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AN EXAMINATION OF LOYALTY IN SITE SELECTION FOR RESORT-BASED BUSINESS RETREATS

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ABSTRACT

Business groups holding off-site meetings and company retreats represent a large and important market for resort operators. To attract business group guests, human and financial resources must be expended. This expenditure can be reduced by developing a loyal base of corporate clients. This study helps in the identification of types of businesses that have a greater propensity to be loyal to a resort setting when selecting a site for a business retreat.

INTRODUCTION

A common practice of many businesses is to occasionally remove working groups of staff or executive committees from the normal workplace for several days to hold a business retreat for strategic planning, teambuilding, incentive and training purposes. Many business leaders who engage in this practice select resort settings for such retreats because of their relative isolation, comfort, recreational diversions and accommodation services.

As potential customers, businesses which hold retreats are of great interest and

importance to resort operators. The interest stems from the potential volume of sales that they represent, and from the fact that business retreats (like conferences and workshops) are commonly held during the resort's off-season. Also of interest and importance to resort operators is the challenge of developing and maintaining a regular business retreat clientele. By establishing a loyal market, fewer resources are required to attract potential resort guests, and the operator can, because of past experience, be better prepared to meet the specific needs of the company hosting the retreat. Research that would help the resort operator to sustain market conversion, while reducing reversion, vacillation and experimentation is needed (1).

Assael (2) refers to regular customers as loyal customers and suggests that loyalty is the invocation of habit to supplant high involvement purchase decision-making. Loyal business retreat customers for the resort operator are those who make the complicated choice of site (thus implying a need for good information) and, after receiving satisfaction (thus implying good service), reduce risk (3) and achieve cognitive economy by returning to the same resort each year.

In trying to win the loyalty of a company that holds regular staff retreats, resort operators and marketing specialists need to know what kinds of companies should be targeted. Obviously, those that already hold retreats are potential clients, but they do not necessarily have the potential to be loyal clients. Information on what characterizes a potentially loyal business retreat customer is critical for operators, marketers and researchers in the resort and commercial recreation industry.

The purpose of this study was to compare businesses which regularly use a particular resort facility for staff retreats and meetings, to those businesses which vary the locations of their off-site meetings and retreats. The study was also designed to provide for identification of determinants and predictors of site loyalty for resort-based business retreats.

METHOD

Instrument design and data collection required for achievement of the purposes of this study were accomplished through a combination of telephone interviews and administration of a 48-item mail survey. The purposive non-random sample was drawn from a Chamber of Commerce list of 1,260 businesses in Winnipeg, Manitoba (population 600,000) and included 261 subjects. Businesses included in the sample had fewer than 3,000 employees (total for the company), and were locally based, regional branch office or headquarters operations. The selected businesses were those which the Chamber of Commerce identified as the types of companies that would hold retreats (i.e. had several professional staff, could schedule days with minimal or no customer contact, and had a potential retreat agenda). Each business was

contacted by telephone and asked several screening questions, of which one was whether the interviewee would be willing to complete a mail questionnaire on behalf of the company. Eligible respondents were required to be in a position to either make decisions with respect to company retreats or to accurately describe the decision criteria and activities of the company with respect to retreats and off-site business meetings. Those who agreed to complete the questionnaire were sent a form in the mail with an addressed, postage-paid return envelope. One wave of follow-up phone calls was conducted to encourage timely return of the completed surveys. Descriptive analysis was conducted using the coded data, and discriminant analysis was undertaken in order to identify significant variables that might serve as determinants or predictors of loyalty to resort sites for business retreats.

RESULTS

Of the 261 businesses that were sent a questionnaire form, 191 (73.2%) returned the form with complete and usable information. Based on their individual responses to the question, "Where do you usually go for your staff retreat? Location varies ___ or Usual location is: _____", the respondents were classified as either resort-loyal businesses or varied-location businesses.

The results of the survey demonstrated some significant variations between resort-loyal and varied-location businesses with respect to the time of year during which they held their company retreats. Spring (May and June) and autumn (September and October) were the popular seasons for both groups, but January proved- to be the more popular time for resort-loyal businesses (42.9% held

retreats during this month). Only one business retreat was reported in December.

Varied-location companies in the sample (x=547 employees) were much larger than resort-loyal companies (y=436 employees), and they also had higher attendance (both in absolute numbers and percentage of total employees) at the retreats. Retreats for resort-loyal companies lasted an average of 2.43 days and involved 16 employees, while average retreats for varied-location companies were significantly longer (2.94 days) in duration and involved significantly more (28) employees. Most retreats were held on an annual basis, although many companies held regular semi annual or bi-annual retreats.

Almost without exception, lodging facilities at the resort were booked by a company representative rather than by the individual employees. For both groups, approximately 60% of the sleeping rooms were booked as single occupancy units.

The greatest differences between resort-loyal and varied-location businesses were in the social and recreational expectations and climate maintained by the company in the retreat setting. Almost three quarters (73.0%) of the varied-location businesses did not permit employees to bring guests (spouse, children, etc.) to the retreat. Guests were not permitted by only 42.9% of the resort-loyal businesses. When a spouse, significant other, or children were permitted, they accompanied the resort-loyal employee 70.0% of the time and the varied-location employee 52.0% of the time. Resort-loyal companies were much more inclined to provide programs for guests or to include non-employee guests in the business meetings.

Recreational facilities at the resort varied in relative importance to each group. In particular exercise facilities, swimming pools and tennis courts were considered to be more important in the site selection process to varied-location businesses than to resort-loyal businesses. The presence and availability of golf facilities was most important for both groups.

Discriminant analysis identified 13 variables as significant determinants or predictors of resort loyalty. They are: duration of retreat, number of employees, spouses permitted to attend, children permitted to attend, significant others permitted to attend, spouses encouraged to attend, children encouraged to attend, significant other encouraged to attend, guest programs, unstructured guest activity, propensity of employees to bring a guest, exercise facilities, swimming facilities, and tennis courts. These predictors were so relevant to the discriminant function that, when applied to these data, the model correctly classified 100% of the grouped cases. Company size and the network organization of the company (i.e. local, regional branch, headquarters, etc.) were not found to be significant variables in the discriminant model.

DISCUSSION

The results of this research contribute to the development of a deterministic model which helps researchers, marketers and resort operators to identify, target and cater to the needs of loyal or potentially loyal business retreat customers. It suggests that businesses which include the families of employees in retreat activities are more disposed to return in subsequent years to a

resort which they found to be suitable for their range of business and recreational activities. The selection of a resort site is a high involvement decision that carries considerable risk, and the risk of making a poor choice is greatly emphasized when critical non-employees are involved in evaluation of that decision. It is reasonable to conclude, based on these findings, that resort site loyalty is one way of reducing the risk of site-determined failure in the retreat's non-business activities.

It was observed that resort-loyal businesses attach slightly less importance to high activity recreational facilities at the resort. This finding should provide resort operators with guidance in establishing service priorities when seeking the resort-loyal business market. Other recreational features which were not explored in this

study might be much more important in winning the loyalty of a company but, most likely, the service and facilities needs relating to the business agenda are of paramount and overriding importance.

Only a few of the variables that this study identified as being significant in the prediction of loyalty are manageable by the resort operator. Most are managed by the companies. Resort operations can be adjusted to attract loyal business retreat customers, but progressive resort operators would be well advised, based on the results of this study, to work with the business community in bringing about necessary changes in the way business retreats are planned and conducted in order for the potential of a loyal clientele to be enhanced and realized.

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