PORTFOLIO ANALYSIS OF
A DESTINATION’S TOURISM
“PRODUCT LINE”

Harold Daniel, Ph.D.
Associate Professor, Marketing
Maine Business School
5723 DP Corbett Business Building
University of Maine
Orono, Me 04469-5723
Abstract

If we think of a tourist destination as a platform from which a variety of tourist experiences can be delivered, we could conceptualize these experiences as the "product line" offered by or associated with the tourist destination. That conceptualization enables the manager of the destination to employ the logic and discipline associated with product line optimization within the realm of physical products. This paper seeks to explain the value of optimizing tourism product lines, using a portfolio logic based on satisfying target market segments. Optimization benefits the destination and its visitors by providing valued tourism experiences for the broadest market. The proposed method for achieving that optimization employs methods applied to product lines based on physical products. Results of a pilot test, executed as an MBA class project (Spring 2005) focused on the state of Maine as the tourist destination, are offered.
1.0 Introduction

If we recognize a tourist destination as a platform from which many different experiential products can be delivered, the tactics associated with managing physical and non-physical product lines may be appropriately applied. One of the key elements of the development of a marketing strategy for any type of product is the development of the product strategy. This may also be true for tourist destinations. It is widely acknowledged that the choice of product line offerings or product mix and their subsequent management has widespread influence on the marketing performance of organizations (see Dwyer & Tanner 1999, Cravens 1997). A common practice is the creation of groups of related products in product lines (Dwyer & Tanner 1999). This practice is common to producers of both physical and non-physical products offered to consumers as well as business customers. Thus, one of the major determinants of a firm’s long term success is the care with which its management is able to build and maintain the firm’s product mix in accordance with the overall marketing strategy and the needs, wants and desires of its buyers. This may also be true for the development of tourist destinations, which capitalize on the local natural and cultural assets to create experiential products designed to appeal to important target market travelers.

One of the major responsibilities of business managers is the alignment of their product mix with the needs, wants and desires of the portfolio of target customer segments. They add new, more appealing products to the mix, while removing weaker, less appealing products, as well as altering their promotion strategy with respect to underutilized products to enhance customer awareness. The substantial investment often required for introducing new products, the costs of maintaining weaker performing products and the associated risks of losing members of valued customer segments when deleting weaker performing products (Dwyer & Tanner 1999), magnify the importance of making high quality choices regarding the composition of a firm’s product mix. Further, the marketing manager has responsibility for determining which products in a product line or mix will receive enhancements in marketing strategy such as support for increased communication or intensified distribution.

The managements of self contained destinations such as state and national parks, or various resorts, control the mix of experiences offered within their parks or resorts. The managers of other types of tourist destinations, which are not self contained (e.g., towns or tourist regions), may not have complete control over the mix of products offered by businesses creating the experiential products associated with their destinations. In the latter case, the destination management would still realize value in identifying gaps in the mix of experiences associated with their destinations (i.e., high value needs, wants or desires among members of a key target market segment). They may be able to help the management of businesses located in that destination fill those gaps with the addition of appropriate experiential products.

In practice, many organizations use sales analysis to evaluate their product lines. Products generating the lowest sales are typically identified as the weakest. They then become vulnerable to removal from the product line or to replacement by newer products. Such
one-dimensional approaches to product line management can damage the line’s overall performance as members of target customer segments, who may exclusively rely on the apparently weak product, are lost when it is discontinued. The same may be true for the mix of experiential products offered by a tourist destination.

Sales measurements, by themselves, often mask the underlying nuances of marketing strategy failures and customer usage patterns, increasing the potential for alienating sizable portions of a firm’s customer base, or a destination's visitor base, potentially yielding substantial real and opportunity losses. Assessment of the performance of existing product lines must, therefore, maintain sensitivity to the potential losses and the damage that can occur to existing customer franchises from careless removal of products in a firm’s or destination's product line. The questions for the organization become: “How do we identify and remove products that represent true redundancy in the product line?” “How do we identify products in the product line that would benefit from improvement in their execution or enhancements to their marketing strategies?” “How do we strike a balance between sales and customer retention?” While these are questions that are particularly important for the management of the mix of experiences delivered by a state or national park, or other type of resort, these are issues that are germane to the management of the mix of experiences offered by or associated with many other tourist destinations.

One immediate consequence of failures in the management of a destination's mix of experiential products is opportunity loss, as portions of the target market fail to visit the destination, potentially leading to underutilization of important assets and failure to capitalize on the relatively narrow window of opportunity for attracting tourists that may be common to seasonal destinations. The destination and its businesses may invest resources in delivering weaker products, depleting resources that could be used for supporting the development of better performing new products or for supporting their more profitable existing products.

Careless deletion of experiential products that may appear to be weak, on the other hand, may result in the potential loss of valued visitors for whom the deleted experience was important and for which they perceive no close substitute in the remaining mix of products. Such deletions also eliminate any opportunity to realize the true potential of the product if the weakness is due to failures in the supporting promotional strategy as opposed to any intrinsic lack of appeal. Some of these weak products may not be the result of any failure of their basic concepts and may require only enhancements to their promotion strategies in order to improve their sales performance. Such enhancements may include increasing advertising support to improve awareness. On the other hand, some of these products may have achieved a high level of awareness, but still lag in terms of sales. These products might benefit from improved execution to improve the ease with which visitors can experience them. Without fundamental investigation, such insights are elusive. Many promising products, even in successful mixes of products may be lost due to careless deletion from the product mix, based on one dimensional product line evaluations.
Another area of concern is the introduction of new products to a destination's existing product line. The creation and marketing of new products is a well-developed area in the marketing literature. There are numerous stage-based models for the planning of new products (see Cravens 1997, 248; or Cooper 1993). Designed to manage risk, these models typically include concept screening as well as concept development and testing at the early stages of the creation of a new product or product line. The substantial investment in creating product prototypes and testing them is saved for later stages in these processes after an opportunity for considerable concept refinement. This is particularly important for management of a tourist destination where the idea of a product prototype has little or no meaning. The product either exists fully developed, or not. The concept-screening phase or stage typically entails having key employees identify the new product ideas that most leverage the firm’s strengths and appear to be most commercially viable (see Cravens, 253). When there are numerous new product ideas that highly leverage the firm’s strengths, some firms may involve consumer input in the process to reduce the number of ideas to two or three high value concepts. These are then further developed for concept testing. This process of concept screening with consumer input would seem to have value for destination managers, seeking to add to the mix of experiential products offered by or associated with their destinations.

Management failures in product development often result in additions to a product line that not only fail to increase the product line's breadth of appeal, but also increase redundancy, increasing costs without offsetting increases in sales. How, then, are new products to be identified that will both broaden the appeal of the overall product line and attract substantial numbers of new tourists? How do we reduce the potential for introducing new products that are destined to become resource-consuming stragglers and end up being removed from the product line at a later date? How can consumer input be used to optimize the configuration of new product lines?

This paper identifies a research method that can support the management of the mix of experiential products offered by or associated with a tourist destination toward the goal of achieving optimal breadth of appeal, while identifying and serving key target markets. An example is shared to demonstrate the value of the research method and management discipline involved. This aspect of destination management is particularly important given the consequences for failure to optimize the product mix with respect to the portfolio of target customer segments that a destination management organization might like to attract to their location.

2.0 The Research Method

While not normally associated with products or product lines, the concepts of *reach* and *frequency* are meaningful in modern marketing beyond the advertising evaluation context (Arens 2004, 281-282). In the context of advertising, *reach* refers to the proportion of a target audience that is exposed to a commercial message at least once. In the context of product line construction, we might think of *reach* as referring to the proportion of a target market attracted to at least one product in a product line, i.e., as the product line’s
overall breadth of appeal. In the advertising context, *frequency* refers to the average number of exposures to a commercial message received by each member of a target audience. In terms of the product line, we might refer to *frequency* as a target market “attraction index”, e.g., the number of products in a product that appeal to the members of a target market. This might be considered the product line’s depth of appeal. Like the advertising agency, the product manager’s goal is to find the appropriate balance of *reach* (breadth of appeal) and *frequency* (depth of appeal). So the question for the management of a firm or tourist destination, then, is how to build mixes of product offerings that feature an optimal balance of reach and frequency, i.e., breadth and depth of appeal.

### 2.1 Research Design

The proposed approach is based on a data collection method involving concept screening, i.e., having respondents simultaneously evaluate more than one product concept or description (see Crask, Fox & Stout 1995, 279; Cravens 1997, 255). A concept is a description of a single new or existing product or experience. While concepts can be more or less finished (presenting more or less detail about the focal product), in this context, relatively brief descriptions (less finished concepts) are used to facilitate exposure of multiple product concepts to each respondent. This method may require a respondent to evaluate more than 30 such descriptions in a single data collection session.

Traditionally concept screening utilizes personal interviews to enable a concept-sorting task. Descriptions of the focal products are typed on index cards. Respondents then sort the cards across a purchase interest scale, indicating the likelihood of purchasing the products described on the cards. In a mail delivered or online, self-administered questionnaire setting (a less preferred approach), the respondent may simply be asked to rate each concept included in the questionnaire on a purchase interest scale.

Given the number of descriptions that a respondent may have to evaluate, the amount of data collected regarding any one concept is, by necessity, quite limited. Often no more than simple awareness, trial and purchase interest measurements for each concept are collected. This type of research is ill suited, then, for in depth evaluation of new product ideas. It is, as described earlier, ideal for prioritizing product ideas, reducing the number of concepts for further consideration and greater depth of research.

### 2.2 Data Analysis

While this is a common approach to data collection, the unique feature of the proposed research method is the analysis of the resulting data. This analysis relies on portfolio logic in that the focus of analysis is balancing reach and frequency, i.e., breadth and depth of appeal, across the entire set of product concepts. The logic employed is similar to that employed in media allocation models (Belch & Belch 1998). Media allocation models seek to optimize the allocation of resources across different media by seeking to maximize reach and then frequency, when there are no longer economical alternatives for
increasing reach. That is, these models attempt to structure ad campaigns to reach the most target market consumers while maximizing the average number of times those consumers will see a campaign ad.

In this method for optimizing product lines, this is accomplished via cluster analysis of the purchase interest ratings or factor scores based on purchase interest ratings. The analysis identifies common patterns of interest across the concepts included in the research. Each pattern identifies a group of respondents (cluster) with a common set of concepts in which they are more or less interested. Concepts of broad interest among the sample, appealing to more groups (clusters) are considered to offer greater reach, i.e., greater breadth of appeal. Concepts that are uniquely and highly interesting to a single group (cluster) are often considered for addition to a product line to offer increased frequency, i.e., greater depth of appeal, for a given group (cluster).

Larger sample sizes with larger sets of concepts are aided by factor analysis of the concept interest measurements to simplify the cluster analysis, yielding an appreciation of the underlying dimensions of the portfolio of tested concepts. Factor analysis identifies groups of concepts (factors) that are perceived to offer similar benefits, addressing similar needs. Cluster analysis is then applied to the factor scores to identify the preference groups (clusters of potential customers sharing common patterns of interest or preference) for the conceptualized product groups (factors).

Central to the overall analysis is profiling each preference group (each of which may be regarded as an important market segment) to identify the specific concepts of highest interest. The goal of the analysis is to identify a set of product concepts that would ensure each preference group would find at least one product that they would consider highly attractive, maximizing the reach (breadth of overall appeal) for the resulting product line. Additional product concepts can then be added to the prospective product line that add highly interesting products with narrow appeal to a few or even a single preference group, thereby adding depth of appeal for the respective preference groups or target customer segments.

### 3.0 An Example of the Concept Screening Method

This example is based on a project conducted as part of an MBA level marketing research class. The state of Maine was identified as a tourist destination and the tourist activities in which visitors could engage were identified as the product line. Some of the product concepts described very popular tourist activities, like hiking, or swimming, while others described tourist activities that do not have a very broad appeal, like hunting. Some concepts described tourist activities that are not available in the state like, visiting theme parks or destination aquariums. The project represented a pilot test of a method for identifying important market segments in the tourist market identified by the Maine Office of Tourism.
3.1 Research Design

The research design reflects a focus on identifying gaps in the state's existing product line, i.e., tourism experiences that represent a high value to one or more target markets but which are unavailable in Maine. As a pilot test, the project did not include an exhaustive listing of the entire existing product line. Instead, 22 product concepts featuring potential and existing products (experiences) were included in the research. As mentioned above, the existing products were selected to demonstrate a range of sales performance. Some were very broadly popular experiences in the state, while others were of interest to a narrower target market.

Given the project’s status as an MBA course requirement (Spring 2005) and the resulting limitation of resources, there was no opportunity to execute personal interviews (either in a shopping mall intercept or door-to-door setting). Instead an online survey approach to data collection was used involving an e-mail panel offered by a major supplier of commercial survey samples to provide the sample.

3.2 Sample

In order to assess the ability of the new product to attract new tourists, thereby broadening the appeal of the state's overall product line, research was conducted with a general population sample, recruited from an e-mail panel. Invitations were sent to panel households in the geographic area that the Maine Office of Tourism regards as the state's primary tourist market. The area included the US states of Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Vermont and Rhode Island, as well as the Canadian provinces of New Brunswick, Nova Scotia and Quebec. Each state and province was sampled according to its relative population size based on the US and Canadian censuses. This yielded an ending sample of 598 general population respondents.

3.3 Questionnaire

The questionnaire featured 22 concepts representing a range of vacation experiences in the state. Two versions of the questionnaire were created in which the order of presenting the concepts was rotated to reduce the potential for introducing an order bias. The questionnaire included measurements of claimed awareness and trial for the respective experiences as described in the concepts, as well as a 5-point usage intent scale for each respective concept. The questionnaire also included demographic measurements as well as measurements of vacation travel behavior.
3.4 Data Analysis

The data analysis featured factor analysis of the usage intent ratings for each concept to yield classes of tourist activities or experiences. K-means cluster analysis was applied to the resulting factor scores to identify groups of potential visitors sharing common patterns of interest in the classes of conceptualized experiences. The interest ratings for each concept across the preference groups were profiled to identify the specific concepts of high interest to each group. As mentioned earlier, the number of preference groups that were highly attracted to a given concept correspond to the concept's breadth of appeal or reach.

An analysis of the claimed awareness and trial for each conceptualized activity among members of the overall sample was also valuable in identifying the specific concepts representing opportunities for increased marketing support. This was evidenced by a pattern of high interest and low awareness, or a pattern of high interest and awareness, but low trial. The former pattern suggests a need to increase promotional support to increase awareness and usage potential. The latter pattern would suggest a conceptualized experiential product might benefit by directly encouraging trial via sales promotions.

This analysis also featured demographic profiles of the resulting preference groups. Identification of important differences in demography and other classification measurements helped identify strategic implications for marketing the destination's product line.

3.5 Findings

3.5.1 Overall Performance

New Products: “Visiting Aquariums” and “Visiting Amusement or Theme Parks” represent tourism experiences that are unavailable in Maine. They were the only concepts for truly new tourist experiences in the state. Generating average interest ratings that exceeded 3.75 on the 5 point interest scale, placed them in the top third of interest ratings across all concepts. The 4.06 average rating for the aquariums concept placed it at the top of the interest ratings for all concepts included in the research.

Existing Products: With a 4.03 average interest rating out of 5, "Visiting Nature Parks" generated the second highest interest and second highest level of trial among all of the concepts included in the research. Other tourist experiences traditionally associated with Maine generated high levels of interest, including: Historical tours (3.97), train touring (3.86) and country fairs (3.83). Train touring, which has seen limited availability in the state and ranks 5th in terms of interest, also demonstrates higher interest levels than expected given that only 30% of the sample claimed to have ever tried it. This suggests that efforts to expand touring by train may be appropriate.
3.5.2 Classes of Tourist Experiences in Maine

With the KMO test of sample adequacy yielding a .907, Bartlett's test of sphericity generating a \( p = .000 \) and 69.5% of the variance in the interest ratings for the 22 concepts explained, there is evidence that factor analysis was appropriate in this case. Eight factors were identified based on the patterns of interest in the concepts. These are identified below with the respective concepts that defined them:

**Factor 1: Passive Tours**
- Historical Tours
- Light House Tours
- Art Galleries

**Factor 2: More Active Outdoor Tours**
- Sea Kayaking
- Rafting
- Skiing
- Climbing

**Factor 3: Less Active Outdoors**
- Hiking
- Camping
- Nature Parks

**Factor 4: Sailing**
- Schooner Cruise
- Sailing

**Factor 5: High Risk Sports**
- Hunting
- Motorcycle Tours
- Snowmobiling

**Factor 6: Shopping**
- Country Fairs
- Shopping
- Antiques

**Factor 7: Amusement Parks**
- Amusement Parks
- Aquariums

**Factor 8: Golf**
- Golf

Note that Train Touring did not factor. So it is not represented in the classes of tourism experiences identified in the factor analysis above.
3.5.3 Preference Clusters

Three preference groups or clusters were identifiable. These groups are detailed below: **Less Active Tourists** (43%): Representing almost half of the tourist market, this group’s high level of interest in passive tours, less active outdoor, sailing and shopping partially define the focus of the group. “Historical Tours” (4.27 average interest rating) and “Train Tours” (4.27 average interest rating) represent the most interesting experiences for this group, uniquely identifying their preferences. This market is largely comprised of women with a high level of education.

![Figure 1: Average Factor Interest Scores by Market Segment](image)
Amusement Park Tourists (33%): Representing another third of the market, relatively high levels of interest in "visiting amusement parks" (4.01) and "visiting aquariums" (3.84) uniquely identify this second group. This market is largely comprised of young women who are identifiable as students. The members of this market tend to reside in the New York metropolitan area, home to several major theme parks. Not surprisingly, this group is least likely to have visited Maine.
More Active Tourists (24%): Comprising the remaining quarter of the market, this group is defined by its relatively high interest in more active outdoor and high risk sports, as well as its relatively low interest in shopping as classes of tourist experiences. Historical tours (4.31), visiting nature parks (4.27), and visiting aquariums (4.21) represent individual tourist experiences of the highest interest. However, it is the relatively high interest in golf (3.89) compared to the low interest in golf among the members of the other two markets (average interest ratings less than 2), that uniquely identifies this market. Its membership largely includes men.

3.6 Conclusions and Implications

1. By virtue of their broad reach, the 2 new experiences should be considered for potential addition to the state's tourism product line. These include investments in one or more Theme Parks and/or Aquariums. These represented highly attractive options for two of the three market segments. Overall, interest levels also exceeded the interest levels for most of the other concepts. Assuming consistency with the tourism philosophy driving the state's sanctioning of destinations and experiential products, these findings warrant debate about the appropriateness of attempting to attract such a business to the state. Business considerations such as the state's short tourism season, however, may make attracting such a business difficult.

2. The investment in adding one or more high profile amusement parks and/or aquariums could broaden the appeal of the state of Maine as a tourist destination, attracting a market segment that has historically been underserved by and avoided travel to the state. Members of the market segment that is exclusively attracted to amusement parks and aquariums have historically avoided...
travel to Maine. The addition of these attractions may encourage them to visit the state for the first time and, assuming delivery of a satisfactory experience, return to the state and encourage others to do so.

3. **Attracting this market segment would not be easy.** Given the close proximity of this market segment to strong competition from major theme parks, the amusement parks or aquariums in Maine would probably have to offer uniquely high value experiences to attract the members of this target market to what would be a distant destination for most.
Portfolio Analysis of a Destination’s Tourism “Product Line”

4.0 Citations


