Chapter V

Segmentation of the Portuguese Clients of Pousadas de Portugal

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The aim of our work is to perform a market segmentation of the clients of Pousadas de Portugal, a network for over 40 high-end small hotels, ENATUR. The data for this work was provided by a sample of more than 2500 clients that filled in a given questionnaire. The segmentation is based on how often the clients used the hotels, and on the type of stay they were seeking. A few different techniques were used: mixed approaches using a priori constitution of clusters and/or neural nets (SOM – Self-Organizing Maps) and/or k-means. Profiling the obtained segments adds some new insights about the clients and helps ENATUR managers to better support new marketing decisions.

INTRODUCTION

ENATUR - Pousadas de Portugal is a network of over 40 high-end small hotels (the Pousadas) scattered all over Portugal. Its origin dates from the 40’s, when the first Pousada was built. Originally, they were meant to provide lodging in regions where there were no regular hotels. The Pousadas took advantage of either the untouched surrounding landscape (most were located in
rural areas) or the cultural heritage (many are themselves national monuments) for tourism purposes. Nowadays, the Pousadas have invested in recovering Portuguese architectural heritage, restoring it and reinforcing the historical and cultural components of stays in Pousadas. This historical heritage has thus become the hallmark of the Pousadas.

In general, Pousadas have a reduced number of rooms and a rather high standard in quality of service. When we started this work (1996) Pousadas de Portugal were classified in four types (CH, CSUP, C and B), roughly corresponding to decreasing price levels. This classification was based both on the physical characterization of the hotels and on occupation levels criteria. The Pousadas have been classified as Regional or Historical since 1998.

Pousadas de Portugal have very high occupation rates: the Pousadas’ average rate (September 1995 to September 1996 data) is over 50%, reaching 75% in August and dropping to 27% in January. These values compare with the Portuguese hotels’ average rate of 38% (INE – National Bureau of Statistics, 1996).

Portuguese clients are an increasingly important proportion of the Pousadas clients: they had an occupation share of 26.9% during the period of January to July 1996 and 34.4% in the same period of 1997. In fact, they are the fastest growing group of the Pousadas clients: 47% of the 21.8% total demand increase verified in July 1997, relative to one year before that, was due to Portuguese clients.

Portuguese clients have a counter-cyclical effect, or at least a less seasonal behavior than foreign clients: 60% of the winter period clients are Portuguese, while during the summer they account for only 30% of the clients.

This work intends to contribute towards a better understanding of the Portuguese clients of Pousadas de Portugal and thus support marketing targeted at that group. Building a segment structure is the first step towards this objective. Segments provide information to help to manage marketing resources and fine-tune programs directed at Portuguese clients. Based on the characterization of each segment the managers of Pousadas de Portugal are able to design differentiated offers. In a strategic context, characterizing segments can also provide means to support positioning and probing (selection of target segments).

The relatively high prices of Pousadas (considering the average Portuguese hotel price levels) have a filtering effect on the Pousadas clients’ diversity: clients are expected to come from higher income households. Thus, the task of segmenting these clients is not simple, since Portuguese clients of Pousadas de Portugal constitute, themselves, a segment, with quite differentiated levels of income and education in relation to the Portuguese population.

On the other hand, the task of gaining and keeping satisfactory relationships with clients is harder nowadays, due to more varied and aggressive competition and to the Portuguese clients’ increasing awareness of their power and
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