

An Exploratory Study of Potential Cruisers Preferences Using Choice Experiment and Latent Class Modelling

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Abstract : This exploratory study is based on potential cruisers' monetary valuation of cruise attributes. Using choice experiment, monetary trade-offs between four different cruise attributes are examined with Australians as a case study. We found 50% of the sample valued variety of onboard cruise activities the least while 30% were willing to pay A\$87 for cruise-organised activities per day, and the remaining 20% regarded an ocean view to be most valuable at A\$125. Latent class modelling was then applied and results revealed that potential cruisers' valuation of the attributes can be used to segment the market into adventurers, budget conscious and comfort lovers. Evidence showed that socio demographics are not as insightful as lifestyle preferences in developing cruise packages and pricing that would appeal to potential cruisers. Marketing also needs to counter the mindset of potential cruisers' belief that cruises are often costly and that cruising can be done later in life.

Keywords : latent class modelling, choice experiment, potential cruisers, market segmentation, willingness to pay

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