

URBAN TOURIST COMPLEXES AS MULTI-PRODUCT COMPANIES: MARKET SEGMENTATION AND PRODUCT DIFFERENTIATION IN AMSTERDAM

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ABSTRACT

The purpose of this study is to investigate and model the way touristic agents in Amsterdam design and organize their products in order to satisfy the needs of tourists with different geographic origins, characteristics, motivations and purposes. Applying the concept of a multi-product firm to a city, Amsterdam is presented as a multi-product touristic city, where different suppliers offer different services to visitors and are getting benefits from the economies of scope that are generated collectively. The use of the multi-product metaphor aims to analyse how the differentiation of products contributes to meet the needs and motivations of the tourist demand.

A systematic model is designed comprising the various forces as attractions with the city. The model will be fed with available tourism data, both at a micro and a meso scale of observation. A micro-simulation model will next be developed and used, in order to analyse the individual characteristics and behaviour of tourists in Amsterdam. After this first step, a path-analysis will be developed, trying to identify the empirical forces and constraints that shape the conditions for the matching between the needs and motivations of the tourists and the services provided by the touristic agents.

KEYWORDS

Multi-Product, Segmentation, Differentiation, Micro-Simulation, Simultaneous Equations Models.

1. OBJECTIVES

The tourist sector is evolving into a modern industrial organization. Modern tourism is based on the supply of an appropriate portfolio of tourist services for a varied set of visitors. Tourist destinations have turned into multi-faceted tourist complexes comprising a broad package of amenities that satisfy

the needs of a heterogeneous group of clients. One may regard such modern tourist complexes as export-oriented multi-product companies, characterized by spatial and functional market segmentation and by monopolistic competition reflected in product differentiation. Thus, the tourism sector exhibits the signs of a diversified globally-oriented export activity.

It is increasingly recognized that a tourist destination is often no longer a set of distinct natural, cultural, artistic or environmental resources, but an inclusive appealing product available in a certain area; it is based on a complex and integrated portfolio of services offered by a place of destination that supplies a holiday experience which meets the various needs of modern tourists. A tourist destination thus produces a compound package of tourist services based on its indigenous supply or attraction potential. It should be added that the attractiveness of a city as an urban tourist complex does not only depend on the presence of facilities of all kind, but also on the information provided on these facilities. And therefore, web-based information (for pre-trip information) and electronic information devices (portable GPS- equipments) are also great importance.

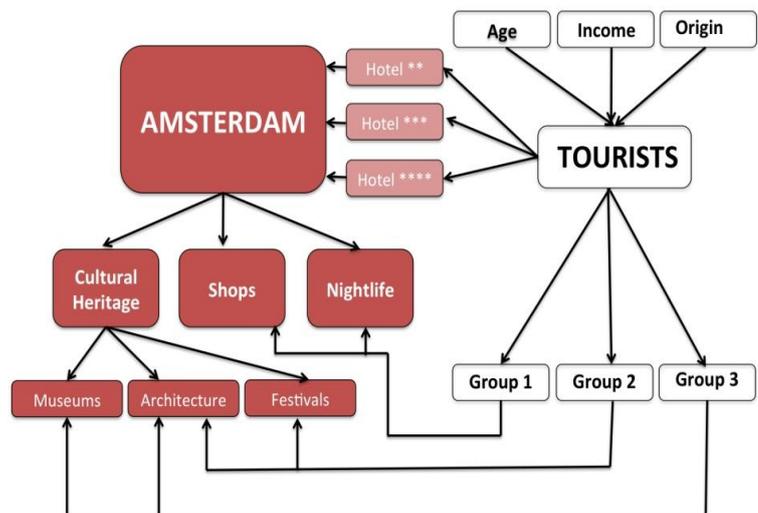
The purpose of this study is to investigate and model the way touristic agents in Amsterdam design and organize their products in order to satisfy the needs of a large number of tourists, with different geographic origins, characteristics (gender, age, level of education, cultural preferences, etc), motivations (e.g. preferred activities) and purposes (e.g. leisure, business). We take for granted that the city offers to visitors a wide range of services, like accommodation, transport services, restaurants, special events, night-life, cultural heritage (e.g. monuments, museums, architecture), landscapes, parks or a particular urban environment.

2. METHODOLOGY

For this purpose, a systematic model will be designed comprising the various forces as attractions with the city. The model will be fed with available tourism data, both at a micro and ameso scale of observation. Clearly this information will never be complete and therefore a micro-simulation model will next be developed and used, in order to analyze the individual characteristics and behavior of tourists in Amsterdam.

After this first step, a path-analysis will be developed, trying to identify the empirical forces and constraints that shape the conditions for the matching between the needs and motivations of the tourists on the one hand and the services provided by the touristic agents on the other hand in the city. All this information will be encapsulated in the path model.

Tourist motivations and Tourism services: an example



3. MAIN CONTRIBUTIONS

Applying the above concept of a multi-product firm to a city, we can present Amsterdam as a multi-product touristic city, where different suppliers offer different services to visitors and are getting benefits from the economies of scope that are generated collectively. Our use of the multi-product metaphor aims to analyse how the differentiation of products contributes to meet the needs and motivations of the tourist demand, taking into consideration marketing tools and channels, namely those related to e-tourism. This analysis can provide some guidelines about the complementarities between tourist products and services and to improve the revenues related to tourist activities in the city.

4. CONCLUSIONS

Our applied analysis will allow us to identify direct effects, indirect effects and correlations between the variables that can decisively influence the behaviour of tourists in the city. Understanding these processes can be a useful tool for the touristic service providers in Amsterdam to adapt and organize their procedures in order to maximize their performance. On the other hand, the results of this analysis will also provide relevant information in order to contribute to the definition of directives and guidelines for strategic urban policies and to the development of new instruments for sustainable urban development related to tourism activities.

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