
TOURISM MARKETING – STRATEGIES AND DIFFERENT LEVEL OF PHASES

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Abstract

Every marketing effort should begin with a plan, and tourism marketing is no different. Tourism marketing has distinct characteristics from other marketing plans. Because tourists are temporary, they are exposed to an area's goods and services for shorter periods. But tourists are counting on having a good time, so marketers should consider strategies that appeal to the emotions

Introduction

As applied to the tourism industry, the most important function of marketing is to bring about an awareness of the product in the minds of the consumers in the market areas. This is done by way of promotion. Tourism promotion is one of the elements of the marketing mix and an important tool for marketing. The term promotion is interpreted and defined in many ways. Basically, the purpose of promotion is to inform, to persuade, to encourage or, more specifically, to influence the potential customers or trade intermediaries (travel agent, tour operators, reservation services, hotel and charter broker), through communications to think and to act in a certain manner.

- **Key words: competitive Strategy, Cash-flow generation, Return on investment, Product life cycle and commercialization**

What is Marketing ?

People hold a variety of misconceptions about marketing. Most common is its confusion with selling and advertising. Selling and advertising are actually types of promotion which is only a component of marketing. Marketing involves much more, including product/service development, place (location and distribution), and pricing. It requires information about people, especially those interested in what you have to offer (your "market"), such as what they like, where they buy and how much they spend. Its role is to match the right product or service with the right market or audience. Marketing, as you will see, is an art and a science. According to the American Marketing Association, marketing is "the process of planning

and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives." Simply stated it is creating and promoting a product (ideas, goods or services) that satisfies a customer's need or desire and is available at a desirable price and place.

Modern marketing is a way of doing business, heavily based on the "marketing concept" which holds that businesses and organizations should:

- (1) design their products/services to meet customer needs and wants;
- (2) focus on those people most likely to buy their product rather than the entire mass market; and
- (3) develop marketing efforts that fit into their overall business objectives.

By adopting this concept you not only provide your customers with better products, you will avoid wasting valuable time and money developing and promoting a product or service nobody wants.

Three Key Concepts in competitive Strategy Formulation

The subject of marketing strategy has assumed greater significance since the 1970s for three important reasons. The First was global uncertainty provoked by the major international economic crises of 1973, 1979, 1991-92 and 2008-2009. These events destroyed previous concepts of relative market stability and disrupted many of the long-range econometric forecasting models first developed in the 1960s to plan long-term business goals.

The second was the development of information technology from the 1970s, which, amongst other contributions, facilitated the internationalization of exchange contributions, facilitated the internationalization of exchange rates so that all currencies are now subject to hour-by-hour fluctuations and speculative pressures hitherto unknown. Consequently, exchange rates, which are so intimately connected to tourism prices, are highly volatile and cannot be forecast with precision.

The third was the continuing growth in travel and tourism of large, transnational and global organizations locked in fierce competition of market share and sales revenue. Their strategies have an important ripple effect in world markets.

Within the limits of this book it is only possible to draw attention to the issues, and the sources, noted at the end of the chapter must be pursued to achieve further understanding. It is vital, however, that students of travel marketing should be able to distinguish clearly between strategy and operations or tactics. Three concepts in particular, drawn from the extensive literature on business strategy, will assist in making the important distinctions.

- Product-market portfolio analysis.
- Product-market growth models.
- Corporate and product positioning.

1. Product-Market Portfolios

A very large business, such as UK-based Forte, comprises a range of businesses, including fast food outlets (Little Chef and Happy Eater Chains), and hotels (international and British in separate product-market groupings such as Post house and Travelodge). In terms of their specific products and market segments, these are essentially quite separate businesses, which share in common the strength of the corporate identity, the economies and advantages of bulk purchasing, and access to investment finance, Forte can thus be seen as a holding company with a portfolio of businesses or strategic business units (SBUs), each with its own management structure, profit and loss accounts and plans for the future.

For smaller organizations, the same concept of SBUs may be more narrowly interpreted in terms of the products and markets with which a business is involved. A large British tour operator may offer, for example:

In this example, the tour operator's product/market portfolio comprises at least four distinctive products (each capable of subdivision by price and by destination or by accommodation variants), and at least four distinctive market segments, which could also be subdivided.

The tour operator may find it necessary to divide responsibility for marketing its four product-market groups between four management teams, and to operate each with its own budget and cost/revenue analysis. In this process the operator would effectively be managing a portfolio of mini-businesses, following the same principles of SBUs noted earlier. If the operator owns a retail travel chain and an airline, the portfolio concept is broader but the principles are the same.

Within any portfolio of SBUs or product-market groupings, it will usually be the case that some are growing and some are declining. Some are more profitable than others. Portfolios can be analyzed over time periods according to key variables of:

- Share of market
- Market growth
- Cash-flow generation.
- Return on investment
- Strength of competition
- Product life cycle

2. Product-Market Growth and Development Strategies

It is now commonplace in all sectors of business that no organizations can afford to mark time. They cannot rest on past progress, and expect to maintain the structure of existing

product-market portfolios and profitability levels, even over a period as short as 2 years. Profitable product-market portfolios will usually be under constant competitive pressure, and it will be necessary to update and augment products continuously to match changing customer needs. Businesses will also have to respond to other pressures, such as unfavorable exchange-rate movements, and to any changes in regulatory requirements or technology practices, which are certain to occur over a 5-year time span.

Accordingly, it is usual for marketing-led businesses continuously to review their portfolios, and search for ways to grow or develop in order to secure future profitability. Their options for growth are wide but can be neatly summarized in an elegant model originally devised by an off and much copied and developed since.

Each strategy has radically different implications for marketing.

The four numbered boxes in the model may be illustrated with typical travel and tourism examples as follows:

1. The case where a hotel group, already servicing the corporate meetings sector as its principal market, decided that it is well-positioned to expand in this market. With its existing portfolio, any expansion above natural market growth would represent an increased market share, which is known as penetration.
2. The case where a British tour operator, already operating a portfolio of European inclusive tours, decided to expand its operations by developing long-haul tours to the USA, aiming at the existing British IT market. This decision represents an addition to the portfolio and is known as product development.
3. The case where an international operator originally based in the Netherlands with a largely Continental European clientele, first marketed its existing Continental villages to the UK market. In the late 1980s Center Parcs developed its holiday-village concept in two locations in England, with two more contemplated at the time of writing. This represents market development.
4. Finally, if an airline company decided to be a hotel company through an acquisition, it would be stepping outside its existing product-market portfolio and effectively diversifying its business activities with a completely new set of SBUs,

Each of these choices represents strategic considerations, and normally would be undertaken only on the basis of a detailed analysis of potential revenues and advantages, as well as potential costs and disadvantages.

3. Corporate and product positioning

Portfolio analysis and assessment of alternative product-market growth strategies focus on securing long-term profitability. The third concept is about securing competitive advantage

through a long-term favorable image or perception among prospective customers, or other groups such as retailers on which a business depends.

The concept of positioning was then introduced. A useful illustration in travel and tourism is that of British Airways (BA), which in 1981-82 recording record annual losses in the wake of the international economic crisis provoked by rising oil prices. While BA's losses were not unique, the management was well aware through research that their customer contact staffs were widely perceived as unfriendly and unhelpful when compared with the staffs of competitor airlines. BA was, in consequence, not highly rated in airline-preference decisions by prospective travelers.

As a key aspect of its response, the airline developed as putting people first campaign, in which, over a period of 2 to 3 years, all members of staff were required to undertake participative courses designed to make them aware of customer feelings, and to develop social skills in customer handling. The airline's objective was to improve the position and image it held in customers minds, through better service. The strategic aim was that more customers would choose, and fewer reject, British Airways as an option when purchasing air travel. The success of this effort measurable changed customer attitudes. It was supported by promotional expenditure driving home the message that BA is the world's favorite airline. The obvious success of the people first program me created the perceptual climate in which BA could launch new products, achieve profitable seat occupancies and contribute to its strategic goals for privatization and a competitive return on assets employed.

Three Different Phases involved in Tourism Marketing

All over the world discussion has begun about the costs and benefits of tourism for the economy, the environment and society, whereas before the talk was only of benefits and society, whereas before the talk was only of benefits and the economy. The same is true of the theme of the capacity of the holiday region. And it is not only some representatives of the "green mafia" (ecologists), or other contemporaries classified as extremists, who are taking part in these discussions. These questions have become a controversial topic for international organizations, countless congresses and specialist conferences, interdisciplinary research teams and the mass media.

Most importantly, these discussions are now being held in many tourist resorts, and a change of attitude towards tourism is becoming noticeable in many areas. Since I propose to explore it in more detail. I should like to distinguish three approaches.

Phase 1: The Economic Approach

At the beginning of tourism development, and surprisingly right up to this current age of modern mass tourism (that is until about ten years ago) all the participants-the tourists

themselves, the people who received the tourists, and the travel companies-seemed fairly unconcerned about the tourism concept itself. Insofar as the effects of tourism were analyzed at all in the holiday countries, these investigations were limited to economic aspects.

Although critical voices have multiplied, the overwhelming majority is of the opinion that tourism can make a positive contribution the economic development of a region. It also is believed unanimously that the economic effect is variable, all depending on the stage of development and the structure of the respective national economy as well as the growth rate(harmonic or hasty growth) and the type and form of tourism etc. The most important economic effects are:

(a) Foreign Currency Effect

Most important is the net foreign currency effect: form a country's gross receipts from foreign tourism on has to deduct the imports of investment and consumer goods required by tourists, the capital exports to compensate required by tourists, the capital exports to compensate foreign investors as well as the interest and amortization on foreign capital, profit exports and so forth.

The net foreign currency effect in developing countries can vary quite a bit, all depending on the needs for imports and the form of tourism: in Kenya and Tunisia where the imports consist mainly of luxury goods, it can reach 70-90 per cent; other countries with a high import ration (e.g. some islands in the Caribbean and South Pacific) only reach a net foreign currency effect of 10-20 per cent.

(b) Income Effect

By income effect we mean on the one hand direct income, resulting from expenditure by tourists and on the other hand indirect income, resulting from the, in tourism discussions, often abused multiplier effect: the first recipient spends part of his income again-e.g. the hotel owner spends it to buy food-and hence another income results from that. Theoretically, the so-called multiplier effect is indeed indisputable. However, it is quite difficult to comprehend it in practice as it fluctuated from country to country between 1, 2 and 4, 0.

Depending on the import ration and the consumers' preferences, each country shows a different result. We do not want to bother with statistics for the developing countries at this point, as there has been little research in that field and the formula for calculation varies from country to country anyway.

(c) Employment Effect

Tourism is a very labour intensive part of the service sector and creates jobs (either direct or indirect sector and creates jobs in hotels are direct employment, suppliers of food,

beverages, etc. or providers of other services are indirect employment. In order to have a better estimate of how the employment effect functions, let us state some statistical facts:

1,000 beds in hotel, motels, etc. create 460 additional jobs, 2/3 in the hotel business and 1/3 in other areas of the service sector. On the other hand, 1,000 beds in the second home business create only 40-50 additional jobs (per cent figures for Switzerland).

From experience, the employment effect in developing countries is usually much higher. It often is the case that merely in the hotel business, there are one or more employees per bed.

(d) Regional Equalization Effect

Tourism often establishes itself in economically poor regions which, with the exception of agriculture, do not have other possibilities for economic development. Tourism, therefore, can make a positive contribution to the development of a region and hence has an equalization effect.

However, there are consequences: although tourism brings more income and more employment, it changes the economy and society from an agricultural society into a tourism society. But one can ask whether the loss of cultural identity as a consequence of tourism is not compensated by the maintaining of the local economy and society, even though altered.

In developing countries, the regional equalization effect does not that much apply to the regions of the respective country, but much more to the reduction of the existing gap between developing and industrial countries.

Opinions regarding these effects are, as I have said, very diverse. The most important socio-economic risks of tourism are the fact that it is seasonal, its relative susceptibility to crisis, and the social inferiority of tourism occupation. In general the positive economic effects should outweigh the negative ones.

Phase 2: The environmental Approach

The scenic attractions of the holiday destination stand at the central focus of tourist needs and are in fact the most important tourist needs and are in fact the most important tourist motivation. The structure, beauty and mood of the landscape-its whole "experience value" are absolutely crucial. Travel companies often overestimate themselves. As far as the tourist is concerned, they are merely the means to an end: he makes use of the services they offer so that he is better able to "consume" the landscape and countryside.

The needs of the tourist are characterized by the often quoted escapism-the flight from the boredom of everyday life, the need for a change of environment, the search for something different, the concept of the holiday as a "contrast-experience."

However, the mass phenomena of modern tourism have initiated the paradoxical process "Tourism destroys tourism." The landscape loses its tourist value through its use, or rather over-use, by the tourist. Tourism has certainly contributed to mass awareness of the importance

and difficulties of nature conservation but only in the sense of therapeutic reparation. If there were no tourism, more cultural and natural scenery would be preserved. But on the other hand, more areas would become spoiled and unproductive, quite apart from the increasing depopulation of such areas (rural exodus). The landscape is the real raw material of tourism. It is the reason for the existence of tourism as well as its economic driving force. From the tourist's point of view the attraction of rural areas lies in the dissimilarity and contrast which they offer to this everyday world. So long as this contrast remains, the countryside will continue to attract him.

Just as the effects of tourism became tangible and the far-reaching changes became universally recognizable a few years ago, people began to try to come to terms with the effects of tourism on the environment. Particularly in the larger tourist areas the overwhelmingly negative effects of tourism on the environment had just become visible. To unplanned building and settlement; architectural destruction of the landscape; disturbance of the balance of nature. People began to recognize that they were dealing with irreversible processes, and that tourism growth tends to seize the countryside, its own reason for existing (hence the notion of the destruction of tourism by tourism itself). It damages the environment of the native inhabitants and thus reduces their quality of life. It was in tourism circles themselves that skepticism first took hold, although certainly late enough. Demands are increasingly heard for an integrated cost-benefit approach to tourism, which emphasizes all the economic, social and environmental costs (disadvantages) and benefits (advantages).

Let us again specify the importance of the environment for the concept of tourism. In any other branch of the economy-as Werner Kaempfen once succinctly pointed out-capital can be lost and multiplied again. However, once the basic raw material of tourism-the land itself-is lost, it can never be reclaimed. It is unfortunately all too easy to conclude that the tourist industry does not and will not recognize what is in fact the most important of its tasks namely the preservation of the environment.

Whether the tourist has visited just a few holiday resorts or has travelled the world over, he will not be able to escape this depressing conclusion: development and exploitation have triumphed over the care and protection of the environment almost everywhere, and without a struggle. And this pressure on the environment is increasing exponentially...

Phase 3: Socio-Cultural Approach

Social scientific tourism researchers have been demanding for years some discussion of the socio-cultural effects of tourism, in particular the social effects on the population which receives tourists. This discussion has only recently found its way into practical tourism policymaking. Even though one must guard against generalizations and bear in mind the need to consider different countries separately, it is nevertheless clear that the basic effects must overwhelmingly be classified as negative:

The effect of increasing understanding between nations is, when one looks closely, almost non-existent, and it is possible that tourism in fact has just the opposite effect.

Tourists demonstrate behavior and attitudes which can evoke mistrust, resignation and aggressive dissatisfaction in the native population.

The effect on native customs is often that of acculturation, cultural leveling and adaptation under the influence of commercialization.

Tourism planning is usually in the hand of outside promoters-the local population is regarded merely as landowners or as a reserve of labour, not as people entitled to participate in decision-making.

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