



Profiles, Personas, and Targeted Visitor Segments

Look to the Most Efficient Markets to Attract First

For more than a decade, DMMOs have been focused on attracting more Millennials and now attempting to figure out how to appeal to Generation Z.

Looking at recent research from Travel Oregon, this is likely the least efficient path to deliver economic impact and tax revenues to improve quality of life in a community. As we noted in Chapter 1, Boomers born between 1946-1964, visitors who have spent the most money on travel over the years, will still be traveling for another 20 years. And Generation Xers, another 40 years.

Apparently, these markets are still the prime visitor markets since the average age of travelers in Oregon is 51.1 years, with an average house income of \$118,000. These facts mean that the most lucrative markets who spend more, visit more attractions, engage in more activities, and dine out in a wide variety of dining experiences, still have the money to spend on travel and are spending it.

Even though they're not considered as "exciting" to attract, it makes sense to concentrate on those visitors who are easiest to reach first with money to spend while figuring out what Generation Z, born after 1995, many of whom do not drive or own a car and are not marrying and having families at anywhere near the rate of older generations, want in travel, while also looking at more ways to get Millennials "on the road."

Traditionally, market segmentation in the tourism industry, if done at all, has been limited to dividing markets into convenient demographic groupings, or targeted within the geography surrounding the community. Other DMMOs took the viewpoint of the community with resources and assets, rather than the visitor,

categorizing the various locations into activity categories assuming that visitors would respond to things of interest.

Focusing only on demographics and geography eliminates visitor markets that could be served based on lifestyle and other characteristics. For example, if the offering is white water rafting, the most likely demographic segmentation would eliminate all visitors over a certain age. Yet, white water rafters range from small children to 80-year-olds. There are many in older age groups that are very involved in fitness and maintaining good health, who don't have joint pain which precludes robust physical exercise. Potential visitor with healthy and active lifestyles can be carved out of the larger group, eliminating the rest of the particular age group that will not respond to the offering.

Effective segmentation involves analyzing the offerings and experiences being delivered compared to the visitor markets that will most likely respond to what's on offer. It's important to begin by outlining the basics of demographics, psychographics, lifestyle attributes and other elements that each offering would likely suit. Then proceed to look more finely at various types of segmentation that apply, including outcome-based segmentation, segmentation by media use, behavioral segmentation and so on.

Accurate segmentation of visitor markets will be unique to any destination, since the experience assets and resources are not the same as any other location's assets and resources. Don't try to copy any other location's segmentation, even that of the closest competitor. That segmentation is for their experiences, not those of the community.

A segment must have the following qualities:

The market must be large enough to justify segmenting. If a market is already small, careful segmentation could make it even smaller.

Distinct differences must exist between segments, to make each a segment.

The anticipated profits to be generated from the segment must exceed the costs of attracting and serving the market.

Each segment must be accessible by the organization and able to be reached through marketing communications.

Each segment must need different benefits and different personalization.

A profile or persona created for each segment represents “people living in the real world” rather than faceless “segments.” Treating the personas, as the name indicates, a derivative of person, as real people, makes it possible to more effectively describe the lifestyles, motivations, priorities, expectations, goals, personalities, and other information that drives their purchase behavior. Each persona, intended to reflect the real needs of real people who will be making the discretionary purchases are often given names and identities to make them as real as possible.

Baseline Determinants

There are a number of baseline aspects of visitor market segmentation beyond demographics and psychographics that determine whether or not a population group is going to be a viable segment.

Demographics

There are six generations in the US today. One is tailing off the traveling scene and one is made up of children. The other four are today's prime travelers. The Silent Generation, born between 1928 and 1945, the youngest of whom are nearing 80, will, with rare exceptions, only be traveling a few more years. That leaves the Boomers born between 1946 and 1964, Generation X, born between 1965 and 1980 (83 million), Millennials born between 1981 and 1996 (86 million), and Generation Z born between 1997 and 2012 (68 million) as the generations we need to focus on. At age 26, the oldest of Gen Z are clearly making their own travel decisions, although the youngest in this generation are only 12 years old. They and those born since are traveling with their parents.

Baby Boomers

Baby Boomers continue as an important tourism market, the youngest of whom will be traveling for at least another 20 years. They have held their own as the prime traveling generation much longer than anyone thought. They will serve as a reliable market while tourism marketers figure out what motivates Generation Z to travel. Boomers have traveled more and spent more on travel than any other generation in history and will continue to do so, even though these agile college-aged backpackers of the 60s who went through the Vietnam War during their coming of age years, have morphed into aging stressed out adults intertwined between family, work, and technology.

There are still more than 70 million Boomers alive today who are 76.1% Caucasian, 9.3% African American, 8.5% Hispanic, 5% Asian and 1% Native American. This is the generation of Cher and Dolly Parton, David Letterman and

Roseann Barr, Bill Gates, Steve Jobs, Bill Clinton and George W Bush. Boomers were the first generation in which women attended college in large numbers, intent on doing more than finding a husband. They constantly made history because their attitudes and lifestyle differed so dramatically from the Silent Generation that preceded them, who were for the most part conservative and non-controversial. When Boomers went to work, they entered a significantly altered work place, since by the time they were all at work, employment in agriculture had declined to approximately 3% of adult workers, manufacturing to roughly 17%, and work using information and services, in other words, work done with the head instead of the hands, had risen to the other 80% of workers.

Generation X'ers

Squished between the Boomers and the Millennials, Generation X'ers have traditionally been considered by society to be a smaller, less successful group. Even so, they will be important to attract as visitors, since many will be traveling for the next 40 years.

In many ways their beliefs and behavior are more like the Silent Generation than Boomers. Born between 1965 and 1980, X'ers make up 18.5% of the population. 62.7% are Caucasian, 16.6% are Hispanic, 12.8%, African American, 6.7%, Asian and 1.2% Native American. This is the generation of Brooke Shields, Jennifer Lopez and Jennifer Anniston, Janet Jackson, Michael Dell, and Anderson Cooper.

When Silent Generation and Boomer mothers went to work in droves in the 1970s to boost family incomes, X'ers had to learn to fend for themselves. Many of the "latch key kids" as they were called, returned home from school to an empty house.

As they grew up and married, more have experienced divorce than any other generation, resulting in more single parent families. Generation X'ers who had children in their 20s now have children who have graduated college, and often have their own children. Those who were wary of the economy and watching family disintegration waited a few more years to have families. They now have high schoolers or younger. Many of this group who delayed childbearing for a decade or more, are now older first time parents, still raising school age children. X'ers with growing families have completely different priorities than X'ers without growing families.

Millennials

Try to envision how much has changed in the world in the past 10 years. Then try to imagine what things will look like 60 years from now. Perhaps virtual reality will eliminate the need for ever leaving the house, or collectively owned, self-driving vehicles will transport people from place to place, while they sleep right in the vehicle. Other developments could be equally as astounding. Yet they will all happen within the lifespan of Millennials, who will be traveling for the next 60 years!

Born between 1981 and 1996, Millennials are 63.7% Caucasian, 20.8% Hispanic, 13.1% African American, 7.3% Asian and 1.2% Native American. This is the generation of Kim Kardashian, Amy Schumer, and Beyonce'. They range politically from Democratic Congresswoman Alexandria Ocasio-Cortez to Republican Governor Sarah Huckabee Sanders. Chelsea Clinton, Jenna Hager Bush, Meghan Markle, and Paris Hilton are all part of this very interesting mix of individuals.

When immigrants, foreign students, and others coming into the country joined the ranks of native born Millennials, (more immigrants legally moved to the United States between 1990-2009 than in the prior 60 years) they are now America's largest population block, yet more fractured and segmented than older visitor markets. Based on those circumstances, the various segments of Millennials "live on several different planets."

Generation Z

Born between 1997 and 2012, Generation Z is made up of both adults and children. They are more multi-cultural than any other generation, with only 52.9% Caucasian. 23.4% are Hispanic, 15.3%, African American, 6.9%, Asian, and 1.5% Native American. This is the generation of Naomi Osaka, an American of Japanese and Haitian descent who plays tennis for Japan, Billie Eilish, Simone Biles, David Hogg who lived through the Parkland, Florida high school shooting, fighting for gun control, and Barron Trump.

Generation Z are true digital natives, and do not know life without sophisticated technology. The average Gen Z child received their first mobile phone at age 10. Many expect instant gratification from electronic communications since they grew up playing with their parents' mobile phones or tablets, in a hyper-connected world. Spending on average three hours a day on their mobile device, their smartphone is their preferred method of communication. At least 90% are on social media with 88% on YouTube, 78% on Instagram, 74% on Facebook, 69% WhatsApp, 68% TikTok, and 67%, SnapChat. 38% of Generation Z's spend

more than four hours a day on these platforms and they use different platforms for each stage of their buying journey.

Economic Class

The population of the United States is generally divided into six economic classes, based on household income, although in the 7th edition of Marketing for Hospitality and Tourism, Kotler segmented the US market into seven relatively permanent and ordered social class divisions, in which members share similar values, interests and behaviors. He included Upper uppers (1%), Lower uppers (2%), Upper middles (12%), Middle (32%), Working (38%), Upper lowers (9%), and Lower lowers, (7%).

The Bureau of Economic Statistics details the classes in America as follows:

The Top 1%

3,290,000 Americans. Top level executives, high-rung politicians, heirs, celebrities. Ivy League education common. Members of this class are the richest of the rich. Most have inherited wealth from past generations and never experience a time when money is an issue. They tend to spend lavishly, without consideration for price.

Upper Middle Class – 15%

49,350,000 Americans. Highly educated, often with graduate degrees, most commonly salaried, professionals and middle management with large work autonomy. Household incomes are generally around \$100,000. This class did not inherit their wealth, most have earned it. While not necessary rags to riches, many

have used their knowledge and skill to reach the point they have. They are not necessarily lavish spenders, but they are also not afraid to buy what they want.

Lower Middle Class – 30%

98,700,000 Americans. Semi-professionals and craftsmen with a roughly average standard of living. Most have some college education and are white-collar. Household incomes generally range from \$50,000-\$75,000. There are both white collar and blue collar workers in this group, as well as gray collar medical workers, and other technicians. They mostly live conventional lives and they are able to provide the basics for their families.

Working Class – 30%

98,700,700 Americans. Clerical and most blue-collar workers whose work is highly routinized. Their standard of living varies depending on number of income earners, but is generally just adequate per household. High school education. Household incomes range around \$30,000. This group is mostly blue collar workers who make enough money to get by, but don't have a lot left over when providing for themselves and their families.

Working Poor – 13%

42,770,000 Americans. Service, low rung clerical and some blue collar workers. High economic insecurity and risk of poverty. Some high school education. Household incomes range between \$15,000 - \$20,000. These households have the bare essentials and have problems making ends meet.

Systemic Poor – 12%

39,480,000 Americans. Those with limited or no participation in the labor force. Reliant on government transfers. Some high school education. Household incomes are below \$18,000 ranging around \$15,000 and lower. It would be rare that these people could lift themselves out of their situation.

The economic class one perceives oneself to be in has as much influence on purchases as does income. According to Gallup, people with incomes in the \$20,000 range tend to identify themselves as lower, working or middle class. Identification with the lower class drops rapidly as income increases. When it reaches the \$30,000 to \$40,000 range, few identify with the lower class. Around \$40,000, more people identify with the middle class, rather than the working class. Once incomes reach the \$75,000 to \$90,000 range, many still identify with the middle class, with some identifying as upper class. By \$150,000, identifying as the upper middle class prevails. And by \$250,000, identification is with the upper class.

The average American middle-class income of \$60-\$70K, allows only a limited level of discretionary spending., with the average household income required to maintain a “middle-class” lifestyle for a family of three, also with some discretionary spending ability, is now between \$70K and \$75K in every state in America. Drawing the line at a minimum of \$50K or \$75K for the presence of discretionary income may appear brutal, but if the goal is to target visitor who regularly travel and participate in experiences, it generally requires the higher numbers. Also, the more educated a person is, the more likely they will engage in discretionary leisure activities, because the more education a person has, generally, the more money they make. More educated and affluent customers generally have a greater interest in heritage and culture, touring, and participating in more leisure activities.

Family Structure

The family structure in which people live is a major determinant on the experiences they select. About 25% of Americans live alone, meaning they either participate in experiences by themselves, with friends and family, or in groups. Approximately 62% of Americans are living as married couples, or with a significant other. Many have grown children, with whom they travel from time to time. Even though nearly 50% of families want to visit new places and explore together, they are complicated to target since 19% have single parents, 26% have three or more children, 12% have children with special needs, and 87% take day trips. Most families with children prefer to do things with their children when they are ages 6-12 and these children influence the decisions of what the family does more rather than less.

Changing Racial Composition

On top of other changes that are occurring in America at the current time, one of the biggest changes is how America looks. In 1965, 84% of Americans were white, 11% were African American, 4% Hispanic and the other 1% Asian, Native Americans, and all other races. In 2015, 62% of Americans were white, 18% Hispanic, 12% African American, 6% Asian and the other 2%, all the remainder. By 2025, the US will be nearly 40% non-white, and in 2035, 55% of Americans will be white, 21% Hispanic, 13% African American, 9% Asian, and the other 2%, the remainder including Native Americans.

A growing portion of the population is also multi-racial, made up of two or more races. In view of the economic gains that all segments in American society have made, it is no longer productive to segment the US population based on race,

unless the offering is specifically aimed at the heritage of one specific group. On the other hand, it is important to understand that America is becoming more racially diverse and will continue to do so. Middle class and upper class individuals now exist in all of demographic and racial groups, and purchase based on their economic strata rather than their race.

At the same time the country is become more diverse, the population of America is graying dramatically. The length of the average life span continues to increase another three months every year. By 2036, it will increase one year per year, enabling multiple humans to live well past 100.

Initial Segmentation

Segmentation by generational age group or other demographic information is generally the foundation of market targeting. Within each generation, the available visitor pool is further divided by gender, education, income, marital status, occupation, ethnicity, size of traveling party, or any other factors that apply.

But things are more nuanced than that. Further dividing markets begins to get at the core lifestyles of target markets that really drive purchases. For example, in retail, everyone has different clothing habits, based on whether they are working, going to school, retired, or in some other stage in life. Similarly, the lifestyle of a rural customer is different from an urban customer. If a person does physical work and at the same time is involved in sports, activities segment that person as active. On the other hand, a computer operator who mainly likes indoor sports is less likely to get out of the house on weekends to engage with others in physical things. Groups of Harry Potter readers may not be Lord of the Rings readers.

Psychographic segmentation also coincides with personality, for example, a “Hog,” an owner of a Harley Davidson motorcycle, appeals to one type of personality, whereas an Indian or Triumph bike would appeal to a different personality type. Segmentation can also occur based on hobbies, recreational pursuits, entertainment, vacations and other leisure pursuits that individuals are involved in.

Outcome Based Segmentation

Psychographic information does indeed, have a dramatic influence on how visitors act and what they buy, yet purchases are also greatly influenced by what visitors want the offerings they purchase to do, in business parlance, what problem should the offering solve, or the job they want the offering to accomplish, even if that job is just delivering complete relaxation. Outcome-based segmentation occurs when potential target markets are divided by the outcomes that visitors want to occur as a result of the purchase. According to Anthony Ulwick, who devised outcome-based segmentation, even within the leisure environment “visitors have “jobs” that arise regularly and need to get done. An offering that delivers complete relaxation is very different than an offering purchased to get robust physical exercise. When visitors become aware of such a job, such as the need for complete relaxation or outdoor exercise, they look around for an offering they can purchase or “hire” to get the job done.

Given the desired outcomes, one group of visitors may hire one offering to produce the desired outcome, while another group of visitors purchases a different offering to produce the same outcome. It is the differences in these desired outcomes that form the foundation of this market segmentation that not only gives marketers a more predictable target for the success of their offerings, but also enhances the

ability to brand and position the offerings to communicate the various benefits to visitors.

Behavioral Segmentation

Defined as segmentation according to individual purchase behaviors, this segmentation is aligned with the benefits that are sought from the offerings, levels of frequency and volume of purchase, and the relationship that the customer has with the organization. Behavioral segmentation also includes the traditional purchase habits of any individual which have a huge influence in the offerings they choose to buy. As we saw in the visitor decision journey, consumers don't rush to buy the first car they see, or the first sofa they sit on, nor do they purchase the first travel offerings they discover. They browse their options and take their time in making their purchase decisions. Customers also purchase different offerings for specific events, such as an occasion of a birthday party or festival, occasions that can be divided into purchases for universal occasions, regular personal occasions, and rare personal organizations.

Other questions used to segment on this attribute include (1) how often does the visitor purchase ranked from light users to heavy use (2) what is the purchase timetable, every week, every month, three or four times a year, annually? (3) what is the quantity purchased? (4) how long did the purchase decision take to make? (5) where does the visitor purchase and use the purchase? (6) are visitors motivated by price or brand? Do they respond to special offers, promotional campaigns, discounting, or guarantees?

Distribution Segmentation

Different visitor markets can be reached through different channels of distribution such as retail channels, the trade, online, mass-merchandise channels, or private labeling.

Media Segmentation

Concentration of marketing messages in one or a few media outlets, which are recognized as appropriate for the target market, can be used to dominate the markets that for example, listen to a particular radio program, read a certain magazine, or populate a certain social media platform.

Time Segmentation

A less common segmentation criteria that can be used effectively in retail where some establishments stay open different hours than others, and some offerings are sold at only certain times a year. Different types of sporting events occur throughout the year, and different types of food experiences depend on harvest seasons, and more.

Geographic Segmentation

Since 75% of Americans take trips at least 50 miles from home, it is safe to assume that three-quarters of the residents within the 4-6 hour radius surrounding any community travel, and 75% of the visitors to any location arrive from that radius, no matter where the community or city is located. This likely represents the easiest visitor pool to address, especially for DMMOs with limited budgets. For example, many locations on the East Coast are within 6 hours of New York, Philadelphia,

Washington, DC and Baltimore, delivering an addressable market as high as 90 to 110 million visitors. That's more customers than some smaller locations can envision to attract in a lifetime, so Main Streets and small historic towns may want to curtail this radius even further.

Geo-Targeting

Using the demographic information gained about current visitors combined with geo-targeting can produce a very detailed portrait of target markets in an exact geographic area. Using information previously only used for economic data and other macro applications, will illustrate a very detailed picture of potential visitors within the 4-6 hour radius in terms of age, income, education levels, and other characteristics.

Suppose you want to target Baby Boomers, age 55-65, educated, car available to drive, and above average income, or Millennials ages 25-35, educated, car available to drive, with well above average income. Geospatial analysis will reveal how many people in each segment are located in the counties in your radius and show the density of each segment in each location. This type of information is very important to precisely target pay-per-click and other advertising programs to specific zip codes and expand your social media to include details such as Facebook profiles that align with the data.

Developing Personas

The ultimate goal of visitor market segmentation is to develop complete, detailed profiles of typical visitors in each target segment, referred to as personas in digital circles, or profiles in other industries. These profiles or personas represent a “stand-in” for real users to help guide the design of travel offerings, website design, customer interaction experience design, and marketing messages. They represent “people living in the real world” rather than faceless “segments.” Treating the personas, as the name indicates, a derivative of person, as real people, makes it possible to more effectively describe the lifestyles, motivations, priorities, expectations, goals, personalities, and other information that drives their purchase behavior. The profile merely takes the information and develops it further with a narrative so that the dialogue can reflect the real needs of regular people, who will be making discretionary purchases. Organizations often describe the personas with names, pictures, and identities to make them as real as possible.

The intent of personas/profiles is to ultimately illustrate various characteristics of the market, how they think, what is important to them, why they buy, what they are trying to accomplish, goals that drive their behavior, how they buy, why they make their purchasing decisions, and when and where they purchase. Each segment is described in as much detail as possible to answer the above questions, so that different promotional strategies and marketing communications can be created to respond to the different wants and needs, the differences that make each segment a distinct market segment.

Keep in mind that there is no one right way to develop profiles, and there's not a lot of research on which method is most effective, but it is best to err on the side of objectivity and concrete information. Yet, even within this approach, some factors will be subjective. Remember you are dealing with representations of real people. And just because you assemble great profiles from all of your market data, it does not mean they will be effective.

As you learn more about visitors, a process that should never stop, profiles will be tweaked to better reflect the reality of visitor's lives. The other thing that will happen, as typical visitors age and experience other changes in their lifestyles, their profiles, needs, desires and motivations will change. It may be that some groups graduate out of the organization's target market segments, and younger customer groups take up their place.

There are an infinite number of visitor personas with each overall visitor market segment, which makes things more complicated. Few destinations have developed complete personas that enable marketing messages to be completely targeted to specific segments. A double income couple looking for an experience will not focus on a family oriented message no matter how attractive the image. They want different things and they know immediately just by visual cues, that what is being offered is not for them. Detailed personas will be required to deliver the customization that leisure visitors are expecting. And, ultimately, each persona can be supplemented with actual typical purchase history, to connect the persona to reality.