Simulation of tourism strategies for alpine destinations

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Tourists have become more sophisticated consumers over the last decades. They are better informed, use various information sources and tend to be more critical in their choice of destination. For destinations it becomes vitally important to develop adequate strategies in order to reach interested visitors. This is especially relevant in mature tourism regions as the Alps. Key elements of the tourism product in the Alps are natural integrity and landscape beauty, cultural characteristics and the opportunity to pursue various sport activities.

This study investigates the choice behaviour of tourists selecting an Alpine destination. Based on this understanding of tourist preferences, we will investigate tourism planning and marketing strategies for alpine destinations with the following research questions:
- What are possible planning and marketing strategies for a destination?
- Which options are suitable and which are unsuitable for a destination?

The study is based on a representative random sample of German tourists and investigates their choice for summer vacations in the Alps. German visitors constitute the largest market share of summer tourism in Austria (Statistik Austria 2007). A central element of the survey is a stated choice survey in which respondents made a choice between two different alpine destinations disguised as web sites with changing destination and landscape descriptions. Attributes described various alpine landscapes, protected areas, different village sizes and activity and cultural offers. For the analysis, Latent Gold Choice 4.0 (Vermunt and Magidson 2005) was used which produces a regular multinomial logit model, as well as latent class segmentation (Boxall and Adamowicz 2002; Train 2002). Latent classes are characterized by maximizing homogeneity within classes and maximizing differences between classes.

The results show very heterogenic preferences and three different segments emerging out of the latent class analysis:
- Social and activity oriented tourists   (56%)
- Nature oriented tourists   (30%)
- Relaxing oriented tourists   (14%)

In a decision support system (DSS) based on the part-worth utilities of the multinomial logit model, it is possible to calculate market shares for different development scenarios for each one of the segments and the entire sample (n=1006). Below, two development options are shown for a lively alpine community with 4000 inhabitants and shopping possibilities with good offers for hiking and swimming. One possible strategy is to increase hiking and nature experience offers (see changes from Alternative A to Alternative B in Fig.1).

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	Alternative A	Alternative B	Neither
Size of location	4000 Inhabitants	4000 Inhabitants	
Character of location	lively location with shopping offers	lively location with shopping offers	
Nature experience	none	**Nature experience offers**	
Protected area	none	none	
Landscape	alpine 1	alpine 1	
Sunny days	55 sunny days	55 sunny days	
Price	no price difference	no price difference	
Hiking	good offer	**very good offer**	
MTB	none	none	
Climbing	none	none	
Riding	none	none	
Golfing	none	none	
Swimming	good offer	good offer	
Indoor	none	none	
Tradition	none	none	
Culture	none	none	
Events	none	none	
Group and Social oriented	19%	26%	55%
Nature orientiented	25%	58%	16%
Relax orientied	26%	31%	43%

Figure 1: Development scenario for a destination with 400 inhabitants: strategy to increase nature experience and hiking offers, market share in %, n=1006

In that case, the overall market share for the destination increases, especially for the nature oriented segment (58%); only 25% would choose the status quo scenario and 16% would select neither of the alternatives. Also, for the other segments the market share increases (group and social oriented tourists 26% and relaxing oriented 31%) but still 55% and 45% respectively would choose neither of the options.

A very different strategy would be to increase shopping and nightlife offers as well as events (see Fig.2).

	Alternative A	Alternative B	Neither
Size of location	4000 Inhabitants	4000 Inhabitants	
Character of location	lively location with shopping offers	**busy location with shopping and nighlife offers**	
Nature experience	none	none	
Protected area	none	none	
Landscape	alpine 1	alpine 1	
Sunny days	55 sunny days	55 sunny days	
Price	no price difference	no price difference	
Hiking	good offer	good offer	
MTB	none	none	
Climbing	none	none	
Riding	none	none	
Golfing	none	none	
Swimming	good offer	good offer	
Indoor	none	none	
Tradition	none	none	
Culture	none	none	
Events	none	**very good offer**	
Group and Social oriented	18%	29%	53%
Nature orientiented	44%	28%	28%
Relax orientied	27%	28%	45%

Figure 2: Development scenario for a destination with 400 inhabitants: strategy to increase nightlife offers and events, market share in %, n=1006

The results show that in contrast to the first scenario the market share clearly decreases. Even for the social and activity oriented segment only 29% would choose this option, whereas 53% select none of the alternatives. Generally for this segment shopping facilities and events are attractive. However, in this option varied sport activities are missing which are also very important for this target group (with additional good climbing and very good swimming offers 46% of this segment would choose this option). The nature oriented segment would prefer the status quo alternative (44%) and 28% decide for none of the options. Also most tourists of the relaxing oriented segment would choose neither alternative (45%).

Summarizing, the results show very heterogeneous preferences and partly contradictory demand patterns by the identified segments. Apparently, for destinations it is vitally important to develop consistent tourism strategies based on their natural and existing offers that address clear target

groups. Analysing the trade-offs of tourists in their decision making process, the results also show a high relevance of landscape based offers and activities compared to built or event based offers. The study also documents the importance of investigating preferences of potential visitors and identifying suitable target groups, not only on national or regional scales, but especially on the level of the resort community as it is there where important image formation occurs. For the purpose of destination management and marketing – a decision support tool proofs to be a very useful and versatile tool.

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