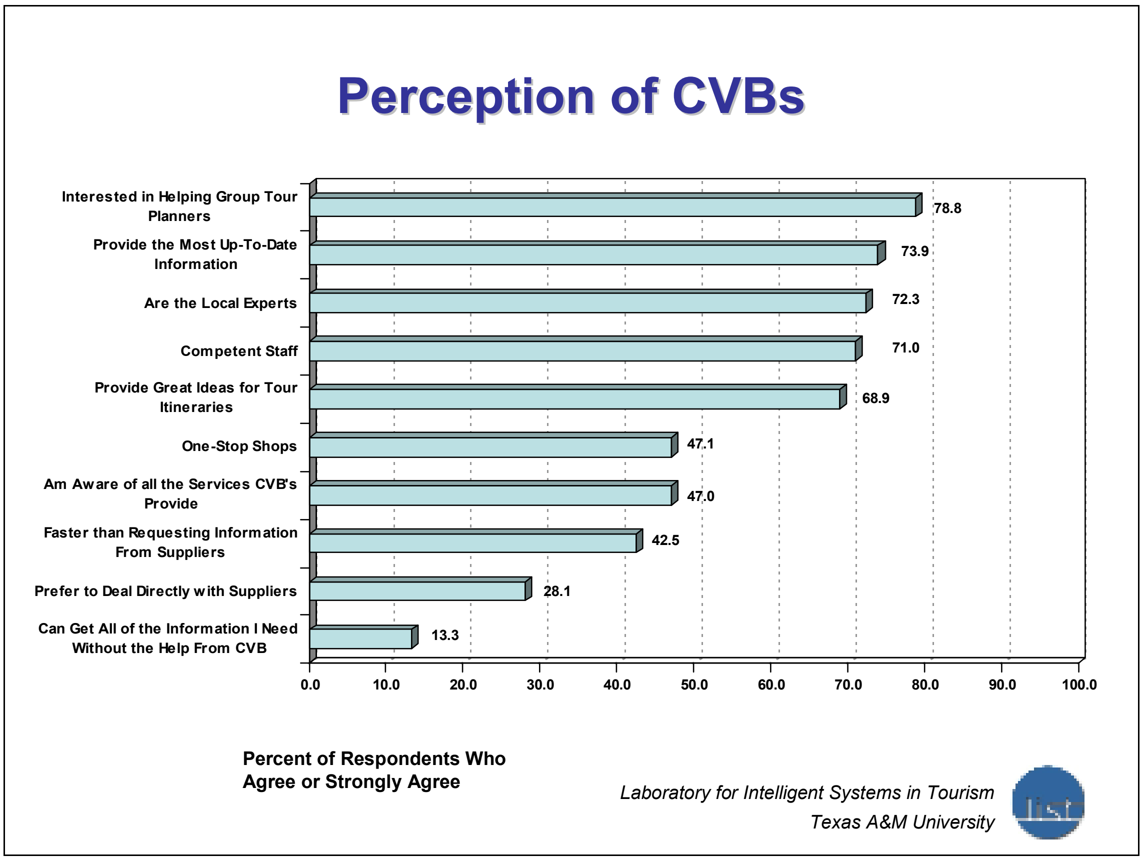

Fig. 22. Perception of CVBs.

Fig. 23 shows that over three quarters of respondents would rather receive information from CVBs by mail (75.8%). Over half would like to receive information at trade shows (62.7%) or via email (54.7%). Other respondents reported that they would rather receive information through a personal call (39.8%), fax (34.2%), personal meeting (28.6%), or an electronic newsletter (23.6%). Only 6.2 percent would not want to receive information from a CVB.

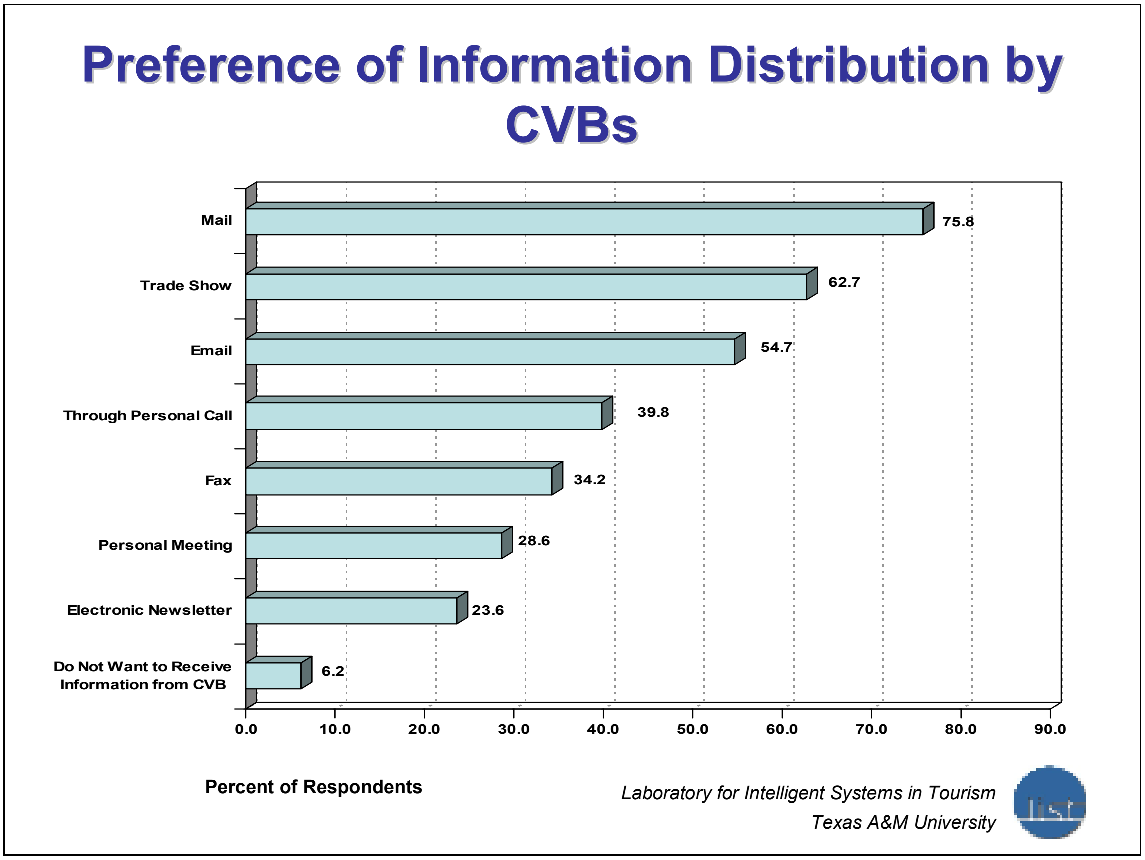

Fig. 23. Preference of Information Distribution by CVBs.

Perceptions of group tour destinations

Fig. 24 reflects that the top three popular Midwest tour destinations reported by tour operators are Chicago, IL (93 responses), Branson, MO (83) and St. Louis, MO (52). Others that made it to the top ten Midwest destinations were Indiana Amish Country

(36), Mackinac Island, MI (25), Door County, WI (20), Nashville, TN (19), Wisconsin Dells (16), and Kansas City, MO and Springfield, IL are tied for 9th place with 15 responses each. Other destinations mentioned are Michigan, Shipshewana, IN, Minneapolis/St. Paul, MN, Wisconsin, Indianapolis, Black Hills, Mississippi River, Memphis, TN, Louisville, KY, Pella, IA, Frankenmuth, MI, Detroit, MI, Minnesota, Milwaukee, Mall of America, Ohio Amish, Pigeon Forge, TN, Lancaster, PA, and Elkhart County, IN (Fig. 25 and Fig. 26).

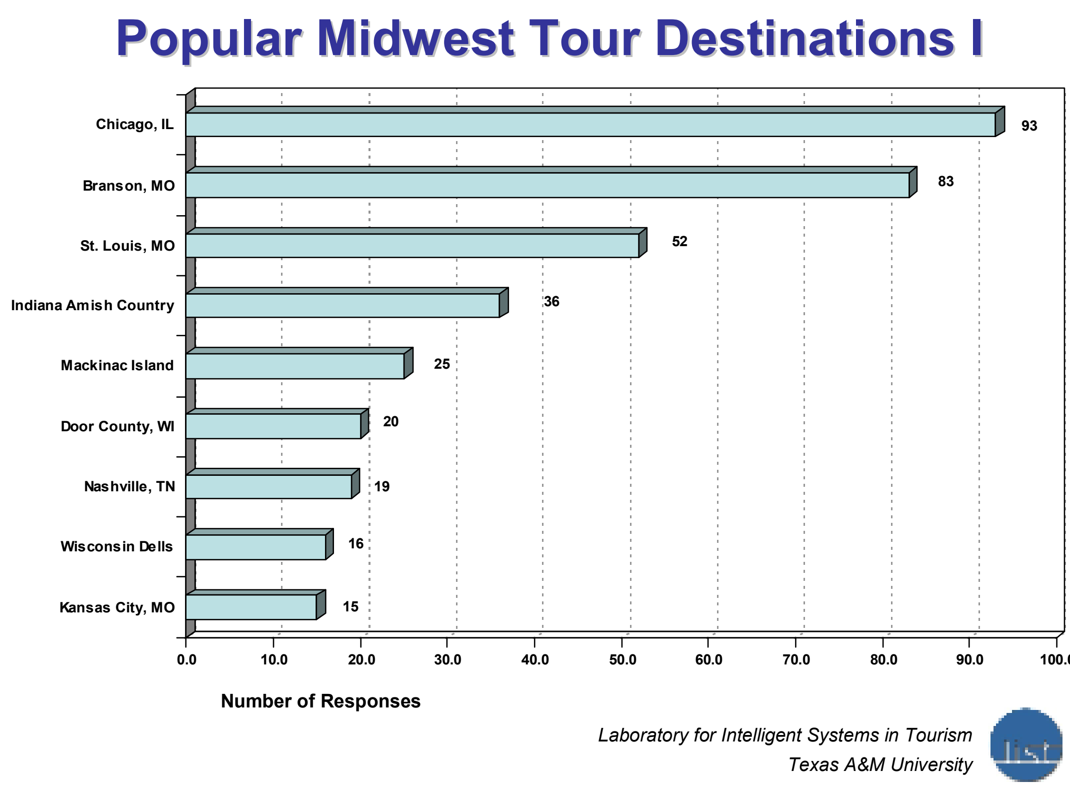

Fig. 24. Popular Midwest Tour Destinations I.

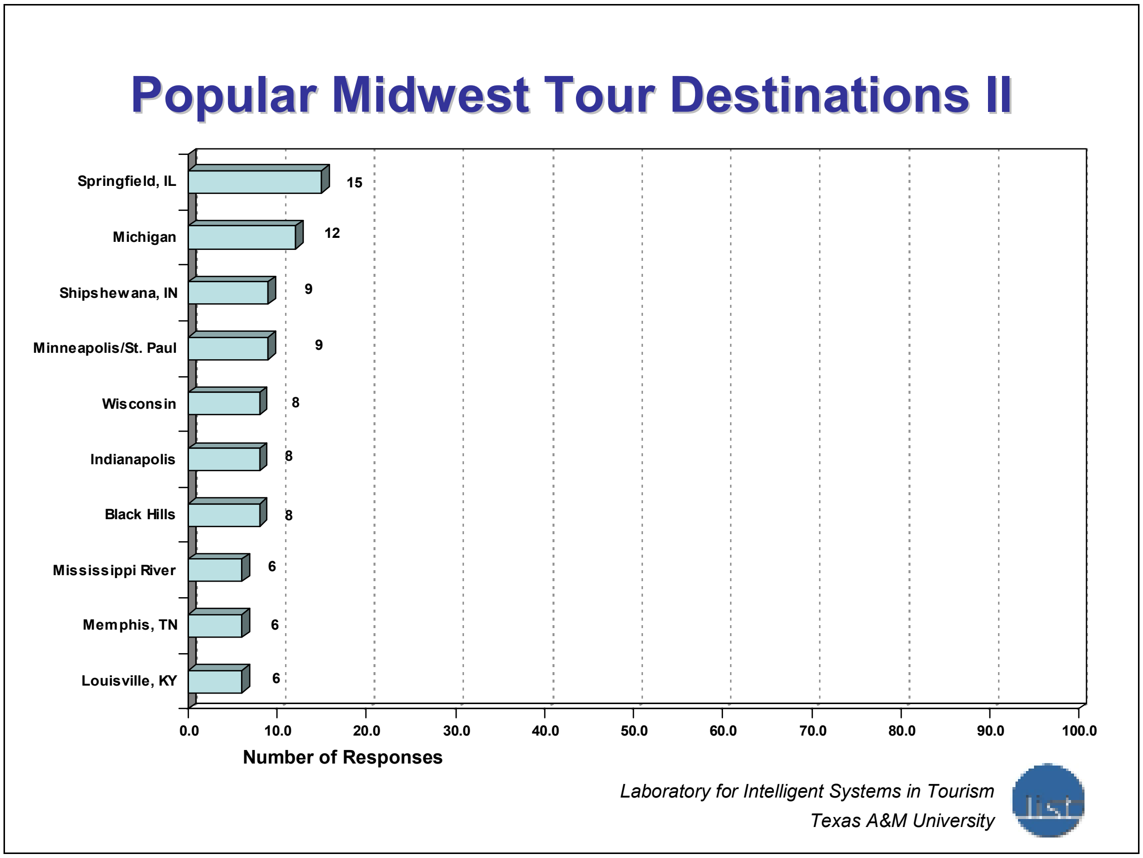

Fig. 25. Popular Midwest Tour Destinations II.

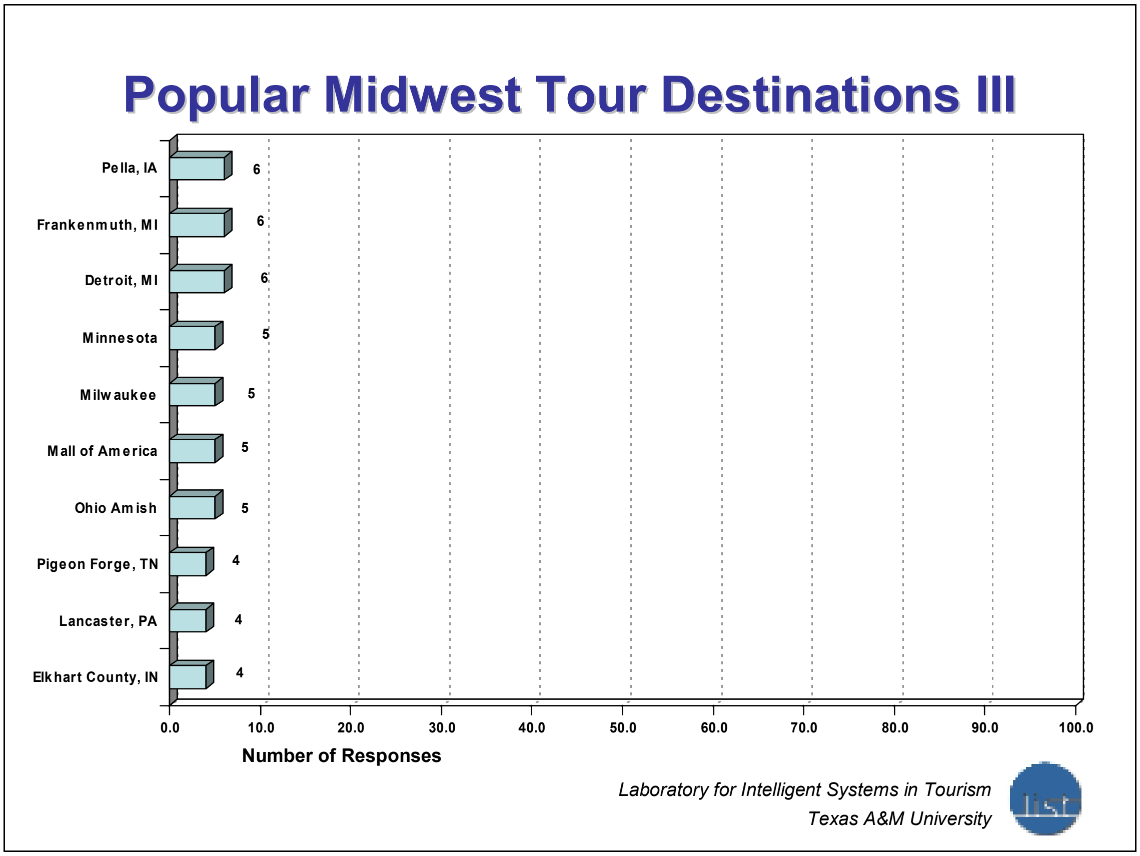

Fig. 26. Popular Midwest Tour Destinations III.

The most frequently mentioned qualities of a top tour destination were customer demand (29 responses), affordability (27), variety (22), many attractions (20), and group friendliness (20). The top ten qualities of a top tour destination also include popular/name recognition (18 responses), quality restaurants (16), quality entertainment (15), quality attractions (13) and uniqueness (13) (Fig. 27). The top 20 qualities include: friendly population and staff (12 responses), quality hotels (12), scenery (11), history (9), within reasonable distance (7), accessible (7), educational (5), step on guides (3), quality shopping (3), and culture (3) (Fig. 28).

Fig. 29 lists other qualities mentioned: theme events (2 responses), clean (2), amenities (2), new (2), fun (2), wide range of appeal (2), availability, (1), not a lot of walking (1), not overcrowded (1), experiential (1), quality CVB (1), quality infrastructure (1), soft adventure (1), no vulgarity (1), non-commercial (1), quality transportation (1), places to rest (1), trained suppliers (1), low crime rate (1), and flexible deposit and cancellation policies (1).

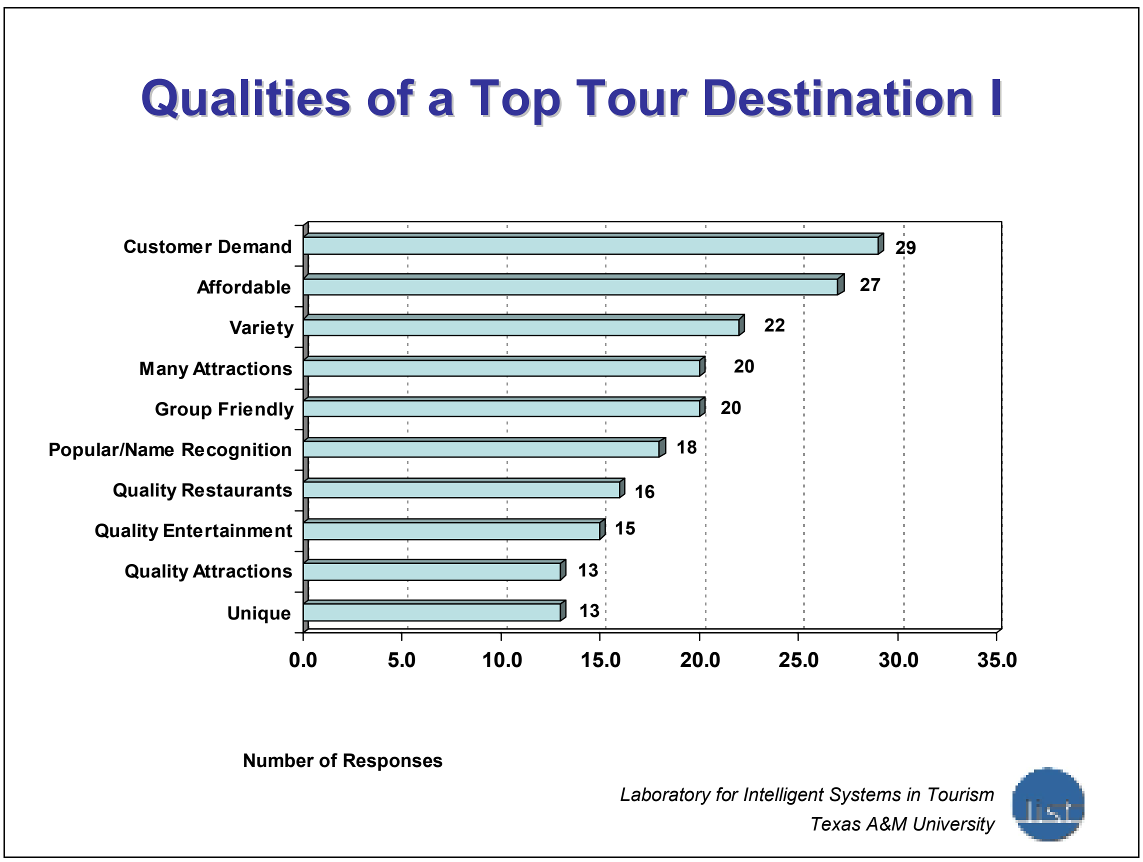

Fig. 27. Qualities of a Top Tour Destination I.

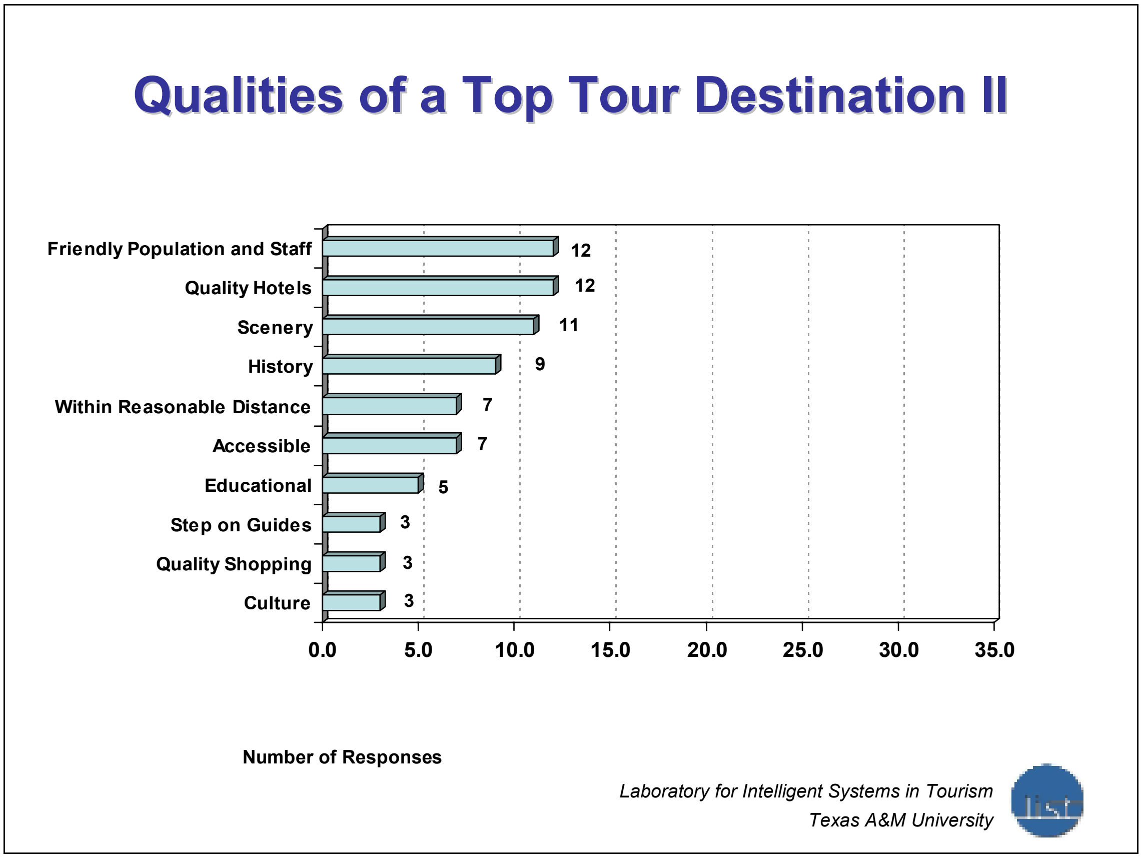

Fig. 28. Qualities of a Top Tour Destination II.

Fig. 29. Other Qualities of a Top Tour Destination.

Changes in the group tour market

Fig. 30 shows that the top change taking place in the group tour market was identified by respondents as changes in tour group customer interests (78.7%). A majority agreed or strongly agreed that the following changes are taking place in the group tour market: shorter planning horizons (67.1%), older customers (63.4%), demand for greater flexibility in itineraries (58.6%), demand for shorter tours (56.3%), demand for smaller tour groups (55%), more demanding customers (52.3%), and more special needs (52.3%). 30.7 percent of respondents agreed or strongly agreed that demand for group tours is declining. 23 percent agreed or strongly agreed that online booking has increased, and 12.7 percent agreed or strongly agreed that more families travel with children than before.

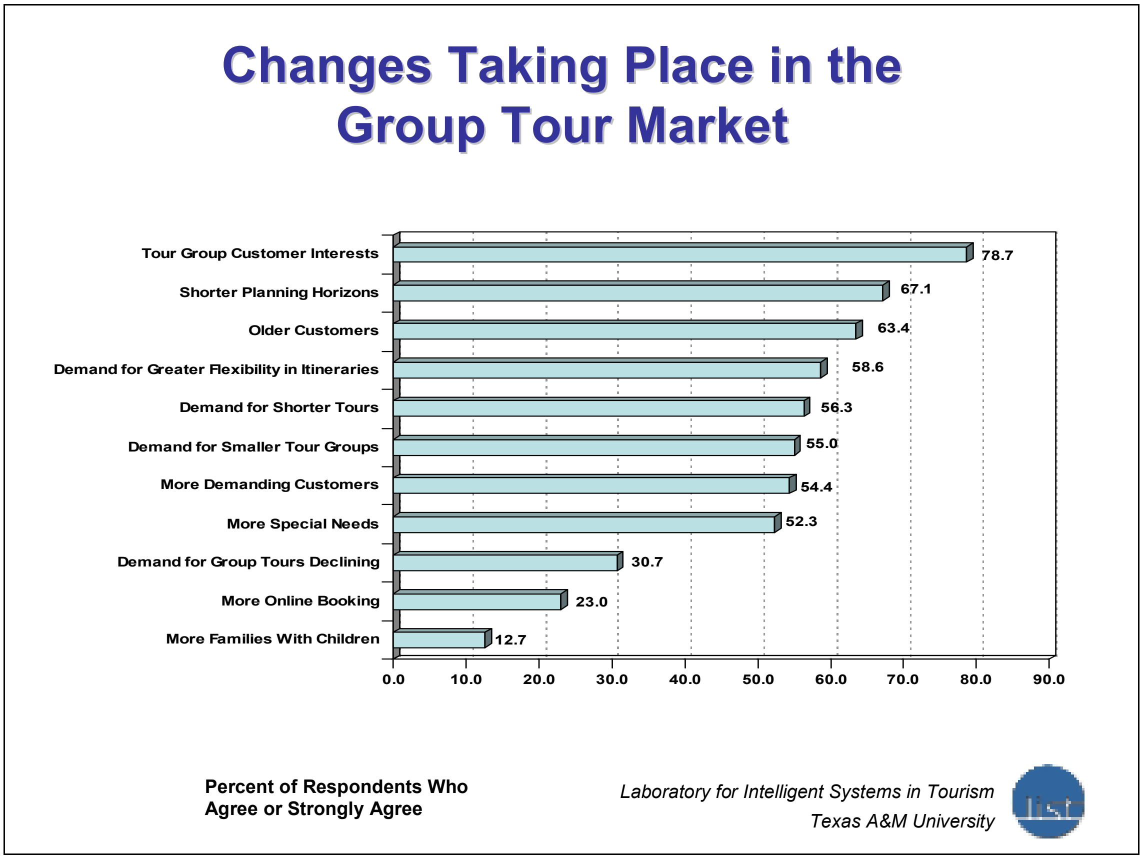

Fig. 30. Changes Taking Place in the Group Tour Market.

Fig. 31 lists other changes mentioned by respondents: customers are price concerned (10 responses), people want to book closer to departure time (3), competition is taking away from customer base (2), there is a greater demand for soft adventure (2), there are more baby boomers (1), customers want something unique (1), emerging markets (1), groups want a learning experience (1), international travel has opened to the senior market (1), baby boomers don't want group tours (1), student tours are increasing (1), customers feel that they are not "old enough" to get on a bus (1).

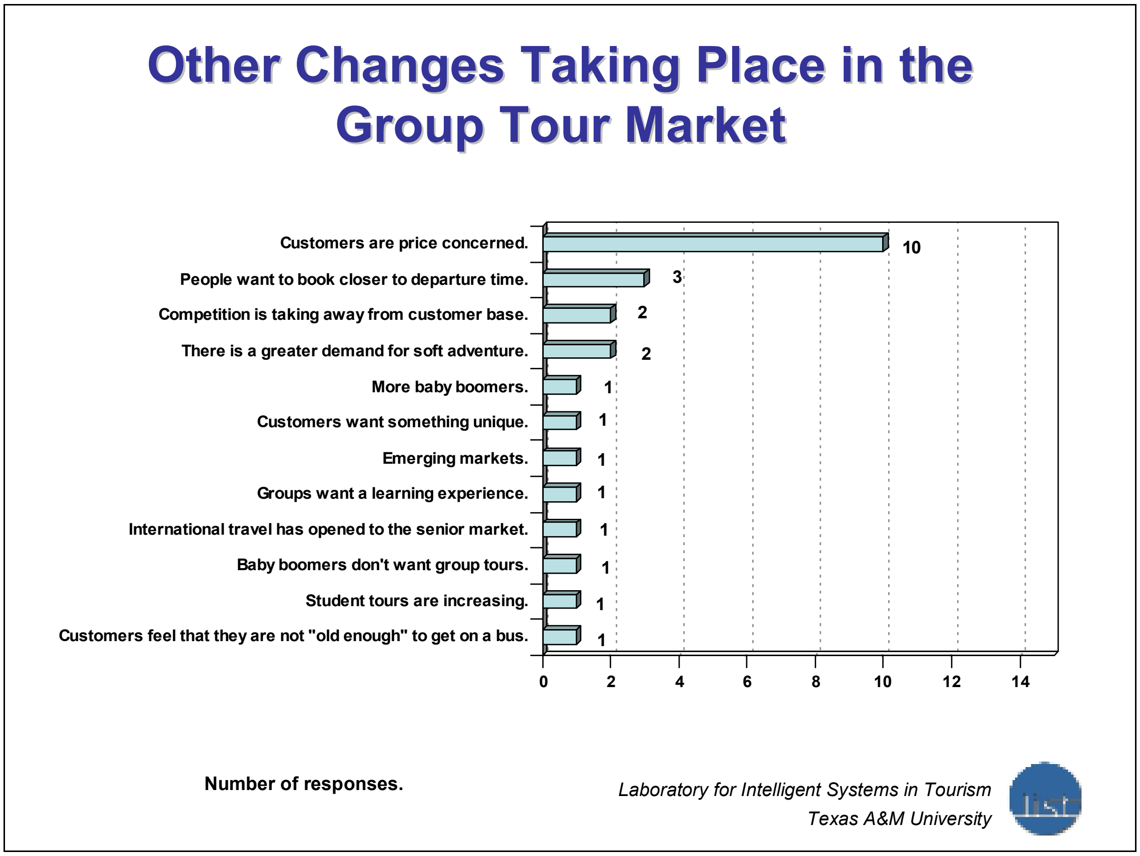

Fig. 31. Other Changes Taking Place in the Group Tour Market.

Fig. 32 reflects that slightly more than half of the respondents (52.8%) stated that their company has changed its offerings, structure, etc. due to changes in the market mentioned in the pervious paragraph. 20.5 percent of respondents stated that their company is currently making changes in its offerings, structure, etc. due to aforementioned changes in the market. 26.7 percent have not changed due to the mentioned changes in the market.

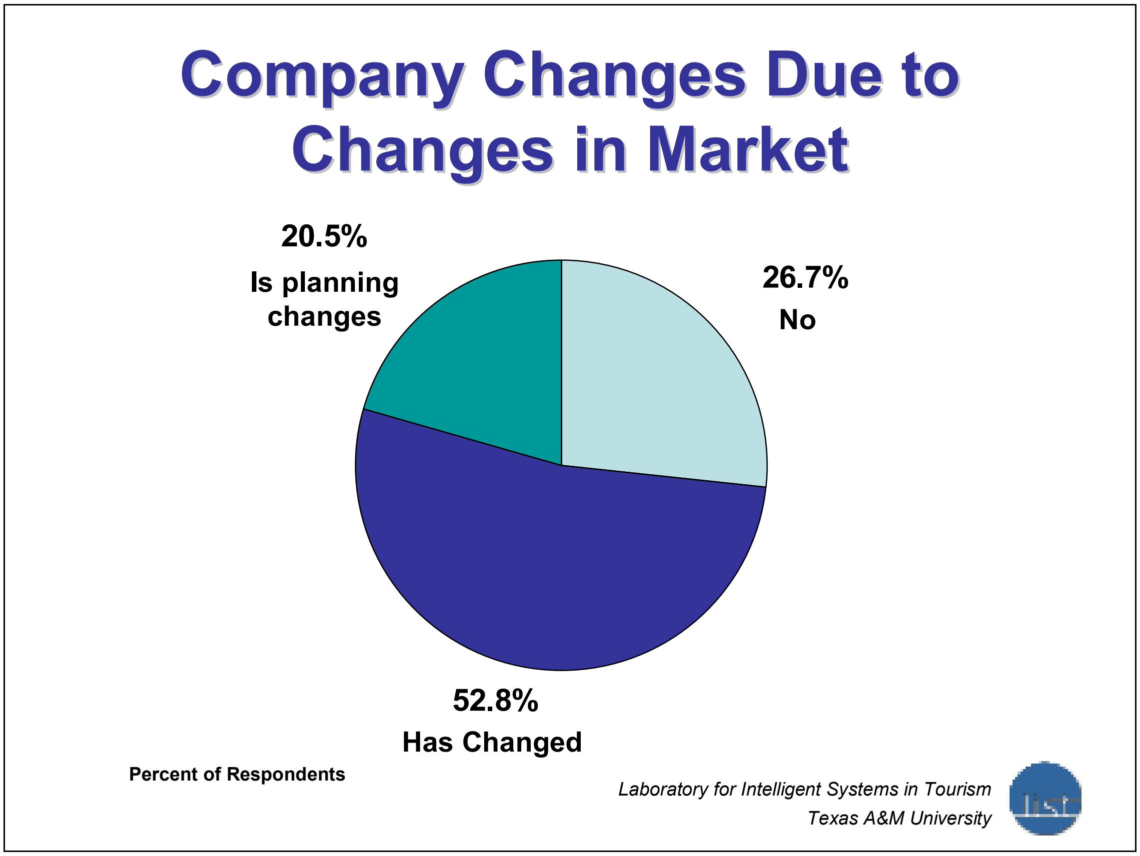

Fig. 32. Company Changes Due to Changes in Market.

Most of the respondents reported that their company created flexible tours due to changes in the market (28 responses). Also included in the top three changes are attracting emerging markets (15) and shorter tours (12). Other changes reported are as follows: more day tours (8), fewer people (6), experiential tours (6), new attractions/destination (5), more hub and spoke tours (4), shorter deadlines (3), determining the customers' wants and needs (3), building a website (2), adventure tours (2), themed tours (2), cutting down on costs (2), fewer departures (2), company image (1) and more tours (1) (Fig. 33).

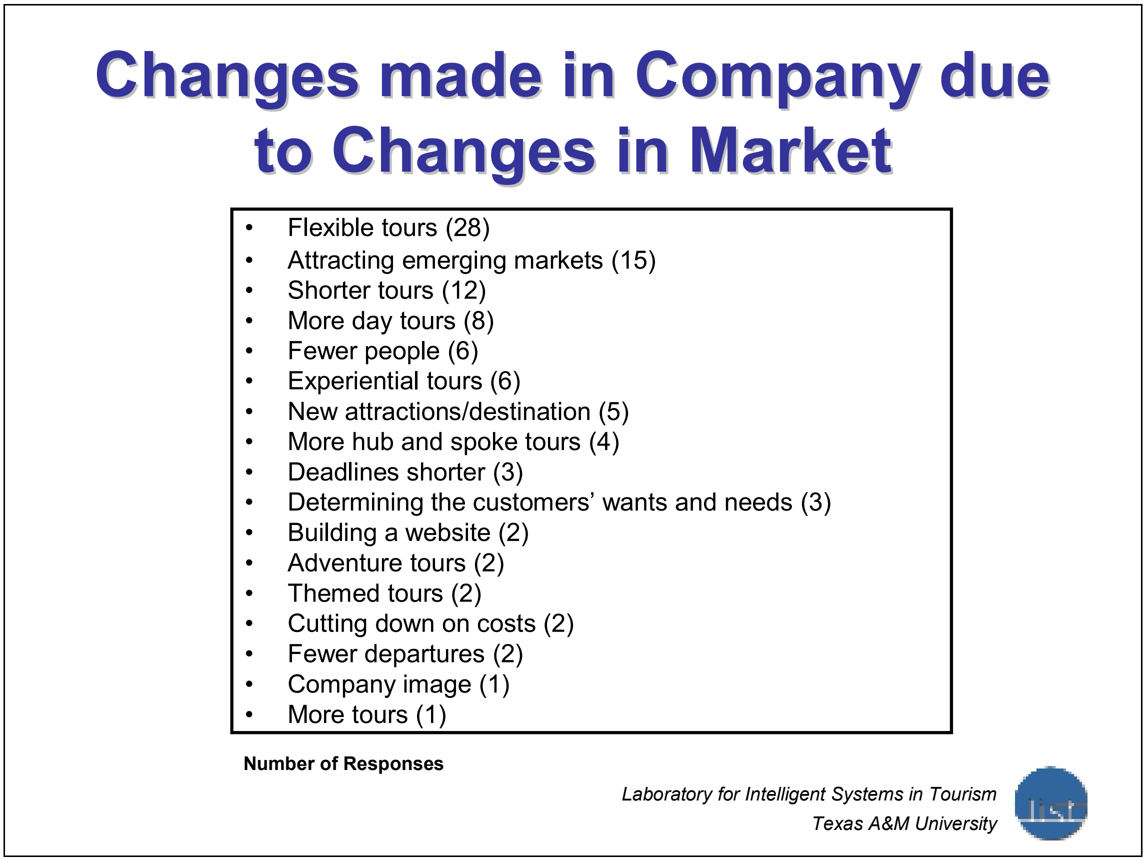

Fig. 33. Changes Made in Company Due to Changes in Market.

Profile of respondents

Fig. 34 shows that a large majority of the participants were female (70.5%). 20.5 percent were male.

Fig. 35 shows that two thirds of the participants were either 65 years and older (33.1%) or 55 to 64 years old (31.8%). 20.1 percent were 45-54 years old, 12.3 percent were 35 to 44 years old and less than three percent were under 35 years old (2.5%).

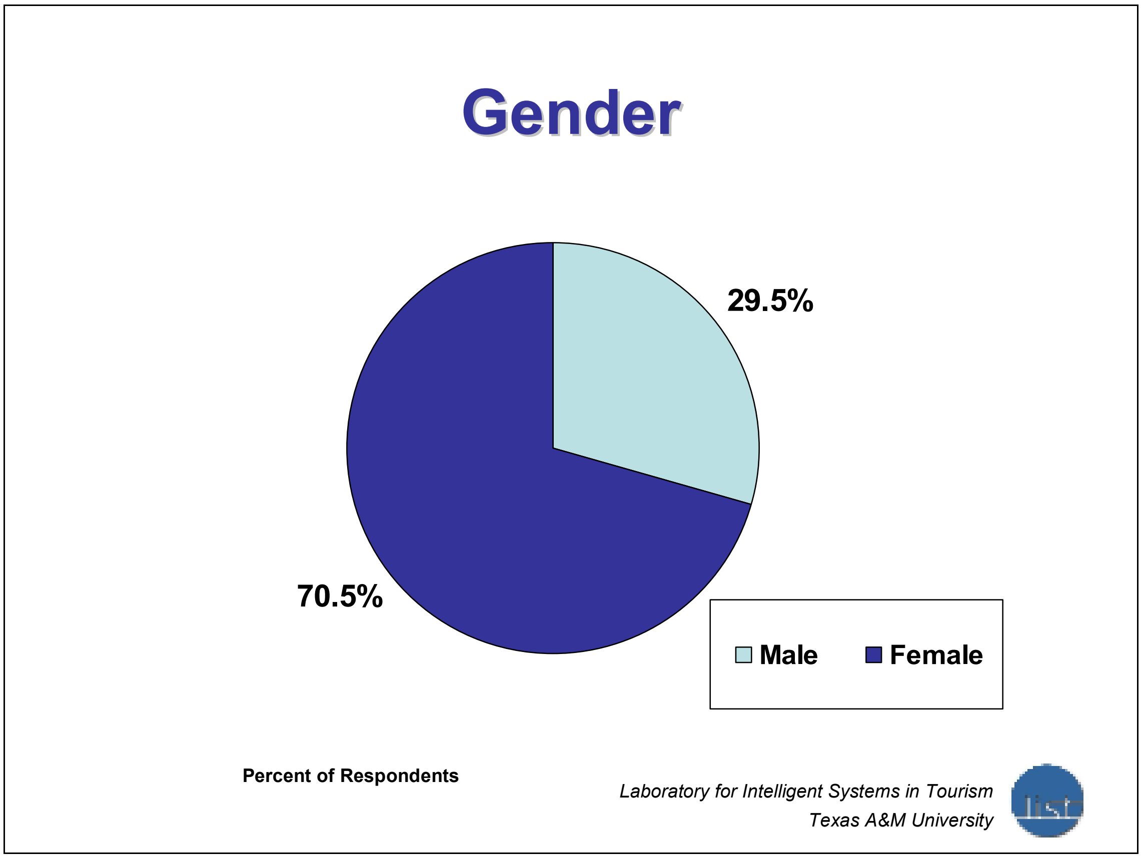

Fig. 34. Gender.

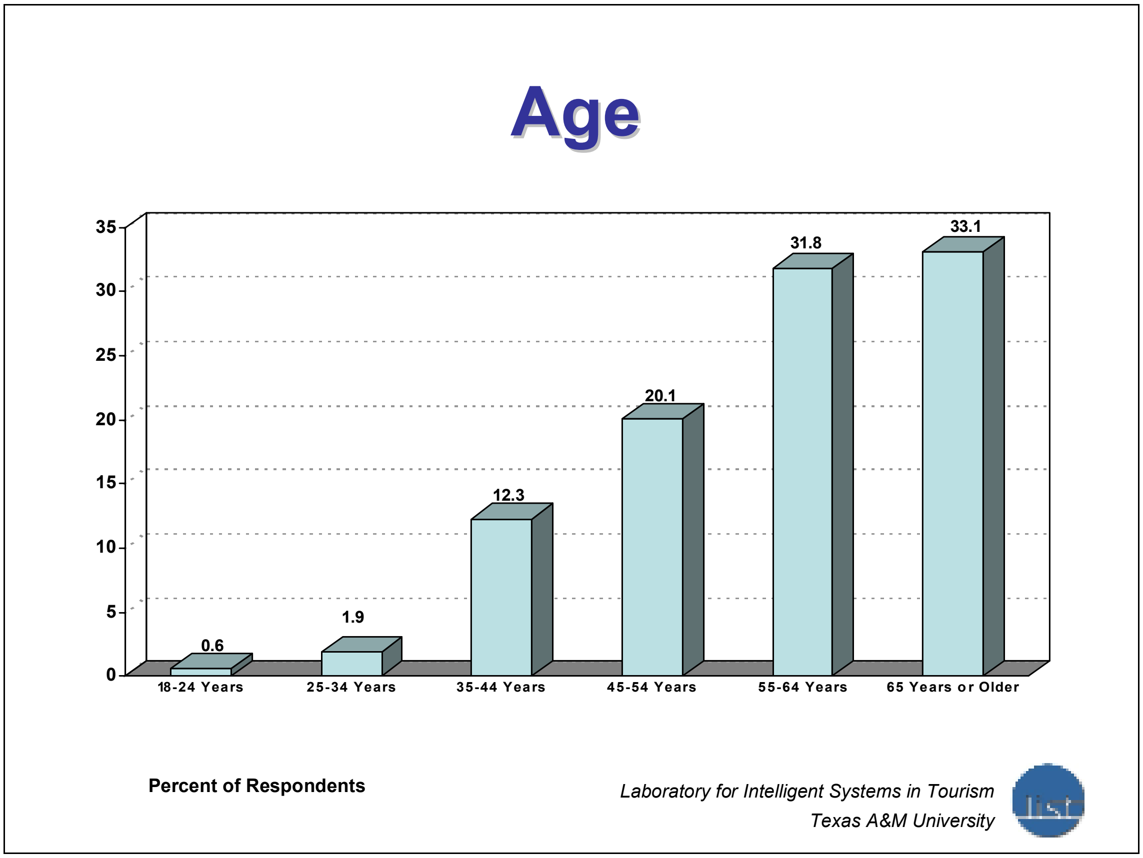

Fig. 35. Age.

Fig. 36 reflects that a majority of the respondents strongly or somewhat agreed that they are skilled at using the Internet: know how to find what I want on the Internet (72.7%), know a lot about using the Internet (55.3%), are very skilled at using the Internet (54.3%).

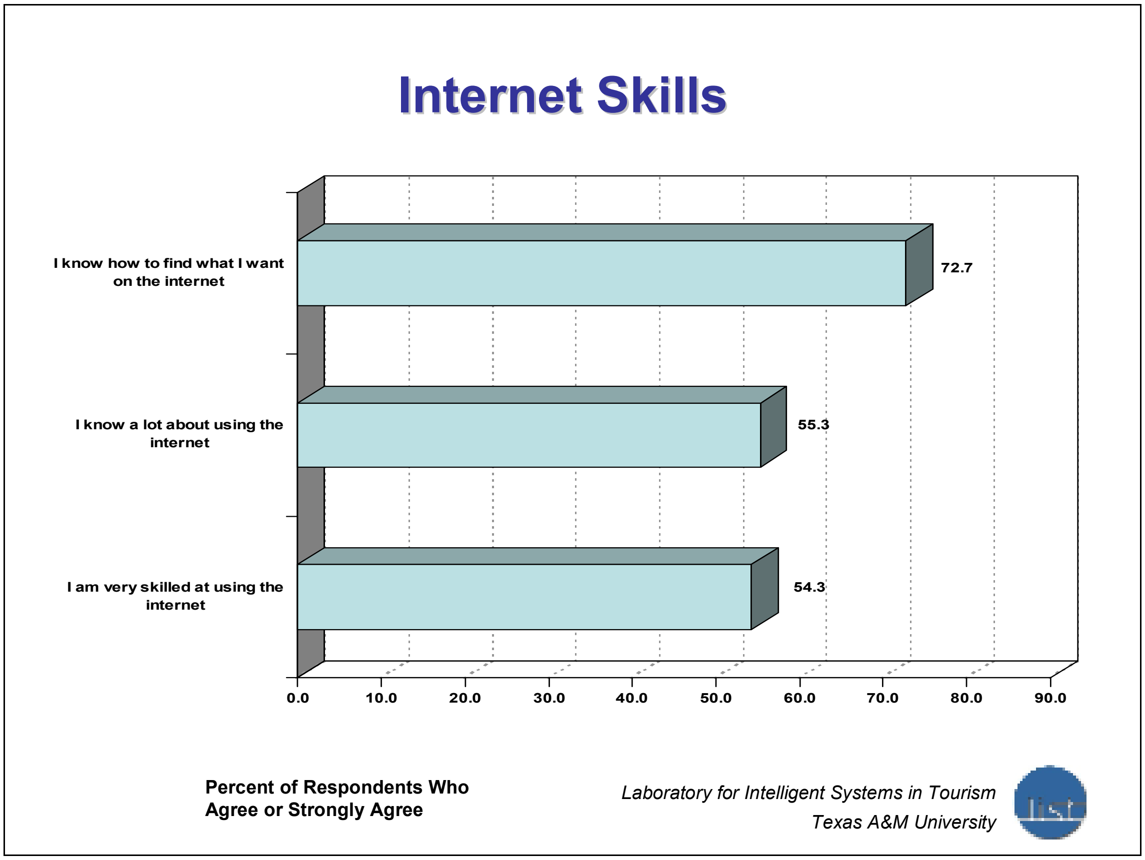

Fig. 36. Internet Skills.

Fig. 37 reflects that almost thirty percent of respondents have been in their current job position for more than 20 years (29.5%). 21.3 percent have been in their current job position for 6 to 10 years. 20.6 percent have been in their current job position for 6 to 10 years. 14.7 percent have been in their current job position for 11 to 15 years and 12.8 percent have only been in their current job position less than 6 years.

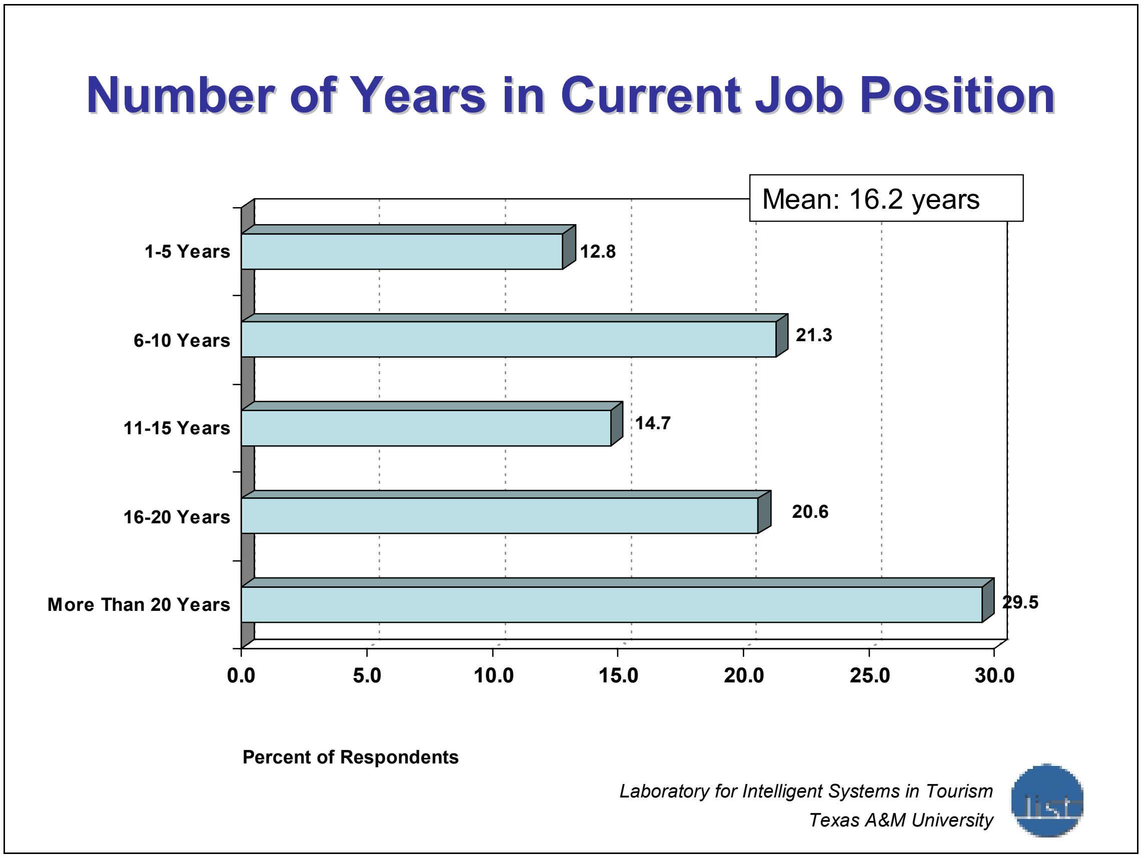

Fig. 37. Number of Years in Current Job Position.

Profile of group tour companies

A vast majority of respondents have 1 to 5 full-time staff members (78.3%) in their company, Followed by 6 to 10 full-time staff members at 7.2 percent. An accumulative of 13.3 percent reported having 11 to 200 full-time staff members. Less than 1 percent (.7%) reported having more than 200 full-time staff members and .less than one percent (.7%) don't know how many full-time staff members their company has (Fig. 38).

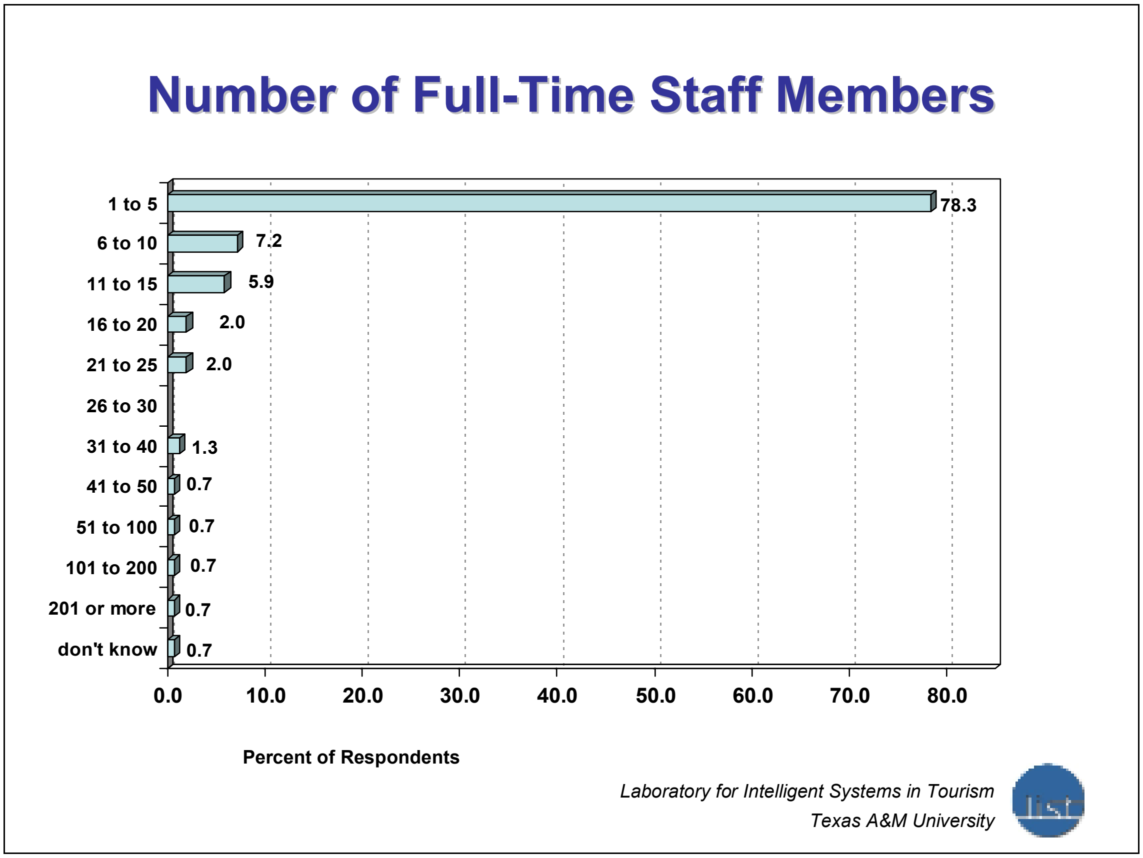

Fig. 38. Number of Full-Time Staff Members.

Fig. 39 shows that almost forty percent of respondents reported that their company's average tour group size includes 31 to 40 people (38.5%). One quarter reported average tour group sizes of 41 to 50 people (25%). Another quarter of respondents reported average tour group sizes of 21 to 30 (25%). Barely five percent of respondents reported average tour group sizes less than 21 (4.9%) and 6.8 percent report that their company's average tour group sizes are over 50.

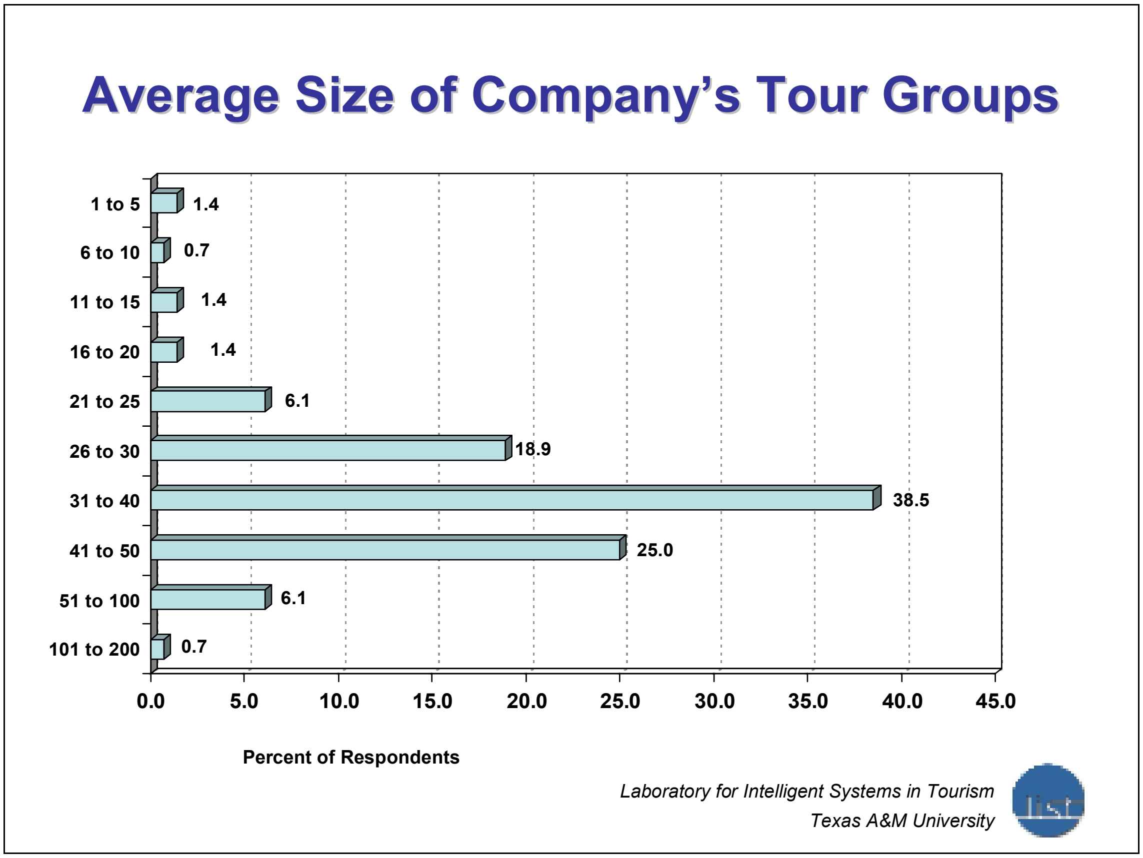

Fig. 39. Average Size of Company's Tour Groups.

The results suggest that group tour structures are changing and new markets are emerging. The data also shows that group tour planners have very specific information and planning needs and rely very much on the services offered by CVBs. Further, consumer demand appears to be the driving force in this market, and most group tour planners have changed their offerings to accommodate changes in consumer interests and needs. These findings have implications not only for marketing and providing services to group tour planners but also for product development, partnerships with attractions and consumer advertising.

CHAPTER III

CVB INTERVIEWS

Group tours are an important market for many US destinations. It is a dynamic market experiencing the emergence of new products and new customers. Little research exists regarding the way destination marketing organizations interact with group tour planners and have adapted their services to respond to the new needs of the market. Thus, interviews with 20 convention and visitor bureaus and authorities (CVBs) of major group tour destinations in the US were conducted to investigate how the CVBs perceive the group tour market, how they try to attract group tour business to their destinations, and what services they provide to group tour planners.

Methodology

Data collection and analysis

A qualitative research methodology was designed to obtain in-depth insights about the group tour market from the perspective of CVBs. Data for this study was collected through interviews with CVB representatives. The interviews were semi-structured and included questions about the CVB, the importance of the group tour market, the CVB's relationship with group tour planners, CVB services provided to the group tour market, CVB cooperation with group tour attractions and the CVB's perception of changes in the group tour market.

The interviews were conducted over the phone or in person at the Destination Marketing Association International convention in the summer of 2007. The interviews lasted between 15 and 45 minutes and were recorded and later transcribed. Comments made by the interviewees were analyzed with respect to their content and summarized into themes.

Sample

A list of 46 group tour destinations was compiled based on frequently listed destinations on motor coach company and group tour operator Websites as well as responses regarding important group tour destinations provided by group tour planners (Gretzel, Purifoy & Yoo, 2007). A representative from the convention and visitors bureau at these destinations was contacted by email or phone. A total of 20 CVBs agreed to participate in the study.

Sample characteristics

The sample includes a diverse array of CVBs in terms of their mandate (membership bureaus vs. visitor authorities funded by hotel room tax) and in terms of their size, with the number of full-time employees ranging from 4 to more than 100. The 20 CVB representatives interviewed were mostly sales managers but also directors or vice presidents of marketing and sales departments, and managers or directors of tourism development departments. Only one representative was the CEO of the CVB. The interviewees have held their current position for as few as 6 months to as many as 17 years.

Results

The following summarizes the comments made by the CVB representatives in the course of the interviews.

Importance of the group tour market for the destination

All bureau representatives expressed that the group tour market was important or very important to their destination. Many described it as a vital part of their tourism economy; some even see it as their primary market. One comment from a bureau representative illustrates the importance of the group tour market to their area:

> *"It is paramount to our success."*

Several interviewees stated that group tours were good for filling the shoulder seasons. One bureau mentioned that it was mainly critical to attractions at their destinations. Two stated that it was only important for mid-range hotels. Others stressed that it was the overnight group tours that were important to them, not the day tours, although for many destinations day tours are considered a "bread and butter" market and constitute the bulk of tours to the area. One CVB representative commented:

> *"It is important; it is one of those things where if you don't have them, you are going to miss them."*

There was a strong consensus among bureaus that it is very difficult to track the group tour market. Reasons identified were that hotels did not cooperate in reporting groups and tour operators did not always go through CVBs to arrange group tours. Only two CVBs in the sample currently have tracking systems with hotels in place and one representative reported having conducted a study in cooperation with the American Bus Association to track group tours and measure their economic impact in their area. Others only survey major tour operators or track group business booked through them. Interestingly, nobody reported working with attractions to track the day tour market. Also, there was no agreement on what to measure - number of motorcoaches, hotel room nights, or number of group tours. This, of course, makes comparison across destinations very difficult.

As far as group sizes are concerned, most destinations see the typical 40-50 people on a large motorcoach but others also reported smaller groups of 20-35. However, some of the big destinations receive groups consisting of several motorcoaches. Only a quarter of the CVBs reported that most of the group tours to their areas are day tours. Those destinations where most groups stay overnight report length of stays of on average between 2 and 4 days.

Regarding economic impact numbers, most of the bureaus did not have such numbers readily available. However, many of the bureaus indicated that they rely on general figures and formulas provided by the ABA which allow them to derive estimates. Many do recognize that groups do not only stay in hotels if they overnight but generally also eat at restaurants, visit not only the free attractions but also pay entrance fees for attractions and shows, and might use step on guides/motorcoaches based at the destination. For the gambling destinations, gambling income is of course a big part of the equation and shopping is also an important factor for some of the group tour destinations. In general, the bureaus seemed to be unconcerned about “freebies” groups who seek out free attractions:

“We have a lot of free attractions so they [do not have] to spend that money. But hotel-wise they are staying in moderate to upscale hotels that we’re tracking. And you know they are going out in our restaurants, visiting our attractions and shopping. So I feel that the economic impact is still pretty good for that market.”

Several of the CVBs reported very high economic impact numbers and even if they did not have concrete numbers they perceived the impact to be “huge”, stressing the importance of this market for their destinations.

Resources dedicated to the group tour market

One interviewee described the group tour market as very "labor-intensive". All the CVBs interviewed employ at least one person responsible for catering to the group tour market. The CVBs have on average 3 staff members working with the group tour market, ranging from 1 to 8 staff; however, only half of the CVBs have at least 1 staff member exclusively dedicated to the market. Other group tour market staff overlap with leisure, tourism development or convention sales.

There was a strong consensus among CVB representatives that it is difficult to track the percentage of tour operators they are working with. The largest reason for this is the fact that many tour operators have built relationships with vendors and deal directly with the vendors, rather than with the CVB. One representative stated:

> *"The kind of core business from us comes from the National Tour Association. It is really hard to track because we may have met someone at a convention and talked to them briefly in a very quick networking exchange, and say hey, we have this rose festival parade that we do every year… [They] may utilize those events or museums and we many still never know they are coming. So, there is still a big disconnect in this industry… between operators and destination marketing organizations such as ourselves."*

A few respondents gave an educated guess that about 60 to 80 percent of group tour operators are working with the Convention and Visitors Bureaus. In general, it seems that the bureaus are dedicating their resources more toward working with the group tour-related associations rather than individual group tour companies.

CVB services provided to the group tour market

General services

All CVB representatives report that they currently offer or will offer FAM tours, customized themed tour itineraries, individual assistance from CVB group planning staff, and shipment of brochures, photos, etc. as requested by group tour planners. All but one of the interviewed CVBs offer some form of hotel bid services. However, many interviewees mentioned that it is limited to passing leads on to their hotels as most group tour planners prefer to be directly contacted by the hotels. Most of the CVBs, except for three, offer timed tour itineraries, point-to-point directions within the destination, and on-site sales missions. Table 1 provides an overview of the services offered by CVBs.

Not surprisingly only five CVBs offer guide services at the destination. The CVBs believe that this would be unnecessarily competing with private tour guide enterprises and limit their services to referring group tour planners to available guide services in the area. Many refer only members of the CVB and others refer to local guide services that best fit the needs of the group. In addition, CVBs saw that it would take too much time and monetary resources to offer guide services through the CVB. Other services offered were listed as: maps, professional travelers kit/group tour planner guide, motorcoach list, performance venue listing, newsletter, meet and greets, welcome bags/packets, destination DVDs, site inspections, and group tour operator training. One bureau offers specific student and reunion group planner guides. Another bureau offers escort notes, which provide facts about the destination.

Table 1. Services Offered by CVBs

Services Offered	**Bureaus that offer specific services**																			
	A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*	*M*	*N*	*O*	*P*	*Q*	*R*	*S*	*T*
Group page on Website	x		x	x	x	x		x	x	x	x	x	x	x		x	x	x	x	x
Hotel bid services	x	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x
FAM tours	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Timed tour itineraries	x	x	x	x	x	x	x	x	x	x	x	x			x	x		x	x	x
Themed tour itineraries	x	x	x	x	x	x	x	x	x	x	x	x	x	f	x	x	x	x	x	x
Individual assistance	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Point-to-point directions	x	x	x	x	x			x	x		x	x	x	x	x	x	x	x	x	x
On-site sales mission	x	x	x	x		x		x	x	x	x	x	x	x		x	x	x	x	x
Ship brochures, photos	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Guide services	x				x						x				x					x

x=Currently provide; f=Will provide in the near future

Several bureaus stressed the need for customization with respect to this market. This emphasizes that individual assistance by CVB staff is really critical. It seems that many of the services are tailored to individual requests and needs. The following comments summarize the sentiment of the bureaus:

"Pretty much whatever they ask for we do."

"What I'm seeing now is everyone wants a customized tour to fit certain niche markets. It's a challenge from time to time but they are your customers so you try and do the best you can to meet their specific needs."

"What else? It's a long list. We'll about do anything they want us to."

Services offered on the CVB website

Features offered on the website vary from bureau to bureau. The bureau representatives were presented with a list of 28 Website features. The most commonly reported website services appear to be general features that can be used by all customers, not just group tour operators. All bureaus offer information on shopping opportunities and a calendar of events on their websites. The next most commonly reported services on CVB websites were hotel room capacities (18), opening hours for local attractions (18), climate information (18) and downloadable high resolution photos (18) followed by hotel amenity information (17), availability of group tour specific planning services (17), picture gallery (17) and suggested itineraries (17). A majority of suggested itineraries are 3 days and other lengths of itineraries range from half day itineraries to seven day itineraries. The longer suggested itineraries are generally for a region rather than just a city destination. In addition, many CVBs supply longer itineraries with the intention that tour planners will adjust the itinerary as needed. Sixteen bureaus have restaurant capacities on their website. A majority of bureaus (13) have the following features on their website: guided tour availability and length, motorcoach parking, ADA accessibility, distance to other destinations, an interactive map, and a destination video. Information regarding group rates and discounts information is featured on eleven bureau websites. Less frequently reported website features were: hotel ratings (9), interactive trip planner (8), virtual tours (8), restaurant menus (7), customizable brochure (6), audio podcasts (6), customer testimonials (4), and group planner testimonials (2). Table 2 presents a listing of website features offered by each of the CVBs. As can be seen from the table, no bureau offered all features on their website. Other online features offered include: logos and graphic standards, motorcoach dumping facilities, RFP forms, FAM tour registration forms, and online visitor guides.

None of the bureaus indicated that they had all features listed. Representatives stated that they are planning on placing the following features on their websites in the near future: customer testimonials (implementation planned by 5 bureaus), audio podcasts (4), group planner testimonials (4), destination video (2), virtual tours (1), and suggested itineraries (1). Both testimonials and audio podcasts are Web 2.0 features and fairly new; thus, it is not surprising that they have not yet been implemented by some of the bureaus. Only one bureau offers group tour specific blogs. None of the other bureaus reported that they would offer blogs in the future. It appears that CVBs have a problem seeing the value of a blog. No bureau offers live chat with a group tour expert. Live chats create expectations that someone will be available at all times; given the small number of employees representing the group tour market, this might be unfeasible.

Table 2. Group-Tour Related Features on CVB Website

Website Features	**Bureaus that offer specific features on their website**																			
	A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*	*M*	*N*	*O*	*P*	*Q*	*R*	*S*	*T*
Hotel capacities	x	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x		x	x
Hotel amenities	x	x	x	x	x	x	x	x	x			x	x	x	x		x	x	x	x
Hotel ratings	x		x		x	x	x					x	x		x		x			
Restaurant capacities	x	x	x	x	x	x		x	x	x	x			x		x	x	x	x	x
Restaurant menus	x	x	x		x			x			x									x
Opening hours for local attractions		x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x	x
Guided tour availability and length			x		x	x			x	x	x		x	x	x	x	x	x		x
Shopping opportunities	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Motorcoach parking	x	x	x	x	x	x		x	x		x		x			f		x	x	x
ADA accessibility			x				x	x	x		x		x	x	x	x	x	x	x	x
Group rates/discounts	x		x	x	x	x		x	x		x			f		x		x	x	
Group tour-specific planning services	x	x	x		x	x		x	x	x	x	x	x	x		x	x	x	x	x
Calendar of events	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Climate information	x	x	x	x	x		x	x	x	x	x		x	x	x	x	x	x	x	x
Testimonials by customers		x			f				x		x		f		x	f	f		f	
Testimonials by group tour planners					f				x		x					f	f		f	
Distance to other destinations			x		x	x		x	x		x		x	x	x	x	x	x	x	
Suggested itineraries	x	x	x	x	x	x		x	x	x	x	x		x	x	x	f	x	x	x
Interactive trip planner	x		x				x	x			x					x		x	x	
Customizable brochure								x	x						x	x		x	x	
Interactive map	x	x			x	x	x	x	x		x		x	x	x	x			x	
Picture gallery	x		x	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x
Downloadable high res. photos	x	x	x	x	x	x		x	x	x	x		x	x	x	x	x	x	x	x
Virtual tours	x		x				x	f	x		x		x					x	x	
Live chat with group tour expert																				
Group tour-specific blog															x					
Destination video	x		x	x	x	f	x	x	x		x		x	x	x	x			f	x
Audio Podcasts		x	x		f			x	f		x				x	f			f	x

x=Currently provide; f=Will provide in the near future

CVBs that do not list hotel ratings on their website refrain from it because they desire to represent their members equally, showing no bias to one or another. Many CVB representatives that do not offer information about group rates and discounts on their website assert that they do this because they want to leave flexibility for the hotels to negotiate. It was also mentioned by one participant that they used to have an interactive trip planner on their website, but took it off because it was not being used. In general, a majority of the CVBs track which services are being used on their website.

Marketing strategies to attract group tours

Overall marketing approach

There is a strong consensus among bureaus that they actively pursue the group tour market through tradeshows, on-site sales missions and phone calls. The most widely reported tradeshows attended were the NTA and ABA tradeshows. Other marketing strategies discussed include marketing through professional pieces such as a travel planner guide, website page dedicated for group tour planners, advertising in industry related magazines (i.e. Courier), and e-newsletters. A few have hosted or will host different tradeshows such as NTA and ABA in order to bring attention to their destination or sponsor events at these shows. Several focus on a relationship marketing strategy through maintaining clients, and strengthening relationships with group tour planners, mostly through phone blitzes. Cooperative arrangements with other destinations were also mentioned by a few interviewees. These cooperative marketing agreements involve arranging a tour to all the participating destinations.

However, not all of the bureaus engage in active marketing. One bureau representative described its strategy as largely reactive. Another interviewee mentioned that his/her bureau works with tour operators but does not actively advertise the destination to groups. Yet another stressed that although its bureau is present at shows, most of the interaction with operators happens through inquiries made by the group tour planners. Similarly, another described marketing as being mostly focused on providing resources when inquiries happen.

> *"When we get inquiries, you know, several throughout the week or month, hey I'm a new operator or I need assistance in shows and how do I buy shopping packages, we help them build their programs."*

> *"So the strategy is to first of all provide the resources to the group tour leader as well to the travel professional that is creating the group tour packages for the group tour market."*

Marketing objectives include not only encouraging overnight stays but also capturing off-season business, bringing in more upscale tour customers and a focus on niche markets. One CVB is currently developing a culinary market in conjunction with a culinary school at their destination. Some are focusing on certain groups such as student, religious, reunions, bank groups and young adult groups. One bureau mentioned having a lot of film industry groups. Two CVBs are concentrating on developing experiential tours within their destination, one representative illustrated:

> *"We have taken this initiative to develop new products for the market… We worked with 12 partners, and helped them rethink the way they bring in a tour. We wanted them to come up with some hands on activities… and really make it more experiential like you are immersed into the tour. So that has been our biggest marketing strategy and really everything from our advertising to our collateral materials has a focus on experiential."*

One CVB representative explained that offering sales ability to the group tour professional by providing the most up to date product information is critical. Indeed, several other bureau representatives also mentioned that pointing out what is new at the destination is an important aspect of marketing the destination to group tour planners. For instance, one interviewee stated:

> *"The first question they ask when you have a one on one appointment, is what's new."*

Working with group attractions at the destination

Most CVB representatives reported that they work with attractions at their destination to attract groups. Some of the most common methods to work with attractions are cooperative advertising and general education on how to enter the group tour market. Education on entering the group tour market includes obtaining groups, how to host the groups and how to keep the groups coming back to their attractions. Two CVBs offer online training to their attractions, others train attractions in terms of how to develop profile sheets to give out at tradeshows, what the different industry tradeshows are and what to expect at each trade show. Several of the bureau representatives stated that they try to join efforts with attractions when attending tradeshows.

CVBs promote attractions through FAM tours, tradeshows, e-mail blasts, e-newsletters, sending promotional materials to group tour planners, matching attractions to the interest of groups, joint sales calls, and joint sales missions. One participant described the collaborative relationship between CVBs and attractions as follows:

> *"We are in there selling the destination and they are selling their specific attractions. But a lot of times there is cross over on both sides."*

Partnerships between the CVBs and attractions are varied. One city hosts tradeshow conferences and partners with their attractions to sponsor the conferences. In return, the attractions will get publicity. Many CVBs have committees that include attractions which meet periodically. Several participants stated that they periodically request information from attractions such as updates on upcoming special exhibitions and events. One CVB has actually worked with the attraction in helping them develop their product. The focus there was on making the products more experiential.

A majority of the CVB leaders identified discounted group rates as an important quality of attractions in order to be appealing to groups, followed closely by availability of motorcoach parking. The uniqueness of the attraction and the ability of the attraction to accommodate large groups were also identified as important factors by several CVB leaders. Other qualities mentioned were: attractions must be appealing to the group, offer a welcome reception, small gifts for groups, reliable sales staff, group specialists, familiarity, complementary services for escorts, ADA accessibility, evening activities, consistent opening hours, flexible deadlines, flexible deposits, customized collateral, onsite dining, experiential activities, limited walking, separate group entrance, and convenience.

In addition, attractions should offer special behind the scenes or experiential tours in order to cater to the group tour market. The following represent the sentiments of two bureau representatives:

> *"Most of the attractions, venues or museums will certainly do their very best to provide an insider track that the general public wouldn't get."*

> *"We find that most of the operators that are calling us are looking for much more specific behind the scenes special interest things that aren't the standard."*

Perceptions regarding changes in the group tour market

The interviews conducted investigated the changes that convention and visitors bureaus are experiencing in the group tour market. Interviewees were presented with a list of possible changes that included: 1.) Group tour interests are changing 2.) Group tours are increasingly shorter 3.) Group tour customers are getting older 4.) More customers have special needs (dietary, ADA) 5.) Group tours want more flexibility in suggested itineraries 6.) Demand for group tours is declining 7.) Group tour sizes are becoming smaller 8.) Group tour planners increasingly plan tours online 9.) More families with children take tours. Interviewees were asked to indicate how strongly they agree that these changes take places. In addition to these defined changes, representatives were asked to identify trends in group leader requests and future trends which their destination is planning for.

Almost all CVB representatives feel that group tour interests are changing. Two reasons given were that travelers are more informed than before and that the senior citizen market is declining, meaning there is a younger market and younger mindset. Also, a majority of participants agree that group tours are increasingly shorter (50%). Twenty-two percent disagree that group tours are increasingly shorter. Twenty-eight percent are neutral or don’t know if they are becoming shorter. A few that felt this way asserted that they are generally seeing more variety in tour lengths.

Almost half (47%) of interviewees do not believe that group tour customers are getting older. Thirty-seven percent believe that they are getting older and sixteen percent are neutral. It was voiced that while customers are getting older, it is being backfilled with younger groups such as student groups and baby boomers compared to the “blue haired” groups. A number of bureaus stated going actively after baby boomers on group tours by developing relevant products.

More than half of the respondents agree that more customers have special needs. Forty-two percent were not sure or neutral and only five percent disagreed that more customers have special needs. Many noted that it is not necessarily true that customers have more needs, it is just that destinations and attractions are more aware of these needs. Other CVBs mentioned that the awareness is due to a recognition that more baby boomer travel and support for catering to needs (e.g. ADA accessibility). Almost all respondents agree that group tours want more flexibility in suggested itineraries. One interviewee mentioned that especially on longer itineraries group tour planners now include a lot of free time for the group travelers. Several explained that offering different options has become important:

"And a lot of them are asking for options. So instead of the entire group doing the same thing at the same time. They may be split up in a couple of different groups."

" Half the group might go one place and the other half of the group might go to another location. That's what you're seeing more of, that flexibility or a la carte type touring."

It was difficult for many of the interviewees to give a definite answer as to whether group tours were declining. Twenty-six percent believed that the group tour market was declining and twenty-six percent were unsure or neutral. However, most of the respondents (48%) disagreed that the demand for group tours is declining. Many felt that there was a decline in certain segments, but other segments were growing at the same time. One CVB participant felt that while he feels the market is declining nationwide, it was not true for his destination. Several discussions revealed that the traditional group tour is declining but as long as destinations remained responsive to the changes, they could sustain and build on the group tour market. As expressed by one interviewee, all expect the group tour business to continue to be vital in the future but to be certainly attracting a different clientele:

"It's a unique part of the industry. I don't think that it is going away, but we have to change. It's more than people sitting on a bus looking out the window."

A large majority (72%) agrees that group tour sizes are becoming smaller. Seventeen percent are neutral or do not know if group tour sizes are becoming smaller and eleven percent disagree. Several interviewees mentioned that there is an increase in smaller group tours, they also are witnessing very large groups of a series of motorcoaches. One bureau representative mentioned that motorcoaches still have the same size but they have a smaller number of seats in them and more amenities to meet customer expectations.

Respondents are split as to whether group tour planners increasingly plan tours online. Thirty-six percent of respondents feel that group tour planners do increasingly plan tours online. Thirty-two disagree and twenty-six percent are neutral or don't know. Many explain that while a lot of the group tour planners do their research online, they still prefer to work personally with CVB staff:

> *"Well, I think they go and get their information online, but I think they want that contact, a lot of questions. I don't think you can get a lot of those specific questions [answered online]"*

> *"You know what, It's just like the leisure market. They go online and look at it and then they call you. They want the contact."*

A large majority (79%) agrees that more families with children take tours. Several have mentioned that they have a lot of reunion and grandparent / grandchildren tours. 10.5 percent disagree and 10.5 percent are neutral or don't know that more families with children take tours.

The largest trend in group leader requests is itinerary building. Group leaders want unique itineraries with experiential, "hands-on" activities included. A focus is also on niche tours such as cultural tourism (theater, fine arts, wine & dine), ecotourism, technical tourism (behind the scenes of businesses), family reunions, girlfriend getaways, and holiday themed tours. Other group leader request trends include shorter planning horizons, more flexibility in itineraries, longer itineraries, freebies, a large variety of itineraries to choose from and they want to know what is new and hot in the area. Group leaders are also expecting the CVB do to do much of the planning for them.

The most common change in the group tour market that CVBs are expecting for their destination is an increase in group tours. Many are also expecting an increase in length of stay and in student travel. Other trends expected are more upscale travelers, and more free time on tours. One interviewee believes that more emphasis will be placed on international groups due to emerging markets in Asia and other parts of the world which will prefer group travel. In general, all bureaus seem to experience and expect change with respect to the group tour market. As summed up by two interviewees referring to the group tour market:

"It's ever-evolving."

"It's changing a lot, you have to watch it daily to figure out what is going on."

These findings show that the CVBs are very much aware of changes in the group tour market and try to adapt their offerings accordingly as they see this market as important and far from becoming extinct. In contrast, CVBs have identified new group tour niche markets which they actively pursue. As accountability becomes increasingly important for CVBs, they will have to find ways to better track the impact of their services on the group tour business to their areas. This will largely be a matter of deepening their partnerships with hotels and attractions.

CHAPTER IV

SUMMARY AND CONCLUSIONS

The results of the studies clearly show that the group travel market is indeed dynamic. Tour planners extensively engage in the planning of new tours and respond very much to changes in the consumer market. The results of the group tour operators also show the importance of CVB services in facilitating group tours to a destination.

The CVBs interviewed, representing major US group tour destinations, clearly recognize the importance of this market for their areas and dedicate resources to it. They see the market as demanding and try to provide as much personal assistance and customization as possible. Most of their marketing efforts are focused on building lasting relationships with the group tour planners, either through associations, presence at trade shows, personal sales calls or FAM tours. When group tour planners inquire about services, most CVBs appear to be willing to go out of their way to accommodate specific needs.

According to the CVBs, the group tour market is changing on many levels. They see these changes largely as opportunities for their destinations to attract a different type of group tour traveler. Their responsiveness to changes in the market has prevented them from seeing declines in group tours.

Several key findings emerged from the data which have important implications for CVBs and suppliers and their relationship with group tour planners. The following findings have been identified as critical for successfully catering to the group tour market:

- tour structures are changing,
- group tour planners have specific information needs,
- the path to group tour planners leads through consumers,
- planners focus on emerging markets,
- group tour planners expect special accommodations from venues,
- CVB services are important for attracting and serving the group tour market.

Tour structures are changing

Changes in the group tour market include more flexible tours and shorter tours. Indeed, day tours constitute a considerable amount of tour departures. Also, it seems that Hub 'N' Spoke tours are popular among group tour planners. Destinations and tour planners need to take these changes into account when developing their offerings or itineraries. Suggested itineraries need to reflect changing tour structures. For instance, an attraction at the destination can serve as the central point for a tour from which different activities can be undertaken. Suggested itineraries for shorter trips are needed. Also, the Hub 'N' Spoke model calls for a more regional perspective and a need to communicate to group tour planners what could be done in the area when a destination is the hub for their tour. In addition, suppliers to the group tour market should take tour structures into consideration when developing their product, such as a bundled offering within the region, and providing options in offerings.

Group tour planners have specific information needs

Group tour planners report specific needs for maps, pricing, capacity, visit durations, reservation policies, discounts, parking, etc. and need information not only for their planning but also for distribution to their tour customers. They also seem to have a specific need for information on what is new at the destination. The CVB Website needs to take these specific information needs (e.g. for regional maps) into account. While some of the information might be available in general on the consumer portions of the site, information needs to be specifically tailored to the group tour planner needs and available through the group tour section of the Website. The largest majority of tour operators rated group rates and discount information as very important. However, very few CVBs offer group rates and discount information on their website since they wanted to leave negotiating room with the suppliers. Yet, suppliers would likely benefit from providing some sort of information on their group rate policy on their website. This again would reduce uncertainty in tour planning logistics for the tour operator. In addition, as a majority of tour planners plan their tours 6 to 11 months in advance, suppliers and CVBs should provide their information in accordance with this time frame in order to be included in tours.

The path to group tour planners leads through consumers

Consumer demand for destinations and consumer input/feedback drive group tour planners in their efforts to plan new tours. Advertising a destination to consumers is more important than advertising tour opportunities directly to group tour operators. Build consumer demand and the group tour operators will come. Also, it seems that making consumer-related statistics (demographic profiles, visitor numbers, etc.) available to group tour planners would be a very convincing strategy. Since many of the group tour planners desire a reduction in uncertainty, consumer related statistics and reviews that show a destination or venue is popular, may convince them to include the destination or venue in their tour offerings.

Planners focus on emerging markets

Emerging markets were mentioned as an important change in the group tour market that seems to have caused group tour planners to shift their focus. Students is one group that tour planners seem to increasingly target as baby boomers are less interested in taking motorcoach tours. Soft adventure tours was another market specifically mentioned. Niche tours mentioned included girlfriend getaways, culinary tours, religious tours, eco tourism, technical tourism, heritage groups and family reunions. Group tour planners appear to be very concerned about finding ways to attract these markets and create suitable tours for them. Consumers taking motorcoach tours in the future might be fundamentally different from past group tour travel customers. This requires rethinking from the product-perspective at the attraction and the destination level. Thus, it is critical for a CVB to partner with attractions for the purpose of product development. Further, many may already have the product, but destinations and venues should also consider how they package and place their product in order to reach emerging markets.

Group tour operators expect special accommodations from venues

Tour operators recognized qualities of a top tour destination include customer demand, affordability, variety, group friendly, popularity and quality of venues. CVBs especially recognize that group tour operators expect the following special accommodations from venues: group rates/discounts, motorcoach parking, ability to accommodate large groups, uniqueness and experiential or behind the scenes tours. Attractions should be innovative in ways that their particular establishment could be unique in accommodating groups. In addition, if motorcoach parking is not readily available, suppliers should consider alternative areas where motorcoaches can park or partner with other suppliers nearby in accessing areas for motorcoaches to park.

CVB services are important for attracting the group tour market

In the group tour planner surveys it was found that group tour planners not only have favorable opinions of CVBs but also use their services extensively to plan new tours. Although they are skilled at using the Internet and seem to rely on the Internet and other information sources for planning, they like to have the local expertise and resources of CVBs available. Almost all want to be contacted by the CVB, particularly by mail, at trade shows and via email. It is important to communicate to group tour planners what specific CVB services are available to them. Organizing FAM tours, being present at trade shows and sending out newsletters appears to be paramount.

Since the CVB interviewees represent successful group tour destinations, their goals and approaches can be seen as best practice examples for how to best cater to the needs of group tour planners. Destinations who wish to attract group tours to their areas can definitely learn a lot from their insights. Customization of services for the group tour market, building strong relationships with individual group tour planners but also with associations, training attractions and even helping with product development, stressing what is new at the destination and focusing on unique and hands-on experiences as well as identifying niche markets seem to be the best practices which have to be taken into account.

Even these successful group tour destinations have problems tracking the extent and impact of group tour travel to their area. As accountability becomes more and more important, it will be critical for the CVBs to work more closely with their hotels and attractions in establishing tracking systems in order for CVBs to continue to provide valuable services to hotels and attractions. The CVBs play a significant role in selling their areas as attractive group tour destinations and in brokering relationships between group tour planners and local travel service providers. They should be able to track their success and take credit for it.

The group tour market seems to be very much alive but undergoing fundamental changes. Findings from the conversations with the CVB representatives and the tour operator surveys clearly stress the need to constantly monitor these changes and adapting products and marketing strategies accordingly. It is not a market that can sustain only periodic attention. Those interested in the group tour market must continually seek to form and retain relations, and be innovative in their offerings. The group tour market has proven to be rewarding for many destinations, and will continue to do so with hard work. While questions included in this study asked about important characteristics of group tour destinations, there is still more information needed as to what determines specific satisfaction levels at attractions. Also, while students and soft adventure were identified as emerging markets, it is not clear what products would be attractive for these specific markets and what other emerging markets group tour planners are currently trying to attract. Thus, there is clearly a need for further research regarding the group tour market.

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