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## PRELIMINARY ANALYSIS OF BACKPACKER MARKET SUPPLY

**ABSTRACT.** This research paper aims to carry out the preliminary analysis of existing backpacker market supply and understand the opportunities how to improve it. Some significant studies serve as proof, that the backpacker segment provides great value. Although in many countries are working on the research and application of appropriate marketing activities, there is still present the stereotype, that it is unattractive market segment and therefore is not used the advantages of work with backpacker tourists. The main findings in this research showed, that there exists demand for backpacker hostels services. Riga is visited by backpacker tourists and there are some hostels, who work directly with this target group, but at the same time there is lack of awareness about these tourists and there is not well enough developed co-operation between commercial sector representatives by making binding offers, that could affect also backpacker's period of stay.

*Key words:* backpacker, tourism, co-operation

### Introduction

1970s self-organized tourists were perceived as unattractive market segment. But over time picture of backpacker tourists has changed and market participants are becoming more interested in backpackers. In this article, the differences between backpackers and mainstream tourists that makes this market segment attractive are examined. These differences should be taken into account, when market participants forms they offers for back-

packers. Firstly, they plan their trip differently - there is no specific travel plan, they realize ideas spontaneously, flexibly capture changes. Secondly, although backpackers tend to spend less for accommodation, they are also more inclined to see, to experience, to enjoy; so much money is spent on such activities, which gives them satisfaction for their main motivation—experience something different (Pearce, Murphy and Brymer, 2009). Thirdly, they spend more, thanks to the fact of staying longer—a longer length of stay means possibility for money consuming in a wider geographical area, which gives potential for local spatial development perspective. Market participants should take these differences as the advantages rather than disadvantages.

There are no available statistics on a particular segment of tourists in Latvia. Based on fact, that backpackers typical accommodation choice are hostels, several calls (in total 32) were made and respondents, where invited to participate in telephone survey. Only 18 hostels, where included in survey analysis (56%).

This pilot study was conducted in order to identify the existence of backpacker tourist segment in Latvia and find out whether the commercial enterprises co-operate to make suitable offers for backpackers.

Telephone survey results showed that the owners of the hostels are interested in this group of customers; there exists demand for their services, which is indicated also by the fact that for some respondents work with the backpacker tourists is their principal activity.

As the hostels are the place, where could be made offers for time spending several times, it is important to explore, whether they implement separate work with backpackers. Suitable offer could affect longer period of stay in Latvia.

Mainly respondents linked cooperation with other enterprises as information placement in websites about their hostel offers, although it could attract backpacker to choose specific hostel, it does not offer the time spending opportunities, which could promote backpackers to stay longer.

Currently there are no studies, which have explored how the cooperation between hostels and service providers should be realized to contribute for backpackers to stay longer and travel in a wider geographical area. At the same time it is clear, that to extend the backpackers period of stay within the one country, it is necessary to meet their needs, which is not limited with finding accommodation.

## Research results and discussion

Although backpackers use also other kind of accommodations, the typical place to stay are hostels, therefore to find out whether Riga is visited by backpackers, were made several calls to hostels and telephone survey was conducted. The main accent was made to:

- Determine whether their clients are backpacker tourists by providing a definition for a given trial, what was considered a backpacker tourist.
- To reveal, is there established cooperation with other providers of goods and services, which is important to promote the backpacker tourist satisfaction, because for them is also important time spending activities, not just a place of stay, therefore it is possibility to extend their period of stay with attractive offer.
- Understand whether the respondents see the value and the need to obtain information about these tourists.

In total to 32 hostels in Riga where made calls and respondents, where invited to participate in survey. Only 18 hostels, where included in this survey analysis (56%). Other participants were not included, because for long time period they did not responded to invitation, did not want to participate in the study. Some respondents did not understand what are backpackers, however the founded backpackers review about some of hostels in the internet, confirmed, that between their clients are backpackers, which means that the ambitious work with this group is not possible, because without knowing, who is your client it is unable to meet his needs.

Results of this survey showed (table 1, page 124), that respondents, who agreed participate in this survey knew, who are backpackers as these tourists are their clients. Owners of the hostels are interested in this group of customers; on the one hand there exists demand for their services that is indicated also by the fact, that for some respondents work with the backpacker tourists is their principal activity. On the other hand there exists also the supply. One of the issues which are important to explore further is—does existing supply meets demand.

61 % of respondents told, that they co-operate with other enterprises to make offers for this tourist group, but from their comments

could be made conclusions, that there are two ways of co-operation, that is realized—one, that promotes offer to stay in particular hostel and one, that offers for backpackers time spending activities.

Respondent linked cooperation with other enterprises mainly as information placement in websites about their hostel offers, which of course contributes to the offer the intensity of the host place, but it does not offer the expression of time spending opportunities, which could promote backpackers to stay longer in specific country. The interesting fact is that, respondents, who thought, that for them would be useful to gain additional information about backpackers, also said, that they would like to increase its customer base. From the marketing perspective, there are two ways of enhancing the companies' income: by attracting new clients, and working with existing, loyal clients.

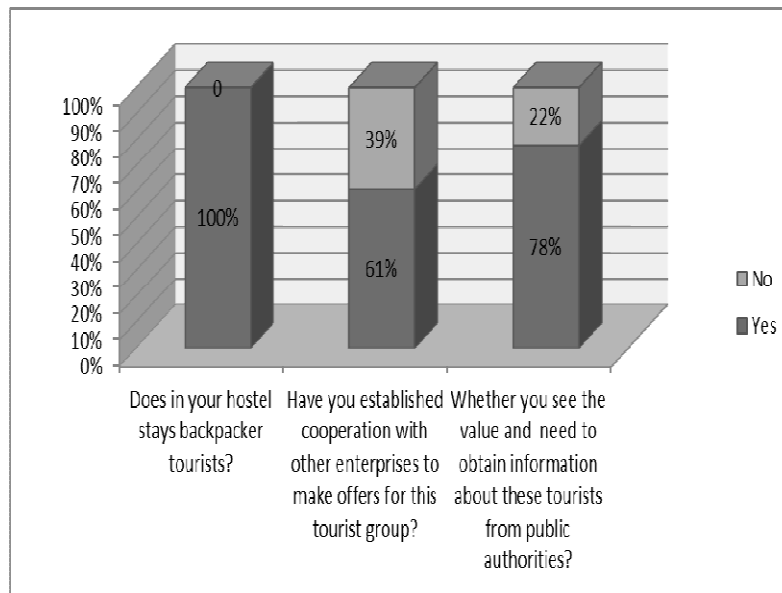


Table 1: Riga's hostel respondents given answers in conducted telephone survey 2013

Source: author's calculations based on telephone survey results

In the literature, it is mentioned that attracting new customers is usually more expensive than working with an existing one (Kotler P., Keller K., L. 2012), therefore it is more preferable to work with those tourists, who have already arrived in the hostel, than to focus on new customer attraction.

As in each country varies the activities in which could be interested the backpackers due to its individual differences, it is difficult to determine what types of offers would be seen as more attractive from backpackers exactly in Latvia as there is no research made, which would address these questions, in contrast with other countries. Although from made research studies may be inferred that there are some common features in relation to what activities backpackers are interested in (Scheyvens R., 2002 and P. L. Pearce, L. Murphy and E. Brymer, 2009). It appears that backpacker tourists use different types of services and engage in diverse activities, which means that the co-operation could be developed with different range of service providers in order to promote satisfaction for backpackers and long stay.

As the backpackers act spontaneously and their trip is not entirely planned, it is possible to affect their choice to stay longer, which is opposite to mainstream tourists.

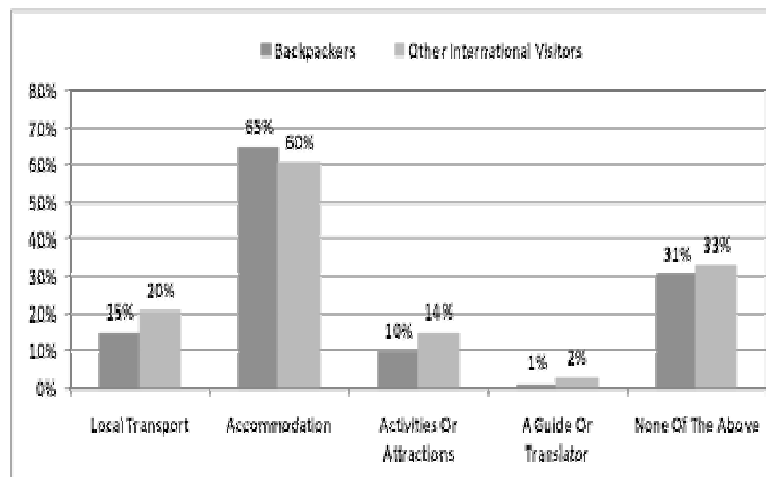


Table 2 : Backpacker booking frequency before the arrival in the New Zealand  
Source: Angus & Associates. Quarterly Focus: the international Backpacker Market, 2011.

Backpackers behaviour concerning booking frequency shows, that only accommodation is booked by most of backpackers before they arrive in destination. For example in New Zealand (Table 2) 65 % of backpackers book the accommodation, only 10 % book the activities or attractions, before they arrive in New Zealand. At the same time the main backpacker motives are experience something different, develop knowledge of place visited, which means, that most activities are chosen, when backpacker arrives in the each travel destination (P. L. Pearce, L. Murphy and E. Brymer, 2009). 31 % of backpackers don't make any reservations of above mentioned positions, which give the advantage to affect their period of stay as they are not limited with use of the services in specified periods of time for which they already paid.

The main point is that backpacker does not come to Latvia to stay just at hostel or other accommodation; therefore to extend their period of stay, it is necessary to cooperate with service providers, that satisfy the backpacker needs. Based on the results of the study and backpacker characteristics in literature (Nash R., Thyne M., Davies S. 2006, P. L. Pearce, L. Murphy and E. Brymer, 2009, Scheyvens R., 2002 ), in Figure 1 is showed, the existing co-operation between hostels and other service providers and their possible effect on backpacker period of stay. The co-operation between hostels in Riga and hostels in other regions as well as other service providers, could promote also money consuming in a wider geographical area.

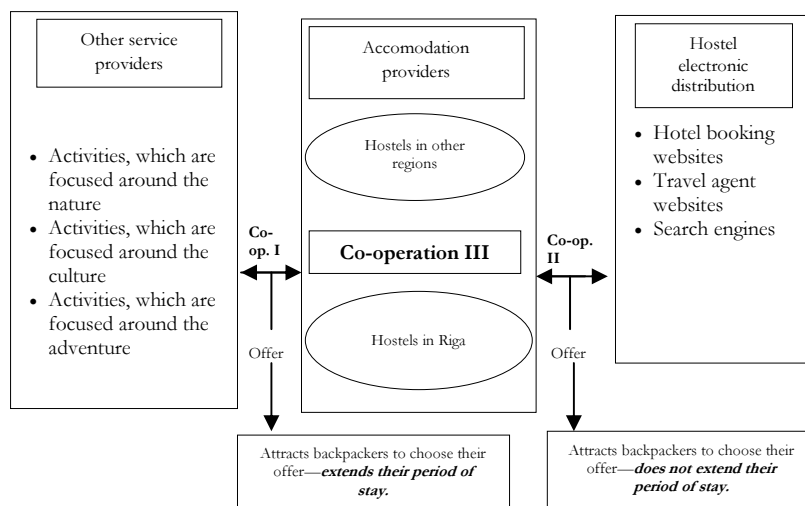


Figure 1: Co-operation between hostels and other service providers  
 Source: author's construction based on telephone survey results and literature analysis on backpackers

Successful co-operation not only will contribute to the longer stay period of backpackers, but will also increase the satisfaction with the hostel. The findings from the research, that was conducted in 2005 in Scotland, showed—a significance level of information on the opportunities to travel, took the fourth place, when was evaluated the importance and satisfaction of 15 factors in accommodation (Nash R., Thyne M., Davies S. 2006). This clearly shows, that backpacker evaluates the information on travel possibilities higher, than other hostel parameters as it satisfies their needs more.

Most of the respondents felt, that for them would be useful to have information about the backpackers from public authorities. This interest was based on the fact that backpackers are respondent's clients, there have been unsuccessful attempts to create specialized offers for them, as well as interest to increase the hostel pressure by attracting this group of tourists. Respondents told, that they are not interested in this option if their hostel was fully pressured, the respondent was working with this client group for long time period and therefore they had all information, and they could not understand, how that could be helpful. This interest was based on the fact that backpackers are respondent's clients, there have been unsuccessful attempts to create specialized offers for them, as well as interest to increase the hostel pressure by attracting this group of tourists. Respondents told, that they are not interested in this option if their hostel was fully pressured, the respondent was working with this client group for long time period and therefore they had all information, and they could not understand, how that could be helpful.

To understand the backpacker market and use its potential more effectively, it is necessary to research this market segment. Although, there is the possibility to carry out this research individually for each interested person separately, it would not be so effective, because it would give the opportunity to explore most likely a small part of the backpackers on some small part of their behavior and habits. It would not allow to understand the size of the market and backpacker needs in general, as well as clearly to understand, with what priority is identified particular service or product to backpackers—e.g. which services are necessary to offer, what are the unmet needs. For example, there is free market for services, that no one has even thought about that particular service may be required by backpacker market. A bright example here could be an Iceland, which each year is visited by the huge quantity of tourists and one of the most commonly used

activities is the multi-day and week hiking. In forums some backpackers are suggesting to others to use the post service to send a parcel with dry clothes and food to the postal station, which is planned to be achieved after several days, it eases bags weight and in addition provides an opportunity to go for longer hiking, as by using this service, bag is not limited by weight and the volume, and it gives more safety as it can be replenished during the route. The problem is that this service is not directly offered to the specific tourists, because there is no information, research that would officially show this necessity. This example shows how information obtained from public authorities would be useful for service providers and backpackers. Thus, asking the same service providers, do they see the value and the need to obtain information about these tourists from public authorities, the answer could be given negative (as it was also in this research), as they can't imagine, how it could help them, but by providing them with specific information could be gained another understanding.

### **Conclusions, proposals and recommendations**

Riga city is visited by backpacker tourists and there are some hostels, that focuses on work directly with this target group, although 19% of respondents, who were invited to telephone survey did not understand what backpackers are, that means that some service providers who could offer their services to these customers, don't know about them. The possibility is also, that between their customers already are backpacker tourists, but they are not recognized, which respectively leads to the fact, that there is no individual work done with these clients, what is needed to satisfy their needs and extend their period of stay.

Two type of co-operation in this survey was identified, which is implemented by respondents. Cooperation between commercial sector representatives to make binding offers for backpackers are not very active. The most commonly co-operation from representatives of hostels was understood as information placement in websites about hostel offers, work with search engines, which attracts the backpackers to make choice in favour of particular hostel, but at the same time to increase the hotel pressure, , it could be done also by extending their period of stay in chosen hostel and that requires the co-operation to make time spending offers for backpackers.



Most respondents felt, that for them would be useful to have information about the backpackers from public authorities. This interest was based on the fact that backpackers are respondents clients and they are working with them, as well as interest to increase the hostel pressure by attracting this group of tourists.

Due to the fact that the backpacker implement their ideas spontaneously, flexibly captures the changes and their time of stay is longer than for mainstream tourist, it is possible to promote the consumption of money on a wider geographical region within the same country. It makes potential for local spatial development perspective.

Currently there are no studies, which have explored how the co-operation between hostels and service providers should be realized to contribute for backpackers travel in a wider geographical area. At the same time it is clear, that to extend the backpackers period of stay within the one country, it is necessary to meet their needs, which is not limited with finding accommodation.

As for each country varies the activities in which could be interested the backpackers due to its individual differences, it is difficult to determine what types of offers would be seen as attractive from backpackers. From the made conclusions the following proposals are given:

- Enhance awareness about backpacker tourists by providing information on this specific tourist group.
- More actively implement co-operation between commercial sector representatives to make binding offers for backpackers, which could extend their period of stay.
- Research, how the co-operation between hostels and service providers should be realized to contribute for backpackers travel in a wider geographical area

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