

Martinette Kruger, Melville Saayman & Andrea Saayman

Identifying the ‘big spenders’ at a national arts festival

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This article aims to apply expenditure-based segmentation to visitors to the Klein Karoo National Arts Festival. Surveys conducted at the Festival from 2005 to 2011 and ANOVA analyses were used to divide the visitors into low, medium and high spenders based on total expenditure. Results show that the high-spending market at the Festival was distinguishable from the other segments on the basis of their longer length of stay, older age, and higher income. The results can assist festival organisers and marketers in future development and marketing strategies that allow for sustainable development.

Identifisering van die ‘hoë spandeerders’ by ’n nasionale kunstefees

Die doel van hierdie artikel is om besoekers aan die Klein Karoo Nasionale Kunstefees te segmenteer in terme van hul bestedingsgedrag. Data vanaf 2005 tot 2011 is gebruik om bestedingsgebaseerde segmentering toe te pas en ANOVA analises is gebruik om verskille tussen hoë-, medium- en laespanderingsgroepe by die fees te bepaal. Resultate toon dat hoë spandeerders van ander spanderingsgroepe onderskei kan word in terme van hul langer verblyf, ouer ouderdom en hoër inkomste. Hierdie resultate kan feesorganiseerders en bemarkers help met die toekomstige en volhoubare ontwikkeling van die Fees.

Ms M Kruger, Prof M Saayman & Prof A Saayman, TREES (Tourist Research in Economic Environs and Society), North-West University, Potchefstroom Campus, Private Bag X6001, Potchefstroom 2520; E-mail: 13018493@nwu.ac.za; 10201424@nwu.ac.za & 10225595@nwu.ac.za.



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The annual Klein Karoo National Arts Festival (KKNK) takes place in Oudtshoorn for eight days during the March/April school holidays. The KKNK is a South African celebration of the arts through the medium of Afrikaans and accommodates both visual and performing arts, for example cabaret, music, theatre, classical music, jazz, and light music. Since its modest beginning in 1994, the festival has not only grown to be a household name, but has also become one of the biggest arts festivals in South Africa, attracting over 150.000 visitors and over 1.000 artistes in more than 200 productions and exhibitions (Anon 2007:1, Kitshoff 2004: 240, Van Zyl 2005: 9). The festival has a significant economic impact on the Oudtshoorn community, generating over R95 million in 2011 (Oberholzer *et al* 2011: 77). However, the product life cycle of the festival measured by the ticket sales (*cf* Figure 1) indicates that the KKNK is in the decline phase. The dramatic decline in ticket sales since 2006 has a serious impact on the future profitability and sustainability of the festival (Le Grange 2003: 56). This decline also makes it increasingly difficult to lobby for public funding (Snowball & Willis 2006a: 43 & 2006b: 20). Uys (2003: 13) and Kruger (2009 & 2010) assert that a sustainable marketing strategy is needed to maintain a steady growth rate. The latter added that one of the best ways to secure long-term growth is to understand each tourist (festival) market as an individual group of tourists (visitors). Hence, market segmentation is used to identify the target market and to better understand their needs. It also plays a key role in developing a marketing strategy suitable for the target market. Therefore, for the festival marketers/organisers to determine possible solutions for the above problem and to develop the right marketing strategy, market segmentation is vital to ensure the KKNK's continuous existence and success.

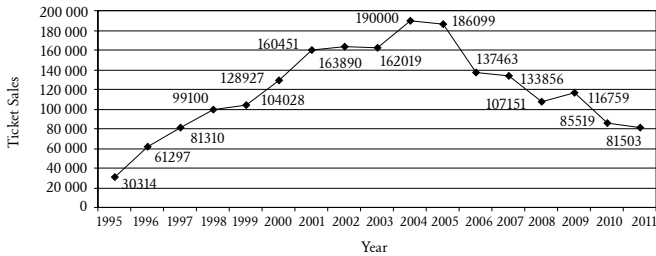


Figure 1: Product life cycle measured in ticket sales

Source: Erasmus *et al* (2010: 36)

Market segmentation is widely regarded as being one of the key elements of modern marketing (Dibb & Simkin 1996: 1). It can be defined as the process of grouping together visitors that share similar needs and buying characteristics. It therefore involves the identification of market segments (the breaking down of the overall market into visitor groups derived from an analysis of visitors' needs and buying characteristics), the prioritising of which segment(s) to target, and the determination of a suitable brand/product positioning for the segment(s) targeted (Andereck & Caldwell 1994: 40, Armstrong & Kotler 2005: 11, Dibb & Simkin 2004: 58).

According to Slabbert (2002: 40), various methods are used for comprehensive market segmentation to understand visitors' needs, motives, and expectations. These include cluster analysis; correspondence analysis; regression analysis; Automatic Interaction (AID) analysis; latent class analysis; judgment-based segmentation, factor and component analysis as well as using expenditure. In tourism, market segmentation is often done through expenditure-based segmentation (dividing visitors into low, medium and high spenders). Saayman *et al* (2008: 18) and Spotts & Mahoney (1991: 27) indicated that expenditure-based segmentation is an effective alternative method of market segmentation. This method provides a complete visitor profile and is used to identify and compare different segments. The results from such segmentation can therefore distinguish the high spenders at the KKNK (who spend more money supporting the festival shows/productions) from other segments in terms of sociodemographic and

behavioural characteristics such as age, group size, length of stay, trip purpose, travel mode and expenditure patterns (Mok & Iverson 2000: 299, Spotts & Mahoney 1991: 24). Since correlations between different determinants can also be made, this information can be used to enhance the economic benefits of the KKNK by increasing visitor spending at the festival.

It is therefore imperative for the KKNK organisers/marketers to identify the needs, motives and expectations of current and potential visitors by means of the process of market segmentation. By knowing the festival visitors' specific needs and motives for attending the festival, the festival product/programme can be designed to meet their needs, encourage visitors to spend more money supporting the festival's shows/productions, and ensure repeat visits (Burke & Resnick 2000: 39, Getz 1997: 272, Kastenholz 2005: 556). This article aims to apply market segmentation of visitors to the KKNK by means of expenditure-based segmentation.

1. Contextualising the research

Considering the importance and value of market segmentation through expenditure-based segmentation, segmenting travel markets based on travel expenditures is a useful alternative to the more common approach to segmenting based on travel activity when some type of volume segmentation is desired. It might be more useful to specifically target the high spenders in a region rather than to seek to attract either visitors who will make relatively lengthy stays in the region or visitors who will spend a relatively high percentage of their total trip-nights there (Spotts & Mahoney 1991: 24). The reason for this is that travel marketers seek visitors who will spend money, and not only time, on their tourism products (Mok & Iverson 2000: 299). In addition, Mok & Iverson (2000) and Spotts & Mahoney (1991: 24) applied an expenditure-based technique to categorise spenders into high, medium and low spenders based on their total expenditure. By applying this method, the high spenders were distinguishable from the other segments based on their sociodemographic, behavioural and spending characteristics. These findings were helpful in designing a destination-marketing programme.

Various other benefits can be derived from applying expenditure-based segmentation, in particular for effective marketing. In summary, expenditure-based segmentation can lead to the following: niche marketing; determining the attractiveness and viability of visitor segments; a clear distinction between heavy spenders and heavy users; maximised economic benefits; better aimed/strategic marketing efforts; visitor loyalty coupled with repeat visits, and better understanding and application of behavioural characteristics that influence visitor spending.¹

Travel expenditure may often be superior to activity measures as a segmentation variable because travel expenditures for a given unit of travel activity can obviously vary significantly from one travelling group to the next (Legoharel 1998: 21, Spotts & Mahoney 1991: 24). Mudambi & Baum (1997: 29) mention that a better understanding of expenditure patterns can help clarify the attractiveness of previously identified visitor segments. According to Thrane (2002: 286), for the festival marketers/organisers, some visitors are more important than others in the sense that they spend more money on accommodation, production/show tickets, and eating and drinking more often in restaurants. Market research by Twedt (1964: 71) and Cook & Mindak (1984: 79) found that many heavy users of consumer products account for a large percentage of sales. Research by Saayman & Saayman (2006: 220) and Thrane (2002: 281) also indicated that the high spenders at a festival are more likely to stay longer and buy tickets supporting the festival productions than those not interested and that, consequently, their overall personal expenditure during the festival will be greater. This results in a greater economic impact on the host community.

Attracting high spenders instead of crowds is thus desirable not only from an economic, but also from an environmental point of view. The overcrowding associated with the festival may be avoided by attracting high spenders who buy tickets for the festival shows/productions (Saayman & Saayman 2006: 219 & 2005: 582). The success of the festival should therefore be judged on the income derived and the benefits that accrue to the community rather than on the number of visitors (Saayman & Saayman 2006: 220). According to Kruger

1 Cf Wilton & Nickerson 2006: 21, Thrane 2002: 286, Woodside Cook & Mindak 1987: 10, Mok & Iverson 2000: 304.

(2009: 3), in order to sustain the nature of an arts festival such as the KKNK, it is important to identify and attract the visitors who attend ticketed shows/productions. The reason being that, according to research, visitors attending festival shows/productions stay longer and spend more than those not interested and, therefore, their overall personal expenditure during the festival is greater.² This, in turn, results in a greater economic impact of the festival (Gokovali *et al* 2007: 737, Kastenholz 2005: 556). It thus seems logical to emphasise meeting the needs and preferences of the high spenders and ticket-purchasing visitors, as it appears to be instrumental for successful marketing (Spotts & Mahoney 1991: 24). Therefore, a reasonable marketing strategy for the KKNK would be to attract more high spenders, who buy tickets supporting the festival's shows/productions, as opposed to low spenders. To do so, however, the exact profile characteristics of the high spenders at the festival must be identified by means of expenditure-based segmentation.

In their study of visitor spending at the Salford Quays (UK), Craggs & Schofield (2006) distinguished between heavy, medium, light and no expenditure segments and concluded that there is a wide range of sociodemographic and behavioural determinants that influence visitor expenditure. Results from studies showed that the following characteristics distinguished the high spenders from the medium and low segments:³ older;⁴ better educated (Pizam & Reichel 1979, Woodside *et al* 1987: 11, Snowball & Willis 2006b: 29; earn more;⁵

2 Cf Thrane 2002: 281, Saayman & Saayman 2006: 220, Kruger *et al* 2009, Kruger M, M Saayman & S Ellis (2009). Travel motives as a method of market segmentation of visitors to the Aardklop National Arts Festival. *Journal of Travel and Tourism Marketing* [in press].

3 Cf Mok & Iverson 2000, Saayman & Saayman 2006, Saayman *et al* 2007, Spotts & Mahoney 1991, Pizam & Reichel 1979, Snowball & Willis 2006b, Mehmetoglu 2007, Pouta *et al* 2006, Perez & Sampol 2000, Mak *et al* 1977, Woodside *et al* 1987, Thrane 2002.

4 Cf Kruger 2010, Mak *et al* 1977, Perez & Sampol 2000, Saayman & Saayman 2006: 217, Saayman *et al* 2009, Kastenholz 2005: 563, Kruger 2009, Thrane 2002: 284.

5 Cf Saayman & Saayman 2006: 220, Thrane 2002: 285, Woodside *et al* 1987: 11, Snowball & Willis 2006b: 29, Kruger 2010: 50).

stay longer;⁶ travel longer distances;⁷ smaller groups (Mok & Iverson 2000: 303-5, Saayman & Saayman 2006: 220, Kruger 2010: 50) while Saayman *et al* (2007: 17) and Spotts & Mahoney (1991: 24) revealed the exact opposite and concluded that high spenders tend to travel in larger groups; travel for purpose to attend festival/enjoy destination (Saayman & Saayman 2006: 220, Mehmetoglu 2007: 213, Kruger 2010: 50), and prefer drama or dance theatre at arts festivals (Saayman *et al* 2009, Kruger 2009).

Based on the above, it could be stated that expenditure-based segmentation can assist the KKNK marketers/organisers to differentiate between the high spenders and determine the viability of targeting this market. Findings will further suggest how the festival's appeal to heavy spenders could be maximised, and how its existing market of heavy spenders could be encouraged to stay longer, buy more tickets for shows/productions and return in the future.

2. Methodology

Data from the surveys carried out from 2005 to 2011 during the Klein Karoo National Arts Festival in Oudtshoorn were used for the purpose of this study.

2.1 The questionnaire

The questionnaire used to survey the visitors to the KKNK remained similar throughout the period (2005-2011) of data collection. Ten questions were asked to collect sociodemographic information about the visitors, followed by an additional ten questions specifically targeting the festival programme, type of productions and perceived level of services. Basic demographic questions included gender, age, occupation, and language. Other key questions asked in the survey included the length of stay at the festival, the number of show/production tickets bought, the number of people for whom the respondent is paying the size of the travel group, and the expenditure

6 Cf Thrane 2002: 285, Mok & Iverson 2000: 303-5, Spotts & Mahoney 1991: 24, Mehmetoglu 2007: 213, Downward & Lumsdon 2004: 415, Saayman & Saayman 2006: 220.

7 Cf Saayman *et al* 2007: 17, Pouta *et al* 2006: 132, Cannon & Ford 2002: 263, Lee 2001: 659.

of visitors on different spending components. The questions relating to spending were detailed by spending category, including accommodation, shows, food and beverages, shopping, recreation, and transport. Due to the sensitive nature of the question, household income was not asked in the questionnaire. To account for household income, the occupation of visitors was classified into high-, medium- and low-income jobs, and this can be viewed as a weak proxy for income.

Most questions have an assigned number to the chosen answer, which is then used in the analysis. The dependent variable is spending per person, which was calculated by adding the spending of the respondent on the various components asked, and subtracting transport costs to the festival from the value obtained, since the inclusion of transport costs would automatically cause a bias for visitors from beyond Oudtshoorn. This gave total spending excluding transport, which was then divided by the number of people for whom the respondent was paying in the trip, to give spending per person over the duration of the time respondents spent at the festival. Some clarifications on the “province” and “occupation” variables might be necessary. Other provinces were distinguished from Gauteng and the Western Cape, since the majority of visitors to the festival originate from these provinces. Other provinces can therefore be used to determine the significance of both Gauteng and the Western Cape in the analysis. Occupation is divided into three categories based on the level of perceived income to account for the influence of discretionary disposable income on spending.

2.2 The samples

The surveys were conducted annually during the festival in Oudtshoorn in the March/April school holidays. Table 1 lists the sample sizes for each year. It is evident that the sample size has increased significantly over the past years. These surveys consisted of a personal face-to-face interview (explaining the purpose of the survey) and a self-administered questionnaire. Trained fieldworkers carried out the personal interviews according to an intercept approach, distributing the questionnaires at the end of the personal interviews. The interviews took place at several locations throughout the city of Oudtshoorn

to limit bias towards certain visitors. However, they were generally conducted in the concert areas/show venues and in the closed streets where festival visitors gathered between the various shows. Adult visitors were randomly selected as they entered or departed from these areas and when they were sitting down and relaxing at the various venues.

Table 1: Questionnaires compiled during KKNK – 2005-2011

Date	2005 25-28 March	2006 30 March- 8 April	2007 30 March- 8 April	2008 2-27 March	2009 30 March- 8 April	2010 30 March- 8 April	2011 30 March- 8 April
Amount of visitor questionnaires	400	452	512	608	555	481	480
Adjusted sample	369	440	476	555	508	473	453

Only questionnaires that had complete spending information and indicated the number of people in the travel party could be used in the final analysis. This caused a slight decline in the final samples (N = 3274) (*cf* Table 1). While there are also missing values in the other questionnaires, as many questionnaires as possible were included in the analysis.

2.3 Statistical analysis

First, for the purpose of expenditure-based segmentation, spending segments must be created. On the basis of previous research, three expenditure segments were created, namely high-, medium- and low-spending segments.⁸ In order to create the high, medium, and low expenditure groups, the usable responses were divided into three equal groups for each of the seven years. As mentioned earlier, expenditure per person per trip was calculated after subtracting travel expenses, since this might cause biased results; this variable derived from the data was used to create the three expenditure groups. The first group (low spenders) thus reflects the bottom 33.3% of the sample of every year; the middle group reflects the middle third – 33.4% to 67.7% – of the

8 *Cf* Craggs & Schofield 2006, Saayman *et al* 2008, Mok & Iverson 2000, Spotts & Mahoney 1991, Woodside *et al* 1987.

spending per person, and the high expenditure group reflects the top 33%. Next, analysis of variance (ANOVA) was carried out to determine whether there are significant differences between the different expenditure groups on the sociodemographic determinants as well as the type of shows/productions. For the purpose of the ANOVAs, all the data was pooled, since the spending was already categorised and all other variables are ordinal in nature, and independent of time. For the purpose of this study, Tukey’s HSD test was carried out to compare all the different groups with each other (Field 2005: 354). It is therefore used to determine whether the mean values differ between the high and low, the high and medium and the medium and low expenditure groups at the KKNK. The ANOVA results for the sociodemographic and behavioural determinants will be discussed in the next section. Two-way frequency tables and *chi*-square tests were used to profile the three spending groups demographically. The study used demographic variables (age, gender, home language, province of origin, and type of production/shows attended) as well as behavioural variables (average spending per person, length of stay, number of tickets purchased, and repeat visitation) to examine whether statistically significant differences existed among different groups.

2.4 Results

This section discusses the results of the ANOVA as well as the cross-tabulations with *chi*-square tests to investigate significant differences.

2.4.1 Results from the ANOVA analysis and Tukey’s post hoc multiple comparisons

Table 2: ANOVA and Tukey’s post hoc multiple comparison results for motivational factors in three spending groups

Variables	Low R366.11	Medium R1095.29	High R3707.46	F ratio	Sig. level
Age	42.44 ^a	40.26 ^b	44.39 ^c	19.185	<0.05
Group size	3.56	3.30	3.42	1.169	0.311
People paying for	2.61 ^a	2.22 ^b	1.91 ^c	56.174	<0.05
Length of stay:					
Number of days at festival	2.60 ^a	3.33 ^b	4.50 ^c	302.981	<0.05

Number of nights in Oudtshoorn	2.06 ^a	2.86 ^b	4.12 ^c	231.854	<0.05
Times previously attended	4.64	4.34 ^a	4.99 ^b	7.001	<0.001
Number of tickets purchased	3.11 ^a	5.03 ^b	11.32 ^c	106.666	<0.05

* Statistically significant difference: $p \leq 0.05$

^a Group differs significantly from type (in row) where ^b is indicated

^c Group differs significantly from type (in row) where ^a and ^b are indicated

Table 2 shows that the average age of visitors in the high expenditure category is significantly older than those in the low and medium expenditure groups. The average age also differs significantly between the low and medium spenders. Therefore, older visitors tend to spend more at the KKNK compared to younger visitors. A possible explanation could be that these are loyal visitors in a well-paid career phase, and thus have the money to spend. Group size ranges between 3.30 and 3.56 people for the different expenditure groups. Yet Tukey's post hoc test indicates that the differences are not significant. With regard to the number of people for whom respondents were financially responsible, it is surprising to note that the low spenders were financially responsible for more people during the festival compared to the medium and high spenders, with the high spenders being financially responsible for the fewest people during the festival. There is a statistically significant difference between all the different expenditure groups regarding length of stay. As expected, high spenders stay longer (an average of five days at the festival and four nights in Oudtshoorn), while visitors in the medium- and low-spending category stay an average of three days and two to three nights in the area. Visitors in the low and medium expenditure group are less likely (when compared to the high expenditure group) to stay more than two to three days at the festival. It is also evident that the high spenders have attended KKNK more times, on average, than the medium spenders. It is not surprising that higher spenders purchase the most tickets (an average of 11 tickets) compared to the low and medium spenders who, respectively, purchase three and five tickets.

2.4.2 Cross-tabulations and *chi*-square test results

As indicated in Table 3, most high spenders are represented in the high-spending category while more low and medium spenders fall

in the low-income occupation category. This is expected, since higher discretionary disposable income is positively associated with higher spending on normal goods. Visitors with medium-income occupations are roughly equally distributed between the expenditure groups. For Gauteng, significantly more visitors to the festival are from the high expenditure group compared to the low expenditure group. Visitors from the Western Cape are almost equally represented in all expenditure segments. This could be explained by the fact that visitors from the Western Cape are mostly local residents and day visitors. More visitors from other provinces are in the medium and high expenditure group compared to the low expenditure group.

It is also evident from Table 3 that visitors to the KKNK attend a wide variety of shows/productions showcased at the festival. The most popular shows/productions are drama, music theatre and cabaret, and contemporary music for all the expenditure segments. The high- and medium-spending visitors at the festival also mainly prefer these shows/productions and tend to be the main audience at all the shows and productions. Although visitors who fall in the low-spending category also buy tickets for all the types of shows/productions at the festival, they do not distinguish themselves from the other spending categories by attending more of a specific type of show/production than the other expenditure groups. One can thus conclude that low spenders are typically visitors who attend fewer shows/productions while at the KKNK. No significant differences regarding the different expenditure groups were identified for children's theatre.

Table 3: *Chi*-square test results of visitor characteristics (N = 3274)

Characteristics	Spending groups			<i>Chi</i> -square value	Df	Sig. level	<i>Phi</i> value
	Low R366.11	Medium R1095.29	High R3707.46				
Home language:							
Afrikaans	96%	96%	97%	3.812	2	0.149	0.034
Other	4%	4%	3%				
Occupation:							
High-income occupation (professional, management, self-employed)	Yes=71%; No=29%	Yes=69%; No=31%	Yes=77%; No=23%	23.687	2	<0.05*	0.085
Medium-income occupation (technical, sales, farmer, mining, administrative, civil service, education)	Yes=72%; No=28%	Yes=75%; No=25%	Yes=74%; No=26%	5.529	2	0.237	0.041
Low-income occupation (housewife, pensioner, student, unemployed)	Yes=57%; No=43%	Yes=56%; No=44%	Yes=49%; No=51%	20.009	2	<0.05*	0.078
Province of origin:							
Gauteng	Yes=8%; No=91%	Yes=10%; No=90%	Yes=16%; No=84%	32.247	2	<0.05*	0.099
Western Cape	Yes=44%; No=56%	Yes=32%; No=68%	Yes=32%; No=68%	35.898	2	<0.05*	0.105
Other	Yes=48%; No=52%	Yes=58%; No=42%	Yes=52%; No=48%	15.142	2	0.001*	0.068

Characteristics	Spending groups			Chi-square value	Df	Sig. level	Phi value
	Low R366.11	Medium R1095.29	High R3707.46				
Type of production/show:							
Drama	Yes=23%; No=77%	Yes=47%; No=53%	Yes=60%; No=40%	316.637	2	<0.05*	0.311
Dance theatre	Yes=6%; No=94%	Yes=9%; No=91%	Yes=11%; No=89%	18.917	2	<0.05*	0.076
Word art and poetry	Yes=2%; No=98%	Yes=5%; No=95%	Yes=8%; No=92%	34.840	2	<0.05*	0.103
Children’s theatre	Yes=6%; No=94%	Yes=6%; No=94%	Yes=7%; No=93%	0.973	2	0.615	0.017
Theatre discussions	Yes=2%; No=98%	Yes=3%; No=97%	Yes=4%; No=96%	8.380	2	0.015*	0.051
Music theatre and cabaret	Yes=22%; No=78%	Yes=37%; No=63%	Yes=39%; No=61%	81.001	2	<0.05*	0.157
Contemporary music	Yes=12%; No=88%	Yes=24%; No=76%	Yes=27%; No=73%	74.623	2	<0.05*	0.151
Choir and ensemble	Yes=4%; No=96%	Yes=9%; No=91%	Yes=11%; No=89%	41.686	2	<0.05*	0.113
Film festival	Yes=5%; No=95%	Yes=6%; No=94%	Yes=8%; No=92%	11.082	2	<0.004*	0.058
Visual arts and exhibitions	Yes=5%; No=95%	Yes=9%; No=91%	Yes=9%; No=91%	13.630	2	0.001*	0.065

* indicates significance at the 5% level

3. Findings and implications

The results from this research support Craggs & Schofield (2006), who indicated that a wide range of sociodemographic and behavioural determinants influence visitor expenditure. These determinants can therefore be used to distinguish the three different expenditure groups at the KKNK (*cf* Table 4).

Table 4: High, medium and low segments

Determinants	High	Medium	Low
Age	44 years	40 years	42 years
Occupation	High-income occupation	Medium- and low-income occupation	Low-income occupation
Province	Gauteng and Western Cape	Other provinces	Western Cape and other provinces
Times previously attended	5 times	4 times	5 times
Tickets purchased	11 tickets	5 tickets	3 tickets
Days (length of stay)	4-5 days	3 days	2-3 days
Type of shows/ productions	Drama, music theatre and cabaret, contemporary music, word art and poetry, classical music and choirs, visual arts, and exhibitions	Drama, classical music and choirs, visual arts, and exhibitions	Attend all type of shows/productions but do not attend more of a specific type of show/ production

Based on the results, the following findings were revealed:

- Older visitors tend to spend more at the festival compared to younger visitors. This result supports the findings of other researchers.⁹
- As expected, higher discretionary disposable income associated with higher income occupation positively influences higher spending at the KKNK. This finding is therefore consistent with other research.¹⁰

9 Cf Kruger 2009 & 2010, Mak *et al* 1977, Perez & Sampol 2000, Saayman & Saayman 2006: 217, Saayman *et al* 2009, Kastenholz 2005, Thrane 2002.

10 Cf Saayman & Saayman 2006, Thrane 2002, Woodside *et al* 1987, Pouta *et al* 2006, Snowball & Willis 2006, Kruger 2010, Saayman *et al* 2008.

- Visitors who travel from Gauteng to the festival also spend more. This is supported by research done by Saayman *et al* (2007) and is not surprising since Gauteng has the highest per capita income in the country. This finding also supports other research in that higher spenders tend to travel further.¹¹ Visitors from the Western Cape are well-represented in all three spending categories and this could be explained by the fact that these visitors are mainly day visitors or local residents.
- Similar to other research findings, length of stay is positively associated with higher daily expenditure at the festival.¹²
- It is interesting to note that group size was not significant, although researchers such as Spotts & Mahoney (1991) and Downward & Lumsdon (2004) found that larger groups spend more.
- Visitors who attend the KKNK more times tend to be higher spenders; this contradicts the findings by Pouta *et al* (2006) who found that first-time visitors spend more than repeat visitors.
- With regard to the type of shows/productions, it is evident that visitors interested especially in the drama and music theatre and cabaret and contemporary music shows/productions tend to be high spenders at the KKNK. This supports the finding by Kruger (2009) that visitors who attend drama, music theatre and cabaret productions tend to be high spenders at the KKNK. This, however, contradicts the research by Saayman *et al* (2009) who found that visitors who attend more dance items spend more at the Grahamstown National Arts Festival.

These findings suggest some important implications and challenges to the marketers/organisers of the KKNK to attract more high spenders to the festival. First, marketing efforts should be aimed at Gauteng, since the results revealed that high spenders originate from this province. In addition, visitors from this province do not mind travelling the distance to attend the festival and are more likely to buy tickets supporting the festival's shows/productions. A strong awareness strategy is needed and special festival packages, with group,

11 Cf Saayman *et al* 2007, Pouta *et al* 2006), Cannon & Ford 2002, Lee 2001.

12 Cf Thrane 2002, Mok & Iverson 2000, Spotts & Mahoney 1991, Pouta *et al* 2006, Mehemetoglu 2007, Saayman *et al* 2007: & 2008.

ticket and accommodation discounts should be considered and target-marketed to encourage these visitors to attend the festival.

Secondly, the festival should implement efforts to increase visitor spending at the KKNK and, in particular, to encourage visitors to buy more tickets supporting the festival's shows/productions. These efforts should focus on product (festival) augmentation. The results indicated that people in the high expenditure segment at the festival tend to buy more tickets for all the types of shows/productions compared to those in the other spending segments. However, the significantly higher ratings by the high expenditure segment in the drama, music theatre and cabaret and contemporary music shows/productions suggest that target promotion should emphasise these types of shows/productions at the festival. Since the medium expenditure segment also prefers these types of shows/productions, along with the classical music and choirs and visual art and exhibitions, these types of shows/productions along with the artists involved should be marketed more intensively to persuade visitors to buy more tickets. Since all segments attend regularly, the festival organisers have the opportunity to promote the arts and a variety of productions across all three segments by means of different packages based on this importance. This could encourage low spenders to buy more tickets and thereby stay longer and spend more.

Thirdly, the high spenders should be encouraged to stay for the duration of the festival. Thus, the festival marketers/organisers need to entice visitors to stay longer through efficient promotions. Since the results indicated that the high spenders prefer to make use of paid accommodation, discounts for accommodation could be considered. Packages that include local attractions as well as discounts for ticket prices could also be effective ways to lead towards an increase in the length of stay as well as overall spending at the festival, which will ultimately result in a greater economic impact.

Lastly, the KKNK should position itself in the minds of the high-spending market based on the unique attributes of the festival. Emphasis should be placed on the quality productions and Afrikaans artists involved at the festival. This is especially important for the festival to differentiate itself from the other festivals to encourage higher spenders to attend the festival. Targeting the high spenders at

the festival is thus viable not only from a marketing point of view, but also from an economic point of view, since this will assist in ensuring the future profitability and sustainability of the festival.

4. Conclusions and recommendations

This article aimed to apply market segmentation of visitors to the KKNK by means of expenditure-based segmentation. The results support the findings of previous research, yet contradict some of the findings discussed in the literature review. Results revealed that visitors who differ significantly in travel expenditure at the KKNK could be identified by certain determinants. The high spenders have significantly higher expenditure levels in most categories compared to the other two expenditure segments, and they were distinguishable by a number of unique characteristics. These characteristics were used to draw up a complete profile of the high spenders at the festival (*cf* Table 4). Knowledge of this profile can assist the festival marketers/organisers in developing a customised festival programme aimed at the high spenders. This will increase ticket sales for the festival's shows/productions, leading to a competitive advantage and the sustainability of the festival. Results also provided insights into how the festival's appeal to high spenders could be maximised and how its existing market of high spenders could be encouraged to stay longer and return in the future.

It appears that expenditure-based segmentation is a viable way of segmenting the visitors to the KKNK. Further research is needed to determine the distinguishability of high spenders in terms of motivational factors underlying the festival visitors' preferences and their influence on spending at the KKNK; the generalisation of these research results to other arts festivals in South Africa, and the effectiveness of this segmentation approach compared to other methods. Many other issues could be investigated which might yield valuable marketing insights. One such topic might be the relationship of expenditure levels with marketing concepts of brand loyalty.

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