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CONSUMER PREFERENCES AND DRIVERS OF CHOICE REGARDING LOCAL RECREATION SERVICES

Empirical study

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Abstract

In recent years, the rapidly growing industry of leisure has displayed some signs of overcrowding on account of the diminished capacities of turning employed resources into profit and the lowered personnel productivity in Romania. Economic agents striving to succeed in this rapidly evolving economic sector should reconsider their position and plan a strategy to grow or reinforce their business. The present paper provides a starting point in outlying the local recreation market specificity by investigating consumer preferences and drivers of choice. Results show that although there is an active demand for commercial recreational activities, its quantum is rather low. Moreover, the study shows that service-related factors (such as quality, personnel qualification, price and novelty) appear to have the highest importance for consumers, that positive word of mouth is a rather strong influencer, while advertising and location-related factors rank lowest on the list of priorities when choosing a recreation provider.

INTRODUCTION

The *local recreation industry* represents a rapidly growing economic structure in Romania. As defined herein, it comprises businesses specialized in providing artistic, cultural, sports or entertainment services to a local paying clientele. Even though it accounts for only about 1% of the country's GDP, number of enterprises and workforce, from 2008 onward, this sector has shown signs of expansion both in absolute terms and in comparison with the other industries, according to the National Agency for Fiscal Administration (ANAF, 2015).

In support of this argument lies the fact that the number of enterprises in the sector has constantly risen in the 2008-2014 period in the context where at the end of 2014 the total number of enterprises in Romania has still not reached the level recorded in 2008 (when the economy faced a drastic downfall with the beginning of the economic crisis).

As it is the case with most services industries in Romania, the local recreation sector is mostly comprised of microenterprises. The average number of workers is 2-3 in the case of artistic, sports or entertainment activities, and 9 employees for the cultural businesses. The only branch deviating from this rule is gambling and betting where a firm counts on average 25 employees. Although the number of employees tends to remain unchanged from one year to another, the number of workers in the sector is continuously rising due to the increase in number of active enterprises, the sector almost doubling its share in the nationwide employment in the analyzed period.

However, the signs of economic prosperity presented before are coupled with some not so promising markers. Firstly, the industry's profit is only marginally superior to the loss registered within. Moreover, the sector displays a decrease in personnel productivity and a close to null economic profitability. However, given that at the end of 2014 the economic profitability nationwide was very low, it appears that economic operators nationwide dispose of limited possibilities in releasing positive economic outputs in comparison to the economic resources involved in its production (Bibina, 2008) – thus implying that the situation is not much brighter when looking at the country's overall performance.

By the nature of the economic activities undertaken, the local recreation sector calls for atomicity of the offer, and the high number of economic agents operating within coupled with the prevalence of micro and small enterprises seem to respond to this requirement. But *sectoral expansion without strategy does not lead to economic growth*, just as well as *business success implies more than starting a business* without rigorously analyzing the market opportunities.

New players in the sector as well as current operating firms ought to take into consideration the trends in *consumer preferences*, while also analyzing the *drivers of choice* that lay at the very base of choosing a provider specialized in leisure activities.

CONSUMER PREFERENCES

The starting point of the investigation should validate that there is a consumer demand for the service that a company offers. Regardless if talking about a start-up, an already funded business not obtaining the expected returns or a well-established enterprise that wants to keep up with the fast moving market, this is the first question to be answered.

A survey conducted by the author in December 2013 - January 2014 on number of 311 Romanian urban inhabitants aged 12-80 years old, brought up that 8 in 10 respondents engage in a form of *commercial recreation*. As presented in Figure 1, people from the analyzed population generally engage in more than one type of activity. The most popular is practicing a form of exercise as almost half of the respondents declare engaging a type of *active recreation* at least occasionally. However, another 30% of the sample takes part only in *inactive forms of recreation*.

Plotting the incidence of participation versus the participation frequency, as represented in Figure 2, offers more insight into the consumer behavior.

Thereby, *amusement parks* appear as recreation destinations chosen by numerous of Romanians, but to which the frequency of participation is average. Opposite customer behavior is registered for *artistic creation* activities which display an above average popularity, but which appeal only to a niche target.

Getting out to watch certain *events, performances or visiting landmarks* are moderately popular activities to which interested people participate rather seldom. Overall, *cultural activities* are the least popular among Romanian city residents, while also rejoicing the lowest frequency of participation.

DRIVERS OF CHOICE

Knowing that there is demand for a type of service is not enough to assume that a part of customers will redirect to a provider in detriment of the present one/ones. Analyzing the factors that determine a person to opt for a certain provider can shed some light into what ought to be the priorities in opening a new business or redefining one that shows signs of unavailing or stagnant performance.

A subsequent survey, conducted by author in July – September 2014 among adult population (18-57 years old), Romanian urban residents investigates the importance of opportunity factors in the choice of local recreation providers.

Figure 3 shows that considering the average importance of factors taken into consideration when opting for a provider of recreation activities, *service-related factors* (such as quality, personnel qualification, price and novelty) appear to have the highest importance, quality surpassing all other factors in terms of attributed importance.

Peer-related factors (category that includes the preference of people with or for whom one participates, as well as the possibility to engage in the activities in the company of their children) have middling impact, being more likely to be taken into consideration when choosing entertainment, arts, or culture providers. *Advertising* and *location-related factors* (i.e. proximity to home, workplace or means of transportation) rank lowest on the list of priorities when choosing a recreation provider.

Although generally following a similar pattern (the major factor groupings rank in the same way across the four categories and the services quality is of top priority regardless the type of activity), the ranking regarding the importance of *drivers of choice* reveals certain differences from group to group. Therefore, while when opting for sports facilities people find it highly important for the providers to have well-trained personnel and to be close to the personal residence, in the case of artistic and cultural activities people would rather opt for the ones that propose services with a certain degree of novelty and that come with recommendations from family, friends or acquaintances.

Furthermore, the price of services and ease of access to the location appear to be factors much more important when deciding for a provider of sports or entertainment (activities that imply a higher frequency of participation) than for ones specialized in providing recreational activities in the field of arts or culture. On the contrary, participation to the latter seems to be in a noteworthy higher proportion influenced by advertisements made to the respective services through mass-media channels.

By their nature, recreational activities are suitable for *group participation*. Therefore, almost all people sometimes find themselves in the situation to take into consideration their companions' opinions and suggestions, as is shown in Figure 4.

Regarded from the perspective of a social gathering it may seem natural for people to take into consideration the preference of people with whom they engage in the respective activity, but results show that a rather large pool of individuals do find themselves in the situation of participating to a commercial recreational activity not for themselves but for other people, case in which they naturally also take in consideration their companions.

However, the average difference in scores between the two indicators shows that participation for other people is not as common as going accompanied by other people and taking their input into consideration.

Figures 5 and 6 present how opportunity factors are associated with different types of commercial recreation providers. It is apparent that participation to sports activities as means of recreation construes rather a lifestyle choice, as reflected by the high frequency of participation. Therefore, the choice of *sports* providers is highly linked to ease of access to the location (which is also a low-priority factor), but also to service-related factors such as quality, personnel qualification and price.

Entertainment appears more as a spur of moment type of activity as it does not have any primary association with opportunity factors. Yet, when looking at secondary associations, it is apparent that when opting for an *entertainment* provider, people take into consideration recommendations coming from friends or family members alongside with the price of services.

Often treated as forming a unitary sector, *cultural* and *artistic* recreation activities show high overlap in terms of factors taken in consideration when opting for a supplier of this type. However, between the two, cultural activities appear as having a stronger linkage with such factors. Moreover, the choice of providers in the field of arts production appears highly intertwined with mass-media promotion.

Although measured only for a small sample, the possibility to engage in activities alongside with their children appears as a factor of great importance for parents. This factor seems to be mainly associated with the participation to rather infrequent recreation activities such as entertainment, culture and arts, where the participation of children may even be the determinant factor for adults engaging in the respective activity.

CONCLUSIONS

In Romania, the rapidly growing industry of leisure has displayed some signs of overcrowding the account of the diminished capacities of turning employed resources into profit and the lowered personnel productivity recent years.

Players not obtaining the desired results may want to reconsider their position on the market and should plan a strategy to grow or reinforce their business.

Results show that although there is certainly an active demand for commercial recreation activities, its quantum is rather low. Therefore, multiplication above a certain threshold of the number of enterprises operating in this domain can lead to a diminution in the pool of clients for all enterprises (which will further result in a diminished turnover and profit) rather than to a better demand coverage. Moreover, being services that respond to more elevated needs, there are a number of factors to be met in order to build a clientele. Summing up on the four categories of recreation services envisaged, the results are the following:

- Engaging in different forms of physical exercise seems to be the most common choice of commercial recreation among Romanian urban residents, while also displaying the highest frequency of participation. Moreover, although ease of access factors may appear to have a strong association with sports activities, they rank the lowest in terms of importance when choosing a provider (most likely due to the fact that engaging in sports or fitness activities has more to do with a certain lifestyle choice than to a form of recreation) therefore not sustaining a sectoral development strategy based on further increasing the number of players.
- Although going to amusement parks appears to be very popular among city inhabitants, the rather seldom participation raises certain problems for business holders. Creating positive word of mouth, giving parents the opportunity to engage in activities alongside their children, while also maintaining prices at an affordable level have the potential of generating trial for this type of activities.
- Cultural and artistic activities exhibit similar traits. For these rather shadowed activities (for which participation is seldom and popularity is below average), interest can be increased by coming up with novelties in the services portfolio and by acquiring endorsers ready to spread positive comments to friends and acquaintances.

Planning and adjusting to the rapidly changing competitive environment, firms operating in the local recreation sector can aspire developing into larger, more powerful economic entities, and directly linked to this desideratum lays the success of the entire economic branch. Moreover, growth ought not to be measured only by expansion and job creation, "but also by the economic activity these firms are generating through the flexible use of people, technology and services" (Young, 2013). Acquiring growth without so much focus on gaining new employees (obviously, only if lack of necessity manifests), in the context of a lowered workforce productivity registered lately in the local recreation sector coupled with the necessity of offer atomicity in the leisure industry may be a viable strategy for micro and small businesses.

Besides industry-specific characteristics depicted beforehand, to achieve economic growth, Foggin et. al (2014) recount several strategies undertaken by small firms that have lead them to success:

- Landing a big corporate client or a government contract;
- Reaching new markets outside their comfort zone;
- Investing in new technology and modernizing operations;
- Seeking out mentors;
- Planning for growth from the very beginning.

Surely, the results presented herein are generic to the entire local recreation industry in Romania, and this represents the greatest limitation of the study. However, scholars interested in this field of research and practitioners can use these findings as a starting point for their future inquiries.

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ANNEXES

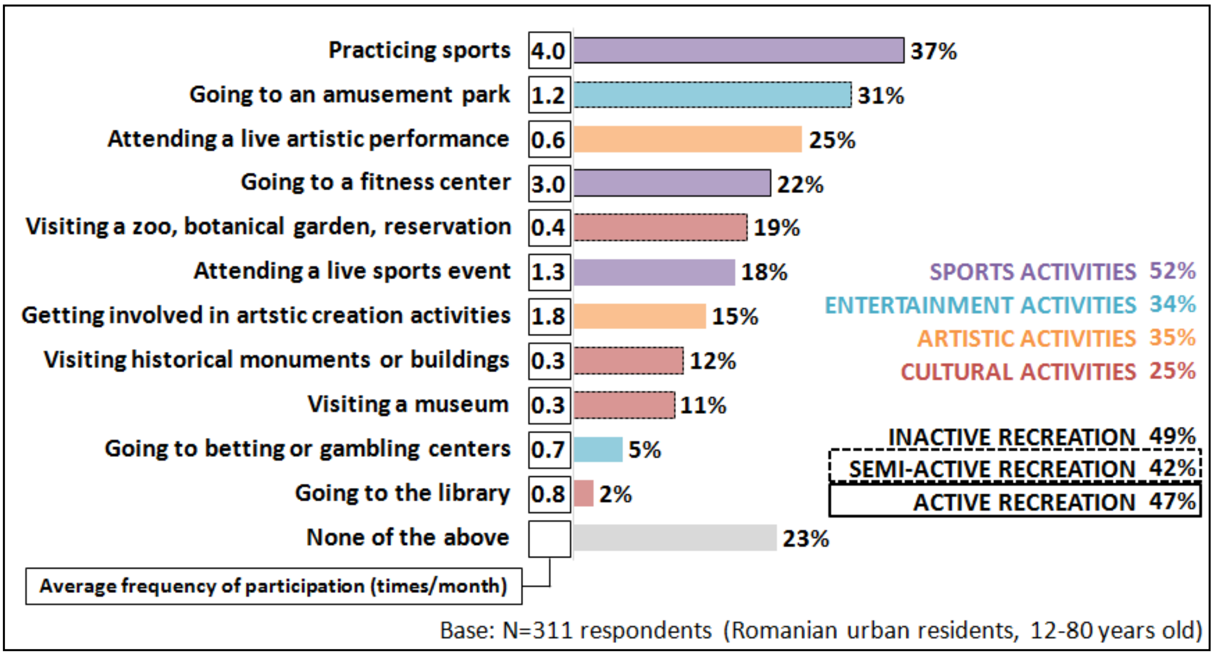

Figure 1. Participation to commercial spare time activities among Romanian urban residents
Source: Author, data retrieved from online survey conducted by author in December 2013 - January 2014.

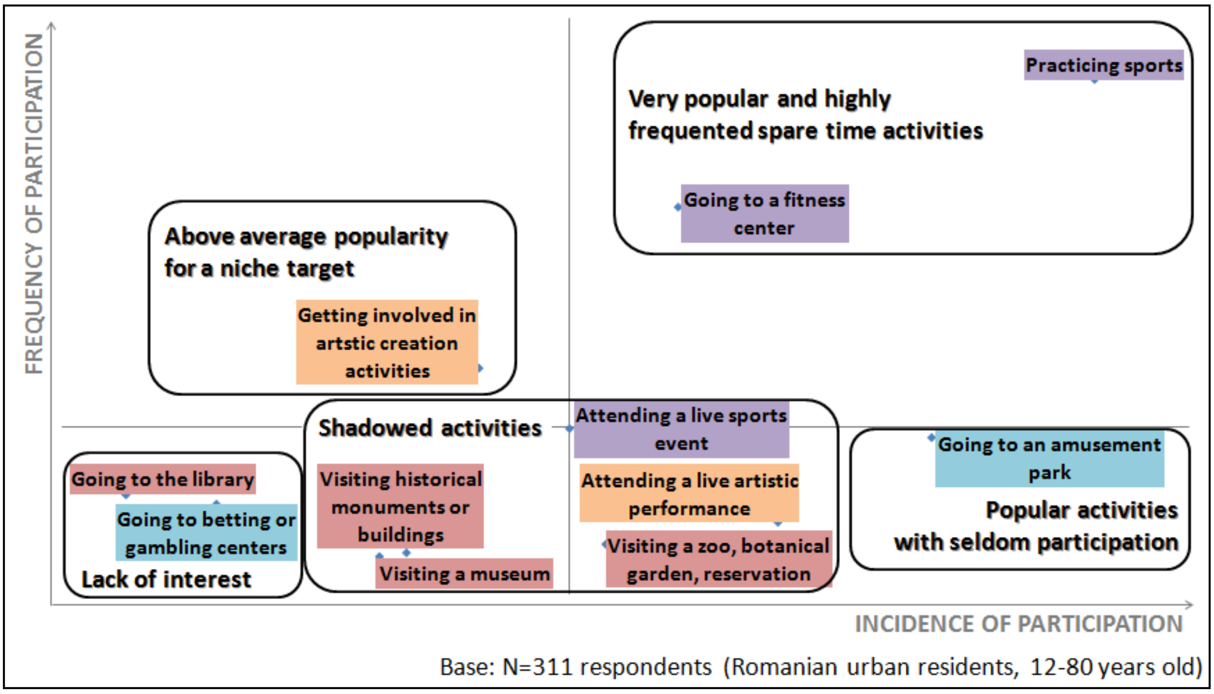

Figure 2. Popularity and frequency of participation to commercial spare time activities
Source: Author, data retrieved from online survey conducted by author in December 2013 – January 2014.

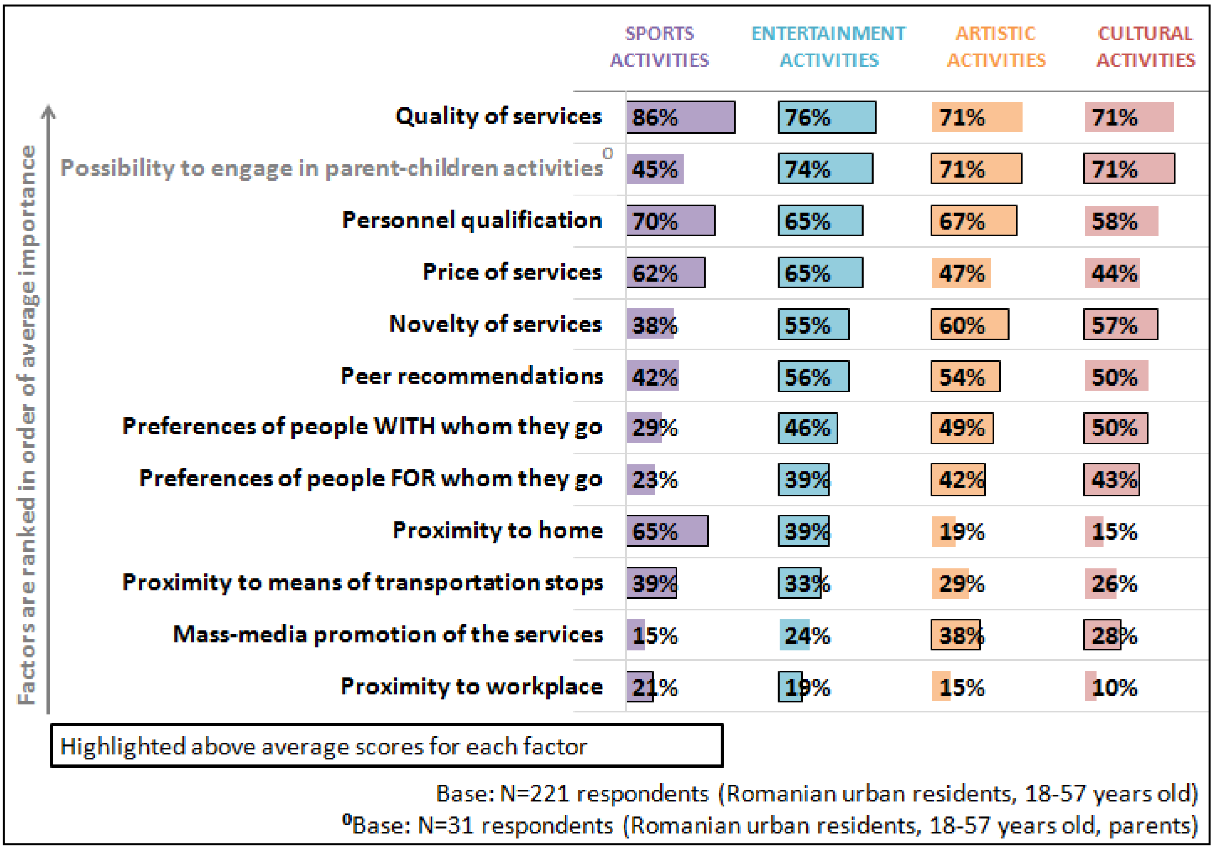

Figure 3. Importance of opportunity factors in the choice of recreation providers
Source: Author, data retrieved from online survey conducted by author in July - September 2014.

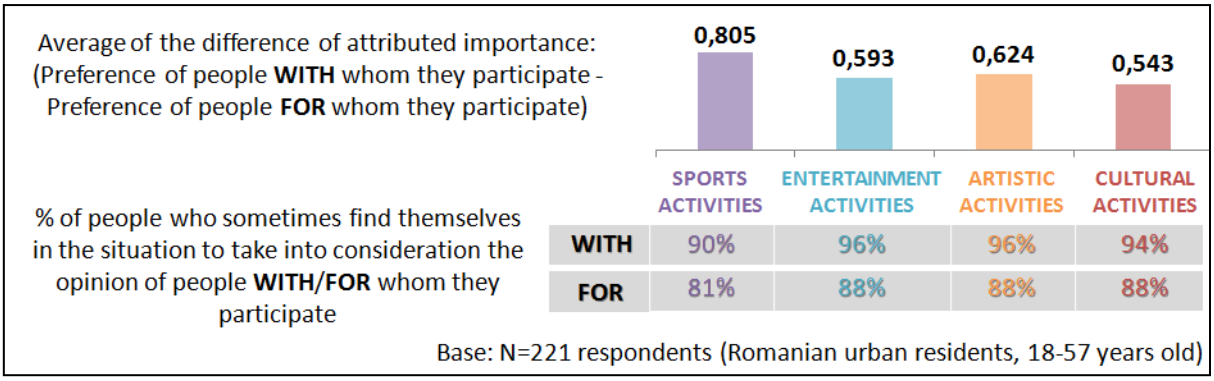

Figure 4. Zoom-in on the impact of other people's preferences in the choice of providers
Source: Author, data retrieved from online survey conducted by author in July - September 2014.

	SPORTS ACTIVITIES	ENTERTAINMENT ACTIVITIES	ARTISTIC ACTIVITIES	CULTURAL ACTIVITIES
Proximity to home	**0.320**	0.012	-0.162	-0.170
Proximity to workplace	0.065	-0.009	-0.020	-0.036
Proximity to means of transportation stops	**0.087**	-0.018	-0.033	-0.036
Price of services	**0.092**	0.073	-0.083	-0.081
Quality of services	**0.110**	-0.027	-0.056	-0.027
Novelty of services	-0.131	-0.010	0.065	0.076
Personnel qualification	0.066	-0.030	0.008	-0.044
Mass-media promotion of the services	-0.097	-0.057	**0.112**	0.042
Peer recommendations	-0.070	0.020	0.031	0.019
Preferences of people **WITH** whom they go	-0.131	-0.005	0.047	**0.089**
Preferences of people **FOR** whom they go	-0.122	-0.005	0.042	**0.085**
Possibility to engage in parent-children activities	-0.188	0.056	0.049	**0.083**

Legend:

Dark green fill	primary associations
Light green fill	secondary associations
Bold font	strong associations*

*Strong association is considered to have a coefficient above average (calculated for primary and secondary associations)

Figure 5. Association coefficients between recreation activity groups and opportunity factors

Source: Author, data retrieved from online survey conducted by author in July - September 2014, computed employing Lipkovich, I.A., Smith, E.P. (2002) Biplot and Singular Value Decomposition Macros for Excel©, retrieved from http://www.jstatsoft.org/v07/i05.

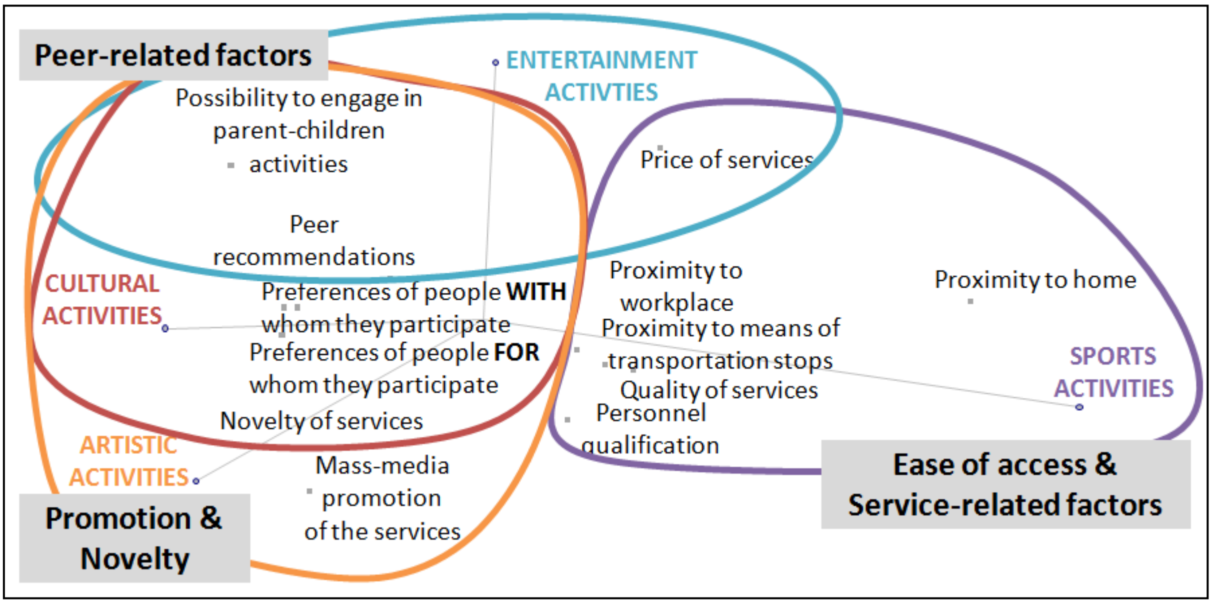

Figure 6. Biplot of associations between recreation activity groups and opportunity factors

Source: Author, data retrieved from online survey conducted by author in July - September 2014, computed employing Lipkovich, I.A., Smith, E.P. (2002) Biplot and Singular Value Decomposition Macros for Excel©, retrieved from http://www.jstatsoft.org/v07/i05.