

and the food is almost secondary to the décor and general ambience. Hard Rock Café is an example of a themed restaurant. **Ethnic restaurants** serve food that reflects a particular culture. The staff often wear uniforms that reflect this culture too. Examples may include Thai, Indian and Mexican restaurants. A **fine dining restaurant** is often found in a luxury hotel and is grand and stylish. The service at such a restaurant is likely to be silver service and there may be a formal menu. Prices here tend to be high. There will also be coffee shops and cafés where customers can buy refreshments in a destination.

## Tour operations and travel agencies

### Tour operators and holiday representatives

The chain of distribution indicates that tour operators can be regarded as product builders. Operators can produce a new product by combining or packaging the basic products or components offered by primary suppliers. The most common example of a tour operator's product would be a flight on a charter airline, a transfer from the airport to a hotel for a certain length of time and the services of a local representative, all for the one inclusive price. Tour operators negotiate with the providers and buy in bulk. For example they will book a certain number of rooms for the whole season in a hotel and will purchase in bulk a number of seats on a charter flight one day a week from the same airport flying to the destination where the hotel is located. The tour operator will then 'break bulk' by packaging these components and selling as a complete holiday package. Many tourists find buying a package holiday a very convenient, economical and secure way to travel because the components have been brought together at a lower price than if they were bought separately.

In order for tour operators to be able to stay in business and remain profitable it is important that they are able to identify and then meet consumers' needs, requests and expectations. To help them boost sales, operators promote their various products using leaflets, maps, brochures, video and CDs. New technologies such as Computerised Reservation Systems/Global Distribution Systems (CRS/GDS) are utilised to maximise distribution effectiveness.

The package holiday market is dominated by a comparatively small number of international tour operators such as Tui, Thomas Cook and more recent arrivals such as Emirates Holidays. The main trends in the industry are economies of scale, horizontal and vertical

integration. Through these strategies, tour operators can achieve considerable buying power and control over their suppliers, as well as the distribution of their products.

Horizontal integration refers to the situation where two or more companies join together with the intention of removing competition, increasing profitability through economies of scale or to increase the organisation's overall purchasing power. Horizontal integration thus involves mergers at the same level in the tourism distribution or supply chain such as the merger of different tour operating companies.

Vertical integration implies the take-over or formation of businesses at different levels of the supply or distribution chain. In terms of tour operators, this may involve:

- backward integration involving investing in suppliers of accommodation and transport
- forward integration involving investment in, for example, travel agents.

The main advantages to tour operators of doing this are having more control over supplies in terms of quality, availability, access and price and having an increased ability to reach consumers. Vertical integration has drastically increased in recent years and the largest tour operators all own charter airlines, accommodation, ground-handlers and travel agents.

There are many different types of tour operator around the world. Many operators specialise in specific destinations or in particular activities such as skiing. Other tour operators target specific segments of the market such as by age, appealing to seniors or young people, or by lifestyle such as ecotourism packages for the responsible tourist. Figure 1.50 shows Kuoni Travel, a UK-base travel and tour operator specialising in luxury travel.



Figure 1.50 Kuoni travel and tour operator

- Inbound tour operators: produce packages aimed specifically at overseas visitors coming into a destination.
- Outbound tour operators: are based in the tourist's home country and offer package holidays to destinations overseas.
- Domestic tour operators: specialise in putting packages together for the home market so they appeal to people living in that country. Figure 1.51 shows a typical image used in brochures for the UK domestic market.
- Specialist tour operators: tend to limit their products by destination, by activity, by theme, by transport, or by age group.

Tour operators employ representatives who work in the destination to welcome customers and help them transfer from the airport to their accommodation. The resort representative will offer advice and recommend

activities and excursions within the destination. Some representatives will be employed specifically to look after children and to put on a range of activities for families.



Figure 1.51 Catering in a hotel with a lovely view

**ACTIVITY 9**

To help you appreciate the variety of tour operator products currently being offered to international leisure travellers, compare three types of holiday product that are available from your local area. Research an example of each of the following:

- a typical short haul family package holiday
- a long haul all-inclusive holiday
- an independent long haul trip including return flight, accommodation for ten nights in two locations and car hire.

Provide named details of what each will involve, the relative costs and come to a conclusion as to which offers the best value for money. Furthermore you can also try and explain how your chosen holiday products are meeting the needs of particular types of traveller, as indicated in Table 1.8.

Remember that travel will be from your local area to destinations of your choice for each of the three categories.

Customer type	Needs and expectations
younger child	Seaside or inland resort with facilities for young children. Entirely dependent on parent or guardian for choice.
teenager	Resort-based holidays with entertainment, nightlife and activities are usual requirements but still dependent on parent(s). If part of a group, will want semi-independent activity holidays.
young adult	Taking holidays dependent on time and resources, ranging from 'sunlust' to activity-based. High on adventure, backpacking and experiences.
younger couples	Busy lifestyles mean time is barrier to travel so shorter breaks popular to fit in with dual careers.
family groups	Seek family-centred holidays during school holidays. Will often engage in additional VFR trips at other times of year.
mature couples – 'empty nesters'	Wide ranging but higher disposable income to take more expensive 'explorer' holidays and second breaks.
retired – 'grey market'	One person or one partner retired; income fixed but more time available. As age increases seeking more passive holidays.

Table 1.8

## Travel agencies

Travel agencies act as intermediaries providing information about destinations, tour packages and various ancillary travel services. They enable clients to access this information and make travel arrangements on behalf of their customers. Figure 1.52 shows the position of travel agencies within the chain of distribution.

Travel agencies act as agents for a variety of principals who are the suppliers of travel products. The travel agencies therefore sell on behalf of airlines, rail companies, hotels, tour operators, car-hire companies and currency suppliers. There are also specialised business travel agents who provide services for the business traveller in terms of timely and flexible travel arrangements with scheduled airlines and accommodation bookings with large international hotel chains.



Figure 1.52 Chain of distribution



Figure 1.53 An independent travel agent in Phuket, Thailand

Travel agencies vary in their size and scale of operation. 'Multiples' are agencies that have branches throughout a country and, as in the case of an international travel agency chain, often in countries overseas. It is also possible to find smaller independent travel agents, called 'miniples', which are not part of a national chain, as shown in Figure 1.52. These are smaller scale operations, usually having only one retail outlet.

The role of travel agencies within the chain of distribution is under threat as many consumers now make their own arrangements using the internet. Online reservations systems allow customers to by-pass traditional intermediaries and deal directly with primary suppliers to obtain information and make reservations.

## Visitor attractions

Most leisure travellers are motivated to visit a destination because there are certain attractions that appeal to their individual preferences and these may include opportunities for relaxation, amusement, entertainment and education. These visitor attractions are an extremely important part of the tourism industry and are the driving force behind much of the development that has taken place in a variety of destinations. Without attractions there would be no need for many other tourism services.

Tourist attractions can be classified according to whether they are **natural attractions** or **built attractions**. Natural attractions include national parks, coral reefs, wildlife reserves, mountains, forests, coastline, lakes/waterways and particular landscape features such as caves, waterfalls and volcanoes. Built attractions are considerably more varied and include zoos, aquariums, theme parks, museums, heritage centres, sports facilities, family entertainment centres, cinemas, cultural attractions, historic sites such as castles and shopping centres.

Most popular tourist destinations contain a range of visitor attractions. Every attraction, regardless of its size and scale of operation, will attempt to appeal to as many visitors as possible in order to maximise profits and to generate funding to support further its development. In this way, attractions will over time introduce new facilities in an attempt to remain profitably in business.

In 2011 over 130 million people visited theme parks and the world's most popular was Disney World Magic Kingdom in Florida with 16 972 000 visitors. In terms of natural attractions, Niagara Falls attracted over 22 million visitors in 2011 and is the world's most popular landscape feature. The world's top ten heritage attractions in 2011 are shown in Table 1.9.

Heritage visitor attraction	Visitors in 2011
Union Station in Washington DC, USA	37 000 000
Grand Central Terminal, New York, USA	21 600 000
Notre Dame Cathedral, Paris, France	13 650 000
Forbidden City, Beijing, China	12 830 000
Sacré Coeur Basilica, Paris, France	10 500 000
Great Wall of China	9 000 000
Musée Du Louvre, Paris	8 500 000
Sydney Opera House, Sydney, Australia	7 400 000
Eiffel Tower, Paris, France	6 700 000
Lincoln Memorial, Washington DC, USA	6 042 315

Table 1.9 World's top ten heritage attractions (2011)

Larger heritage attractions usually meet the needs of overseas visitors in a variety of ways. The visitor can obtain information in advance by visiting the attraction's website and can often pre-book their visit to avoid delays. On arrival, leaflets and books are usually available, some in foreign languages. Figure 1.53 would be of interest to a tourist who is researching in advance.

Similarly, guided tours will often have a multi-lingual guide and/or audio technology which offers a commentary in a choice of languages for the convenience of overseas visitors. Some attractions have a visitor centre with interactive displays which have a choice of languages and this is clearly a very appropriate way to provide services to foreign visitors.

#### ACTIVITY 10

To help you understand the appeal of visitor attractions to both international and domestic tourists you can undertake some personal investigative research in your local area or a destination of your choice. Using information obtained from the local tourist board, identify the main visitor attractions that the area has to offer. Put them into categories such as:

- museums
- art galleries
- sporting venues
- theatres and places of entertainment
- religious buildings.

You can then research visitor numbers for a selection of the attractions that you have identified and placed in particular categories. Data for a number of years may be available from published reports on the internet and this will allow you to assess the relative importance of key attractions found in your chosen destination.

## Ancillary service providers

Ancillary services are the 'extras' you might need for your holiday, not already included in a holiday package, such as:

- travel insurance
- park/event tickets
- car hire
- airport parking
- foreign exchange
- tour guide.

These types of services can be provided by a number of different travel and tourism organisations as an additional service. Travel agents, hotels and airlines may offer some or all of these services for an additional fee. It is a way for the organisations to generate additional income.

### Currency exchange

This allows customers to exchange one currency for another. There are specific businesses, called Bureaux de Change, which specialise only in offering this service, or tourists may exchange their money via the travel agent before they travel or at the hotel once they arrive. Those offering currency exchange profit from its services either through adjusting the exchange rate or taking a commission. Traditionally people were encouraged to use travellers' cheques as the most secure form of exchanging money abroad. However nowadays, people do not always need to use exchange services as it is possible to withdraw money in the foreign currency from ATMs in the destination using a debit or credit card. Many people will also pay directly with a credit card; even many taxi businesses will accept payment this way.

### Car hire

We have talked briefly about car hire already in this chapter under road transport. Reserving a hire car can be done via the travel agent, via some hotels or online. Many tourists like to make sure they have booked their hire car before travelling for speed and convenience on arrival in the destination. This guarantees that the car will be waiting at their chosen pick up point and that the visitor can choose the size of vehicle before they pick it up. Families may also wish to hire child car seats for convenience, as these can be very bulky to travel with.



## 5 NIAGARA FALLS

22,500,000 ANNUAL VISITORS  
 PEAK SEASON JUN-AUG

Covering its passengers in the dense mist of the falls, the maid of the Mist ferry service has been running since 1846. you will face larger crowds in the peak season but will be greeted by warmer weather.



## 4 UNION STATION, WASHINGTON D.C.

32,850,000 ANNUAL VISITORS  
 PEAK SEASON MAR-JUN SEPT-NOV

After basking in the wonder of the architecture, why not partake in one of the many city tours based at the station?



## 2 TIMES SQUARE, NEW YORK CITY

39,200,000 ANNUAL VISITORS  
 PEAK SEASON JAN-MAR JUN-AUG

A treasure-trove of LED lighting and attractions. Go on a walking tour first, or do some research at home, so that you can choose between the abundance of theatre, music and comedy shows.



## 3 CENTRAL PARK, NEW YORK CITY

37,500,000 ANNUAL VISITORS  
 PEAK SEASON JAN-MAR JUN-AUG

Attend a concert or play in the summer, or don your blades in the winter for a spot of ice skating on either the wollman or Laser rinks.



## 1 LAS VEGAS STRIP

39,668,221 ANNUAL VISITORS  
 PEAK SEASON US HOLIDAYS

A treasure-trove of LED lighting and attractions. Go on a walking tour first, or do some research at home, so that you can choose between the abundance of theatre, music and comedy shows.

Figure 1.54 The 50 most popular visitor attractions in the world in 2014

### Tourist information and guiding services

There are now many different sources of tourist information; tour operators and travel agents will provide some basic information about the main attractions and activities on offer within the destination, in order to help customers make an appropriate choice of where to travel. The internet also provides a broad range of additional information sources. However, many tourists still rely on a destination's Tourist Information Centre as an important source of information.



Figure 1.55 A tourist information centre in Japan

Tourist Information Centres (TICs), like the one shown in Figure 1.55, provide a range of services to meet the needs of visitors. They offer visiting tourists a wide range of information about the local area and can provide copies of promotional leaflets, brochures, guide books and other material relating to the destination. TICs are usually found at locations where visiting tourists can easily find them,

such as airports, railway stations or at central locations within major tourist areas. Many visitors will use a TIC to help them find and book suitable accommodation. TICs are also used as an outlet for the booking of local sightseeing tours and they can also provide information about local guides. Larger TICs sell souvenirs and merchandise relating to the local area.

Many tourists visiting destinations for the first time may wish to employ the services of a **tour guide** for some of their time in the destination. A tour guide is an expert on the history of the location and will offer their tour groups interesting or enlightening information about points of interest at nature attractions, historic sites, museums, scenic locations and other attractions. Guides may give walking tours, bus tours or even lead river tours on a boat. In addition, guides answer visitors' questions and keep the tour organised, efficient and safe. Using guiding services will offer visitors peace of mind, especially in destinations with a strong cultural identity that differs from the visitors' own or in places where there is an element of danger, for example, a nature reserve where it would be easy for the unfamiliar tourist to get lost. Guiding services can be booked via the tour operator or travel agent at the time of booking the holiday, or may be booked independently online. Tourist Information Centres will be able to recommend a local guide once in the destination.

#### ACTIVITY 11

Visit your local Tourist Information Centre and investigate the variety of products and services that are offered to tourists.

## Summary

We have seen how all aspects of the travel and tourism industry overlap and interrelate in creating the overall visitor experience. The component subsectors all depend on each other. All component subsectors will have some form of relationship with most of the other destination features. For example, the development of a new tourist attraction at a destination will have an effect on transport, the demand for accommodation and catering facilities, tour operators may want to organise tours to the new attraction and the local or regional tourism board will help to promote it.

For this section, you should be able to:

- give relevant examples of the current structure of the industry
- explain key organisations that make up the structure and their products, services, values and objectives
- analyse information and data relating to the structure of travel and tourism
- make appropriate judgements about the relationships between organisations within the industry.

## Exam-style questions

### Question 1

- a Explain, using examples, the difference between mass tourism and specialised tourism. **[4 marks]**
- b Analyse the relationship between the reasons why people travel and the types of destinations they visit. **[6 marks]**
- c Evaluate why LEDCs often find it difficult to attract tourists. **[9 marks]**

### Question 2

The Seychelles islands are becoming an increasingly popular tourist destination after a 15% increase in arrivals was recorded between January and April 2015, when compared with the same period the previous year.

During 2014, the number of visitors who came to the Indian Ocean archipelago of 115 islands were almost the same compared with 2013, recording only a 1% increase. However, 2015 seems likely to have been a good year for the Seychelles tourism industry.

According to the National Bureau of Statistics (NBS), the months of March and April of 2015 recorded the highest number of visitors since January 2009 with 25 129 and 25 038 visitor arrivals respectively; a very promising figure for the small island state with a population of 90 000.

Tourism is the main pillar of the Seychelles economy. The island nation, which is situated in the Indian Ocean, east of the African Coast and northeast of Madagascar, is known for its white-sand beaches, turquoise sea water and its unique, well-preserved environment.

*<http://www.seychellesnewsagency.com>*

Refer to the information about tourism in the Seychelles.

- a Describe **two** reasons for the appeal of the Seychelles as a destination. **[4 marks]**
- b Analyse the data relating to tourist arrivals for the Seychelles and explain why these figures are important for the destination. **[6 marks]**
- c Discuss how ecological factors such as climate change might affect the future of tourism for an island destination such as the Seychelles. **[9 marks]**

**Question 3**

Zimbabwe can potentially generate \$5 billion annually in tourism revenue if it can revamp its tourism infrastructure and regain its image as a prime tourism destination. Zimbabwe's Tourism and Hospitality Industry Minister has identified tourism infrastructure development as key to plans to revitalise the country's economy.

The government has embarked on upgrading the country's major roads and recognises that Zimbabwe needs an open policy on the country's skies and borders so as to attract more tourists. Experts have projected the growth of low-cost airlines in the country could help spur the growth of the tourism sector as connectivity improves and the cost of travelling becomes more affordable.

Some low-cost airlines are already operating in the country, such as Fly Africa and Fastjet, while authorities have also relaxed the visa requirements for visitors from emerging economies in a bid to increase arrivals.

The expansion of the Victoria Falls International Airport is also envisaged to improve the airport's handling capacity. It includes the expansion of the existing runway as well as construction of a new runway, construction of a new terminal building and improvements to car parking and the road network.

Zimbabwe has many natural and cultural heritage attractions and a wide range of accommodation options.

*Adapted from an article on Mail & Guardian Africa <http://mgafrica.com>*

- a** Describe **three** ways Zimbabwe is making itself a more accessible destination. **[6 marks]**
- b** Explain **two** reasons why governments encourage tourism development within a country. **[6 marks]**
- c** Discuss the contribution that different subsectors of the travel and tourism industry make to the overall tourism experience. **[9 marks]**

## Chapter 3

# Destination marketing

*In this section of the syllabus you will learn:*

- how market research and analysis define the tourism market
- how establishing a destination identity builds the destination brand
- how implementing the destination brand is achieved through communicating brand messages and by overcoming challenges that branding destinations poses
- how to monitor the effectiveness of destination brands using a range of methods and through key performance indicators (KPIs).

## Introduction

The places that tourists choose to visit impacts on the overall tourism experience for that tourist. Tourism also plays an important role in developing the economies of **tourist receiving countries**, with significant financial contributions being made to a country's gross domestic product (GDP) through visitor expenditure on tourist accommodation, transport and tourism activities. Tourism represents one of the main sources of income for many developing countries. According to the United Nations World Tourism Organisation (UNWTO), tourism has 'become one of the fastest growing economic sectors in the world'. This growth goes hand in hand with an increasing diversification and competition among destinations.



### KEY TERM

**Tourist receiving countries:** countries which attract the highest number of international visitors each year, and tend to be the destinations with good tourism infrastructure. Typical examples of tourist receiving countries are France, the USA, Spain, China, Italy and the UK.

Competition amongst destinations results in more choice for visitors. This, in turn, means that tourism providers in destinations around the world are having to work hard to appeal to visitors in order to gain customers. One means of attracting potential customers is through marketing, but it is often not feasible for each individual tourism organisation to market and promote itself on a global scale. Given the significant economic benefits of a country, or destination, being able to attract more visitors, the task of marketing the broad range of tourist attractions and providers in that destination often falls to the tourism



Figure 3.1 The White Temple in Chiang Rai, Thailand

authorities within the country, as these have both the status and the financial resources with which to make their presence felt on a global scale. Tourism authorities often use aspects of the country's cultural heritage in marketing destinations, such as the beautiful temples in Thailand. See Figure 3.1.

## 3.1 Defining the tourism market

Before a destination can be marketed or promoted, it is important that the tourism authorities, and providers of visitor products and services within that destination, understand the market in which the destination operates. For well-established destinations in popular tourist receiving countries, the market environment may be very different from that for a less well-known destination within a developing country.

In order to understand the tourism market, there is a need to carry out an assessment of all aspects of the market environment, using a broad range of market research techniques and market analysis tools.

### Market research and analysis



### KEY TERM

**Market research:** the systematic, objective collection and analysis of data about a particular target market, competition and/or environment (according to Market Research World [www.marketresearchworld.net](http://www.marketresearchworld.net)). It always incorporates some form of data collection. More simply, it can be defined as the act of gathering information about customers' needs and preferences.

There are many reasons why market research and analysis are carried out by those responsible for marketing a particular destination.

The main purpose of market research and market analysis for a destination is to identify specific features of the tourism market in terms of who will visit, what will visitor expectations be when they visit and which other destinations are appealing to the same visitors.

## 3.2 The aims of market research and analysis

### The market

There are a variety of ways in which a tourism market can be determined. Traditionally, tourism is classified by purpose of visit, i.e. for business, for leisure or for visiting

friends and relatives. (For more information of these classifications, please see Chapter 1.) The tourism market may be made up of both international and domestic visitors. Research data may give us an indication of market size, that is, the total number of visitors to a destination within a specific time frame, or it may reveal information about market share, such as the percentage of visitors to the destination compared to the total number of visitors to the region.

It is also possible to define the tourism market in terms of a destination's maturity linked to the stages of the Butler 'Destination Lifecycle' model. This is discussed in Chapter 4. Market research and analysis enables us to classify destinations by their place in the market, relative to the extent of development within the destination.

For example, Papua New Guinea is a newly emerging destination country, confirmed by its number one position in the Top Emerging Destination category of the *Wanderlust Magazine's* 2015 Travel Awards.

### Top emerging destinations

- 1 Papua New Guinea
- 2 Mongolia
- 3 Montenegro
- 4 Iran
- 5 Bolivia.

London, on the other hand, is a well-established city destination, with a long history of winning awards, which makes it a popular choice.

### Customer needs and wants

**KEY CONCEPTS**

**Customer focus**

The purpose of market research is to establish the needs and wants of customers. This is a key concept in the travel and tourism industry as it will allow a destination's tourism authorities and tourism providers to really understand their customers and assess what they must do to meet their needs.

A key element of marketing for any business is to understand exactly what it is that customers are looking for from the products and services they purchase. This is certainly no different from the perspective of a tourism destination.

**KEY TERM**

**Customer needs:** according to Abraham Maslow and his theory, the hierarchy of needs (1943), a need is a basic human requirement. People require food, clothing, shelter, safety, a sense of belonging and self esteem. These needs are not created by marketing professionals: they exist in the human condition.

Customer wants are described as being specific satisfiers of need. These are not actual requirements, rather a person's preference for how a need might be fulfilled.

**KEY TERM**

**Customer demands:** those wants backed by the customer's willingness and ability to purchase particular products and services.

Therefore, a key element in market research is not only finding out exactly what customers need and want from a destination, but also identifying how many tourists would be willing and able to visit a specific destination.

**KEY CONCEPTS**

**Global and growing**

Competition arises because of the continuing growth of tourism as an important economic factor for many countries. The growth in technology has intensified this competition, with destinations vying for visitors to choose them over the competition through the use of social media and websites.

### The competition

Competition between tourist destinations continues to grow with the greater choice in transportation and through advances in technology, which has brought even the remotest of destinations to customer's attention via computer screens and smart phones. One of the aims of market research is therefore to identify the specific destinations that pose the most competitive threat, by appealing to the same customers, and by offering a similar tourist experience.

Destinations will often carry out an analysis of the competition as part of their process in defining the tourism market in which they operate. For example, a small island destination such as Trinidad will use market research to identify other small island destinations which

offer a similar range of products and services to visitors and determine its own level of popularity. According to *The Travel and Tourism Competitiveness Report 2015*, published by the World Economic Forum, Trinidad and Tobago are ranked 69th of all destinations. This puts these islands ahead of most of their Caribbean counterparts in the rankings, as destinations such as the Bahamas, Antigua and St. Lucia did not make it onto the list at all because of insufficient tourism data. The Travel and Tourism Competitiveness Index (TTCI) suggests that most Caribbean countries rely extensively on their beaches but do not seem to promote their cultural resources sufficiently. This type of information enables destinations such as Trinidad to stand out from its competitors by publicising a major cultural attraction – the annual Trinidad and Tobago Carnival (Figure 3.2), held on the Monday and Tuesday before Ash Wednesday, which is well known for colourful costumes and lively celebrations.



Figure 3.2 Trinidad and Tobago Carnival

### Travel trends

The term **travel trend** refers to the ways in which patterns of travel have developed over a period of time. Travel trends can be used to predict future changes.

#### KEY TERM

**Travel trend:** the general direction in which something is developing or changing.

Many tourism authorities collect, collate and analyse data relating to the number of visitors to specific destinations, and the results are used to predict travel patterns in the future. Trends are measured over a period of time, usually not less than a 5-year period, so that a more meaningful comparison of sets of data can be made.

Let's have a look at some of the research data that is available.

## World travel trends

Extract from ITB World Travel Trends Report 2014/2015:

'In the last five years people around the world have been increasingly travelling abroad on holiday, although different trends regarding the types of holiday can be seen, according to the World Travel Monitor®. Sun and beach holidays have grown by 18% over the last five years and remain the most important category with 28% of all holiday trips. However, touring holidays have grown by 32%, thanks in particular to more tours by Asians. In contrast, countryside holidays have declined by 17% over the last five years and now only represent 11% of all holidays.

The boom market segment, however, has been city trips which have soared over the five years to reach a 20% market share. This dynamic growth has been supported by the increase in low-cost flights and the expansion of budget accommodation. According to World Travel Monitor® figures, Paris is the world's top city destination with 18.8 million international arrivals in 2013, followed by New York, London, Bangkok, Barcelona and Singapore.'

Pos	City	Arrivals (millions)
1	Paris	18.8
2	New York	18.5
3	London	16.1
4	Bangkok	14.6
5	Barcelona	12.4
6	Singapore	10.6

Table 3.1 Destination areas trips

#### ACTIVITY 1

- 1 Identify **two** types of destination that have continued to grow in popularity over the last five years.
- 2 If you were a tour operator specialising in offering touring holidays, explain how you might use the information from this research data.
- 3 Explain **two** reasons why European city destinations might have gained in popularity over recent years.

### Customer behaviours

Customer behaviour is generally defined as being concerned with all activities directly involved in obtaining, consuming and disposing of products and services, including the decision processes that precede and follow these actions. In terms of ‘tourist behaviour’ or ‘travel behaviour’, there have been many studies of different types of ‘tourists’ based on their travel motivations, their stage on the lifecycle model, their preferences, which may or may not be helpful in understanding the concept of customer behaviour.

### Classification of tourists

Erik Cohen’s classification of tourists is based on the theory that tourism combines the curiosity to seek out new experiences with the need for the security of familiar reminders of home. Most tourists prefer to explore the destinations from a familiar base. The degree of familiarity of this base underlies Cohen’s typology in which he identifies four tourist roles.

Stanley Plog proposes a theory that associates the popularity of a destination to the inherent personalities of travellers. Plog suggests that travellers can be classified into the following types based on their different personalities: allocentric, psychocentric and mid-centric.

### Allocentric type

This is a person who seeks new experiences and adventure in a variety of activities and is outgoing and self-confident. An allocentric person prefers to fly and to explore new and unusual areas before others do so, and enjoy meeting people from foreign or different cultures. They prefer good hotels and food, but not necessarily modern or chain-type hotels. For a tour package, an allocentric would like to have the basics such as transportation and hotels, but not be committed to a structured itinerary. They prefer the freedom to explore an area, make their own arrangements and choose a variety of activities and tourist attractions.

### Psychocentric type

Psychocentrics are more conservatively oriented and tend to be inhibited and non-adventuresome. They prefer to revisit familiar destinations where they can relax and know what types of food and activity to expect. Psychocentrics prefer to drive to destinations, stay in typical tourist accommodations and eat at family-type restaurants. When arranging a package tour, psychocentrics would prefer a heavily structured itinerary so that they know what to expect. Safety and security are very important to this group.

Role	Category	Classification
Organised mass tourists	Institutionalised tourism	The least adventurous type of tourist. They spend most of their time surrounded by a similar living environment to home while abroad. Typically take a guided tour in an air-conditioned bus. The itinerary is decided in advance and all the attractions and stopping points are well fixed and guided. Tourists have almost no decisions on their trip.
Individual mass tourists		Similar to the organised mass tourist, except that the tour is not entirely fixed. The tourist has a certain amount of control over the time and itinerary, and is not bound to a group. However, all the major arrangements are still made through a tour agency. They are still confined by their ‘environmental bubble’.
Explorer	Non-institutionalised tourism	They arrange their trips alone. They try to go somewhere unusual, but still look for comfortable sleeping places and reliable means of transportation. They retain some of the basic routines and comforts of their native way of life. They try to mix with the people they visit and also try to speak their language. The explorers dare to leave their ‘environmental bubble’ more readily but they are still careful about their ventures.
Drifter		This type of tourists goes further away from the ‘environmental bubble’ and from the accustomed ways of life in their home countries. They keep away from any kind of connection with the tourism establishment, such as hotels and tour coaches. The drifters have no fixed itinerary or timetable. They tend to make their trips wholly on their own, and often live with the local people. They try to live the way the locals live, and to share their houses, food and habits.

Cohen Erik, ‘Toward a Sociology of International Tourism’, *Social Research*, vol. 39, no. 1, 1972

Table 3.2 Cohen’s classification of tourists

### Mid-centric type

A large number of people fall between the allocentric and the psychocentric types of tourists. This type, called mid-centrics, are not particularly adventurous, but they are receptive to new experience.

All theories agree that there are three stages to the way in which customers take action, namely pre-visit, on-site and post-visit. The following simplified model attempts to show the influences that affect what we shall call 'tourist behaviour'.

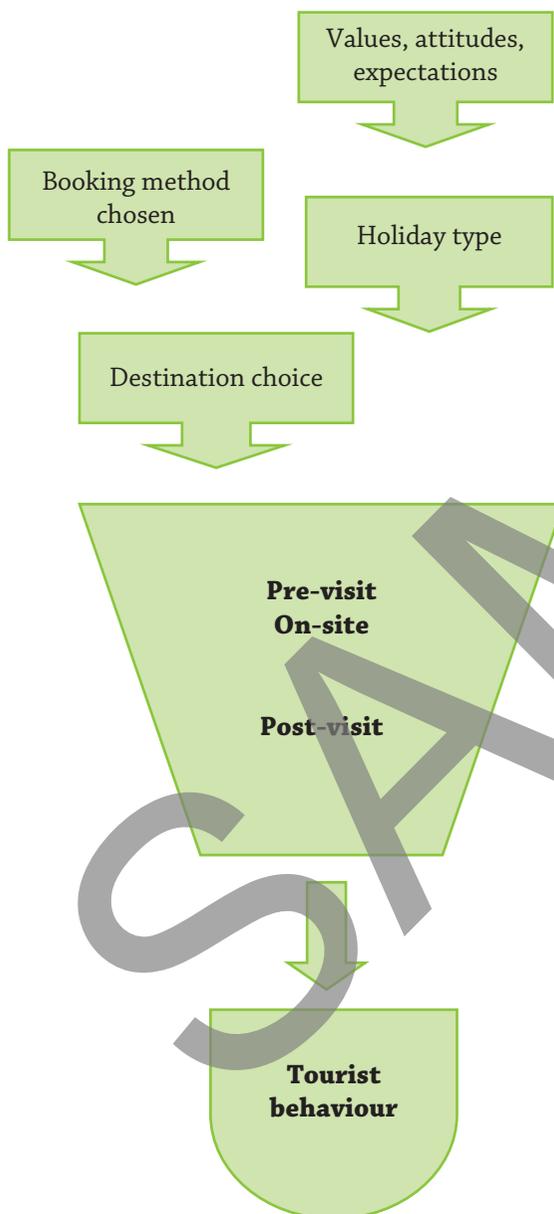


Figure 3.3 Chart depicting some of the influences on tourist behaviour

The choice of destination is crucial to the decision-making process within tourist behaviour and as such, tourist

authorities aim to influence the tourist's choice through marketing activities. In order to do so, it is important that 'customer behaviour' is researched and understood.

### Customer preferences for destinations

The type of destination that a tourist chooses is clearly influenced by a number of different factors, many of which have been detailed in the earlier section on 'customer behaviours'. Preference implies an element of personal taste, based on our own inherent set of values, attitudes and expectations.

For example, people will choose different destinations for a honeymoon holiday based on their own preferences. For many, the word 'honeymoon' conjures an association with pristine, white sand beaches, palm trees, relaxation and romance, such as on the beach in Figure 3.4.



Figure 3.4 Bora Bora – a traditional 'romantic' honeymoon destination

### KEY CONCEPTS

#### Change and development

The dynamic nature of the travel and tourism industry enables it to respond to the changing needs of customers. Tourism providers in destinations around the world seek to update their product portfolios to offer exciting new products and services and to attract a growing number of customers by offering unique tourism experiences.

But many couples are now looking for a unique experience for their honeymoon, so choose destinations where they can take part in more adventurous activities, or stay in unusual accommodation, as in Figure 3.5. Research enables destinations to discover the preferences customers have.



Figure 3.5 A more ‘adventurous’ honeymoon experience

### Popularity of destinations

There are many different measures of popularity through industry-based tourism awards, customer opinion polls, total number of visitors or trips, and so on. We have already seen examples of some of these measures earlier in the chapter (in Table 3.1, and Papua New Guinea). What is important is the fact that tourism authorities in destinations have access to some of the data that indicates which destinations are popular, and which are losing their popularity. This helps inform marketing

decisions for destinations aiming to increase or maintain their popularity.

### Competition amongst destinations

We have already examined the reasons why market research might identify a destination’s competition in the market. Competition, in marketing terms, is considered healthy, as it encourages tourism authorities to look more closely at their product offerings and to find ways of becoming more attractive. It is every destination’s aim to gain competitive advantage over similar destinations and to increase market share, because of the economic advantages that this brings. Researching what your competitors are offering is an important stage in ensuring you can offer something better, at a lower price.

### Stages in the Butler ‘Destination Lifecycle’ model

The concept of tourist destinations having a life cycle was first proposed by R.W. Butler in 1980. He suggested that destinations would follow the series of evolutionary stages that he described in his Tourism Area Life Cycle (TALC) model. This is now commonly referred to as the Butler ‘Destination Lifecycle’ model.

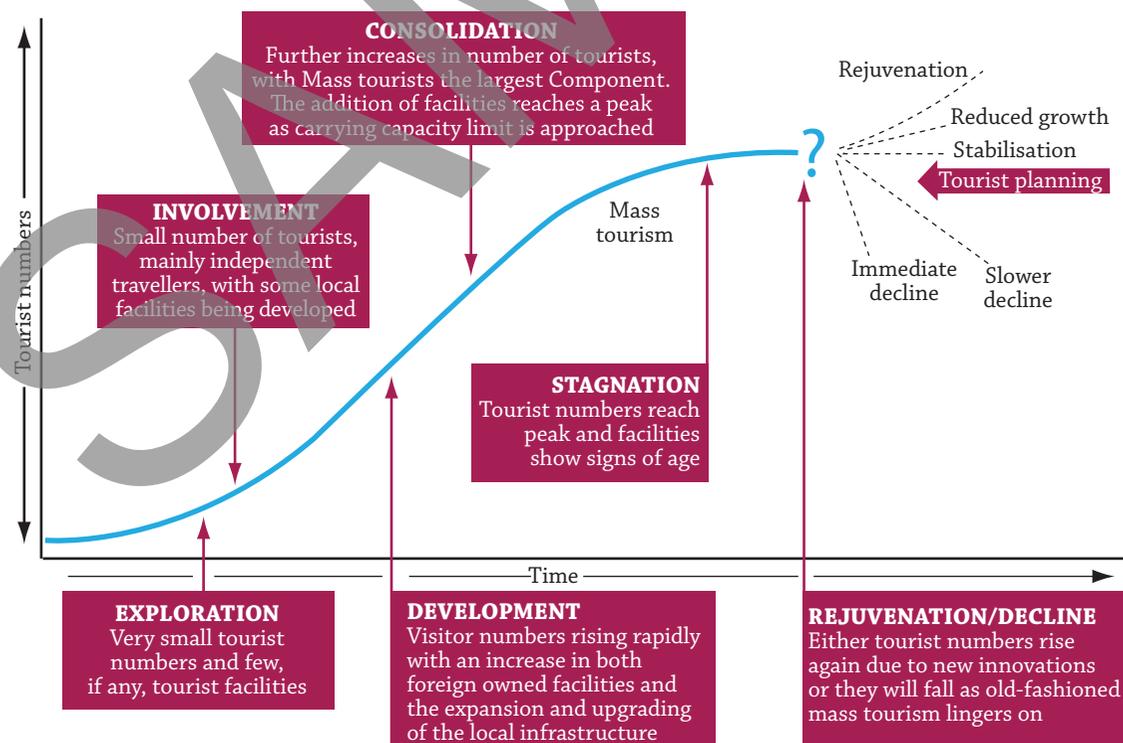


Figure 3.6 The Butler ‘Destination Lifecycle’ model

As with all life cycles, the final stage is death and if a tourist destination is to survive it must re-invent itself in some way and continue to develop – a process known as ‘rejuvenation’. Butler’s ideas fit many destinations very well and we can see clear evidence, both in the MEDC and LEDC nations, of locations that fit into one of the six stages of development that he proposed.

- 1 Exploration stage:** Small number of tourists that have usually made their own travel arrangements. There are only a few visitors coming to the destination, maybe backpackers or some other type of independent traveller. There are no charter flights or tourist services and the cost to the traveller, both in time and money, can be high. No investment in tourist infrastructure has been made at this stage. However, the economic, social, cultural and environmental impacts caused by tourism will be minimal.
- 2 Involvement:** Some local residents begin to provide facilities exclusively for the use of visitors. Visitor numbers increase, local businesses start providing services. The local population has accepted the arrival of visitors and the destination starts to grow, with locals actually becoming involved with promotional activities.
- 3 Development:** Local suppliers and providers of tourism products and services become increasingly involved in the development process. The area becomes established as a tourist destination with a defined market. As the visitors keep coming, more businesses enter the market, which is now becoming profitable. Package holidays begin and the destination sees marked expansion with the arrival of foreign operators and investors. As the country becomes more popular and the infrastructure begins to take shape, more tour operators become interested and organise package tours to the country. A range of brochures become available at travel agents, advertisements appear in the media. Competition between businesses grows, so prices start to fall and so do profit margins. With increased competition resulting in falling prices, different type of customers will now be able to visit the destination. This reflects a well-defined tourist destination shaped by heavy marketing in tourist generating regions.
- 4 Consolidation:** Tourism now starts to dominate the economic base of the area and begins to have an adverse effect on the traditional economy and lifestyle. Local agricultural land is given over to resort

development but there is not a proportional increase in local wealth, per capita income or job creation. The rate of increase in numbers of visitors will have started to decline, although total numbers will still increase.

- 5 Stagnation:** Peak numbers of visitors will have been reached. There is a growing awareness of negative environmental, social, cultural and economic tourism impacts. Sales go down as the country goes out of fashion and there is evidence that the original cultural and natural attractiveness of the destination has been lost. Profits are low and businesses may leave the market or diversify to other types of product. Furthermore, because there may be fewer businesses in the local tourism marketplace, prices can be increased, thus accelerating the decline.
- 6 Decline versus rejuvenation:** Butler’s model of destination development and evolution ends with a series of options that all resorts will have to face at some time. Figure 3.6 shows the following:
  - Immediate decline: Visitor numbers fall quite rapidly and the tourism base severely contracts, resulting in a local economic depression.
  - Decline: The destination will face a declining market and will be unable to compete with newer destinations or destinations that better meet the needs of the modern tourist.
  - Stabilisation: The destination is able to maintain its market share but there is little, if any, continued growth and development.
  - Reduced growth: The effects of competition mean that even with new development plans, the destination is never able to return to the levels of previous growth and development.
  - Rejuvenation: If major changes are made, such as improving the environment and tourism infrastructure, better marketing or the addition of more attractions, for example, then the destination may experience a period of rejuvenation, with further growth and development brought about by innovation and renewed diversification. In effect, the destination re-invents itself and extends its appeal to different market segments.

It is important to remember that the Butler model is a generalisation, and so not all destinations will follow this process exactly. However, many destinations will use the general principles of the model to identify the stage which best describes their stage of development.

## Myanmar: A case study of destination development

Myanmar (formerly known as, and still sometimes referred to as Burma) is strategically located in Southeast Asia, and is currently experiencing rapid growth in international tourist arrivals and tourism receipts. It has become an emerging tourist destination for international travellers keen to experience Myanmar's abundant wealth of cultural and natural heritage, hospitality and spiritual values.

Taking this opportunity, the Ministry of Hotels and Tourism of the Republic of the Union of Myanmar has placed considerable emphasis on developing and managing tourism in sustainable and responsible ways in line with the Government's reform strategies and economic plans. This has led to the development of the Myanmar Tourism Master Plan 2013 to 2020. The goal of this Master Plan is to maximise tourism's contribution to national employment and income generation while ensuring the social and economic benefits of tourism are distributed equitably. The Government set a high target of 3.01 million international visitors in 2015 and 7.48 million by 2020.

### News article

Things are changing in Myanmar. For the past four years the country has been experiencing greater political transparency. This is also having an impact on the tourism sector, which has seen the number of visitors to the country more than double: in 2010 tourists numbered around 800,000, whereas in 2014 Myanmar welcomed two million visitors.

Myanmar is one of the world's poorest countries, so tourism represents an important source of income. Many new hotels are currently being built in Myanmar, and with this development comes tourism development advice from around the world. That may start with the simplest things, such as cutting down on waste by getting hotels to use laundry bags made of linen rather than plastic and fitting refillable soap dispensers.

The hospitality industry provides jobs for many people. Beyond this, however, the tourism sector also offers enormous potential for economic development in the country. There is also advice to business start-ups on how to gain a foothold in the tourism sector.

From hotel bakery suppliers to cycle hire shops – the potential for business concepts is huge. With its Buddhist temples, deserted beaches and majestic Himalayan landscape, Myanmar has much to offer tourists. There is potential here to develop a wide range of travel opportunities, and to do this in a way that benefits all involved – both tourists and local people.

Myanmar ranks high among emerging Southeast Asia destinations. Myanmar ranks top in several surveys.

United States Tour Operation Association (USTOA) members ranked Myanmar as 2015's top emerging destination – ahead of Cuba, Croatia, Iceland, India, Peru, Sri Lanka, Vietnam, Cambodia and Panama. This was the third straight year that Myanmar took top spot in these rankings. The following predictions are based on the analysis of Skyscanner flight search data from the last three years, combined with qualitative research carried out by a market research agency, Trendhunter, to provide additional insight on destination trends and influences.

Skyscanners' list of top 10 destinations for 2015:

- |                      |                      |
|----------------------|----------------------|
| 1 Myanmar            | 2 Mykonos, Greece    |
| 3 Iceland            | 4 Brazil             |
| 5 Panama             | 6 New Caledonia      |
| 7 Seoul, South Korea | 8 Colombo, Sri Lanka |
| 9 Nicaragua          | 10 Okinawa, Japan.   |

The results of a recent visitor satisfaction survey carried out in Myanmar are given below. Figures in brackets refer to the percentage of people who rated various aspects of the visitor experience in Myanmar in terms of satisfaction.

### Most Satisfied

- Choice of different activities/things to do (76)
- Overall service (tour guides) (76)
- Availability of local/traditional cuisine (75)
- Value for money (local food and beverage) (75)
- Ease of access to cultural/historic attractions (74)
- Overall service (tour operators) (72)

### Least Satisfied

- Value for money (accommodations) (34)
- Cleanliness of transport options (25)
- Availability of information on destinations (22)
- Choice of transport options to destinations (21)
- Value for money (tours/travel) (18)
- Overall service (hotels) (15)

**ACTIVITY 2**

Use the information from case study 2 to consider how well tourism authorities in Myanmar have met their research aims in trying to define the current tourism market for the destination.

Consider how the research identifies:

- the market
- customer needs and wants
- the competition
- competition among destinations
- travel trends and customer behaviours
- customer preferences for destinations
- popularity of destinations
- stage in the Butler 'Destination Lifecycle' model.

### 3.3 Market research: advantages and disadvantages of each research method

To conduct market research, tourism organisations may decide to undertake the project themselves, using their marketing department to carry out this task, or they might choose to commission it via a professional market research agency or consultancy firm.

Collecting data is central to the market research process. There are a number of research methods available to capture the data required by undertaking market research on any scale. There are also limitless sources of appropriate data that can be accessed. The next section of the chapter will look at these methodologies and techniques in detail, to identify the advantages and disadvantages of using each.

#### Primary research methods

Primary research is often called 'field research', as it is obtained first hand from customers in the market. This type of research can be carried out by asking customers questions or by observing consumer behaviour. There are

many commercial market research companies that will carry out primary research on behalf of tourism authorities but this is very costly. Questionnaires and surveys are the main methods used in primary research, although in-depth interviews, focus groups and participant observations may also be used.

#### Questionnaires

Questionnaires must be carefully designed to ensure that **respondents** can easily understand what they are being asked.



#### KEY TERM

**Respondent:** a person filling in a questionnaire or taking part in a survey (the person responding to the questions).

The language being used in a questionnaire needs to be simple and should avoid the use of jargon. Closed questions (those with a yes/no response) or multiple-choice questions are used to guide respondents towards a uniform answer. The advantage of this is that it is quicker for respondents to answer and it also makes data analysis more straightforward because of the uniformity of the answers.

Scaled-response questions, as in Figure 3.7 are also useful in gauging customers' opinions (for example, 'Rate the service you received on a scale of one to ten, one being poor, ten being exceptional.').

Open questions where respondents are left to answer in any way they choose make analysis more difficult and are also off-putting to those completing the questionnaire.

Questions should begin by being quite general and gradually become more specific. The number of questions included is also very important – too few and the research may not gather sufficient data to be considered valid; too many questions may leave respondents frustrated at the time it takes to complete. Between 10 and 15 questions is recommended for most questionnaires.

Here is an example of a destination questionnaire used by tourism authorities in Slovenia.

## Tourist destination questionnaire

Dear Sir or Madam!

Good morning/afternoon and welcome to our tourist destination. We are pleased that you decided to stay here. If you have spent at least one night at our destination we kindly ask you to participate in a survey which will help us make your future stay here even more pleasant. The interview will take about 10–15 minutes and is conducted anonymously.

- 1 How did you arrive to Slovenia? (mark the appropriate answer)
  - 1 By car
  - 2 By bus
  - 3 With low-cost airline
  - 4 With major airline
  - 5 By train
  - 6 Other, what: \_\_\_\_\_
  
- 2 Where did you hear about this tourist destination? (mark the appropriate answer, more answers possible)
  - 1 I already knew of it
  - 2 The Internet
  - 3 Friends and relatives
  - 4 Media
  - 5 Books and guides
  - 6 Travel agency
  - 7 Fairs and/or exhibitions
  - 8 It was part of the travel package
  - 9 Other, what: \_\_\_\_\_
  
- 3 Is this your first visit to this tourist destination? (mark the appropriate answer)
  - 1 No. How many times have you visited this tourist destination in the past? \_\_\_\_\_
  - 2 Yes. How many nights are you planning to stay at this tourist destination: \_\_\_\_\_
  
- 4 What are the main reasons for your visit to this tourist destination? (mark the appropriate answer)
  - 1 Rest and relaxation
  - 2 Visiting relatives and friends
  - 3 Business reasons
  - 4 Attending a conference, congress, seminar, and other forms of educations
  - 5 Culture
  - 6 Fun
  - 7 Sports and recreation
  - 8 Health
  - 9 Religious reasons
  - 10 Other, what: \_\_\_\_\_

7-8. Below are listed some elements that you might consider when you chose a tourist destination. We ask you to evaluate them twice. First, please indicate HOW IMPORTANT is each of these elements to you when you chose any tourist destination (in general) (rate them on a scale »1« - completely unimportant to »5« - very important). Then we ask you to indicate on a scale 1 – 5 to what extent do you agree with the statement that these elements are EXCEPTIONAL or are at the EXCEPTIONALLY HIGH LEVEL at this tourist destination (where »1« means – I completely disagree, »5« - I completely agree).

ELEMENTS OF TOURIST DESTINATION	»HOW IMPORTANT IS THIS ELEMENT?«					»AT THIS DESTINATION, THIS ELEMENT IS EXCEPTIONAL/AT EXCEPTIONALLY HIGH				
	Completely unimportant			Very important	I don't know	I completely disagree			I completely agree	I don't know
	1	2	3	4	5	1	2	3	4	5
1. Personal safety and security.	1	2	3	4	5	1	2	3	4	5
2. The destination can be easily reached.	1	2	3	4	5	1	2	3	4	5
3. Overall cleanliness of the destination.	1	2	3	4	5	1	2	3	4	5
4. Unspoiled nature.	1	2	3	4	5	1	2	3	4	5
5. Climate conditions.	1	2	3	4	5	1	2	3	4	5
6. Diversity of cultural/historical attractions (architecture, tradition and customs...)	1	2	3	4	5	1	2	3	4	5
7. The quality of the accommodation (hotel, motel, apartment...)	1	2	3	4	5	1	2	3	4	5
8. Friendliness of the local people.	1	2	3	4	5	1	2	3	4	5
9. Organization of the local transportation services.	1	2	3	4	5	1	2	3	4	5
10. The offer of local cuisine.	1	2	3	4	5	1	2	3	4	5
11. Possibilities for shopping.	1	2	3	4	5	1	2	3	4	5
12. Night life and entertainment.	1	2	3	4	5	1	2	3	4	5
13. Opportunity for rest.	1	2	3	4	5	1	2	3	4	5
14. Availability of sport facilities and recreational activities.	1	2	3	4	5	1	2	3	4	5
15. Offer of cultural and other events.	1	2	3	4	5	1	2	3	4	5
16. Thermal spa offer.	1	2	3	4	5	1	2	3	4	5
17. Wellness offer.	1	2	3	4	5	1	2	3	4	5
18. Casino and gambling offer.	1	2	3	4	5	1	2	3	4	5
19. Conference offer.	1	2	3	4	5	1	2	3	4	5

Figure 3.7 An example of scaled-response questions.

## Surveys

A survey is often referred to as a contact method for market research. There are various types of market research surveys including:

- Exit surveys: often used by tourist attractions and hotels. Tourist destinations also often carry these out in airport departure lounges. Users are invited to provide customer feedback on the level of service they have received during their visit. These often use a scale of response in order to assess levels of customer satisfaction.
- Postal surveys: take place when a respondent is sent a copy of the questionnaire and a reply-paid return envelope. This method was commonly used in the past, but its major disadvantage was a generally poor response rate. To try to overcome this, many organisations link responses to an entry into a free prize draw but even with this encouragement, the average response rate for postal surveys is less than 10%.
- Telephone surveys: allow an organisation to input responses as the respondent speaks, thus saving administration time and costs. However, many people resent the unsolicited call and often refuse to take part. These tend to be used by organisations selling time-share holidays.
- Online surveys: commonly used by tour operators and transport companies who have access to customers' email addresses. An invitation to take part in the survey is sent via email together with a hyperlink to the survey page. Response rates here are variable, depending on the nature of the questions and how quickly the survey pages load.

- In-depth interviews: usually conducted face-to-face while the customer is in the destination. They allow for detailed opinions and attitudes to be sought but are expensive and time-consuming to organise. Respondents are usually offered a reward for taking part; this could be a 20% discount coupon against a future visit.
- Focus groups: usually comprise 8–12 respondents, led by a moderator, who discuss in detail a product design or similar issue. Discussions are usually recorded and observed to allow the organisation to analyse respondents' reactions and behaviour during the discussion. These are costly to set up and time-consuming to carry out. They take a long time to plan and put into place as a venue is needed as well as recording equipment (see Figure 3.8).
- Participant observation: is particularly difficult to manage. If respondents know they are being filmed or secretly watched, their behaviour may be unnatural. This type of research is rarely used in isolation in travel and tourism, although some travel agents monitor how long a customer spends browsing the brochure display using this method, before offering assistance.

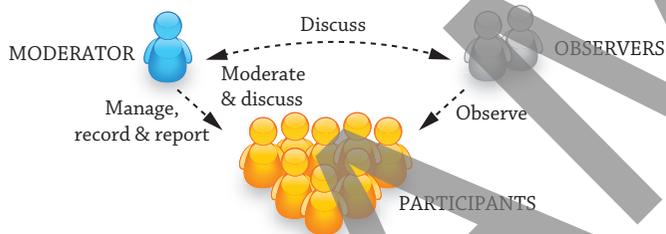


Figure 3.8 How a focus group works

**ACTIVITY 3**

Imagine you work for the tourism authority of a popular holiday destination. Visitor numbers have started to decline this year for the first time in a 10-year period. You have been asked to conduct primary research to find out the reasons behind the decline in visitor numbers.

Explain what method of primary research you would select. Give reasons for your answer. Describe the advantages and disadvantages of the methods you rejected.

Advantages of primary research methods include:

- Data is relevant and specific to the organisation.
- Research is up-to-date, thus primary data is more accurate.

Disadvantages of primary research methods include:

- Costly: the organisation has to be involved throughout and has to design everything.
- Time consuming: it is a lengthy process making contact with respondents and carrying out a survey.
- High risk of bias: the interviewer or moderator may influence the results of the feedback received.

**Secondary research methods**

This is also known as 'desk research' as it involves researching information that has already been collected for another purpose. As much of this is in printed or electronic format, the researcher can sit at a desk to carry out the research. An incredible amount of data already exists in a variety of government or trade reports (though these are not always readily accessible by the general public). Travel and tourism organisations also have a considerable amount of internal data from their own sales records with existing customers. External secondary data sources may include:

- the United Nations World Tourism Organisation (UNWTO) online statistics service
- government publications, such as international passenger survey results
- intelligence-gathering agencies and market reports, for example Euromonitor, World Travel and Tourism Council reports
- the trade press, such as *Travel Trade Weekly*
- academic journals like the *International Journal of Tourism Research*
- trade bodies, for example The Tourism Society.

Advantages of secondary research methods include:

- Ease of access: there is an abundance of information available because of the internet.
- Much of the data is free of charge: most sources are available at little or no cost.
- Data may already have been collated, presented and analysed, which is hugely beneficial.

Disadvantages of secondary research methods include:

- Relevance: when conducting secondary research, it is important to remember that much of the available data may not be relevant to your specific research objectives or purpose.
- Validity: data sources should be checked for authenticity and validity, especially when using the internet as a research tool. Much of the data on the internet is out of date.
- Bias: secondary data sources should also be checked for author bias. This occurs when the writer expresses a personal perspective rather than objective facts.

**ACTIVITY 4**

Research the internet and other sources of information to find data about visitor numbers to your country.

Evaluate the range of secondary research data you found, in terms of their relevance, validity and reliability.

**Qualitative research**

Qualitative research provides an understanding of how or why things are as they are. This involves the study of attitudes or motivation. It relates specifically to consumer preferences and opinions and generates data through the use of open-ended questions. Unlike quantitative research there is no fixed set of questions to use in qualitative research. Much of this type of research is carried out in the belief that a customer engaged in a tourism activity is best placed to comment on their experience and that this experience is best communicated using the customer's own words. Research of this sort is mostly done face-to-face, through interviews, or focus group discussions.

Advantages of qualitative research include:

- Depth and detail: it looks deeper than analysing ranks and counts by recording attitudes, feelings and behaviours.
- Creates openness: encouraging people to expand on their responses can open up new issues not initially considered as a research objective.
- Reflects people's individual experiences: a detailed picture can be built up about why people act in certain ways and their feelings about these actions.
- Attempts to avoid pre-judgements: if used alongside quantitative data collection, it can explain why a particular response was given.

Disadvantages of qualitative research include:

- Usually fewer people are surveyed: collection of qualitative data is generally more time consuming than quantitative data collection and therefore unless time, staff and budget allows, it is generally necessary to include a smaller survey sample size.
- Less easy to generalise: because fewer people are generally surveyed, it is not possible to generalise results to that of the whole population. Usually exact numbers are reported rather than percentages. Cannot always display using charts and graphs.

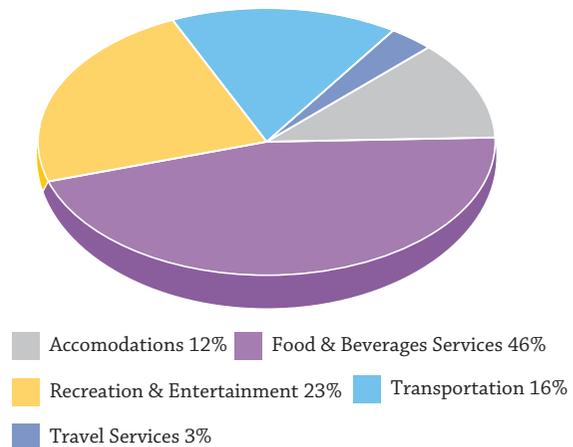
- Difficult to make systematic comparisons: for example, if people give widely differing responses that are highly personalised.
- Dependent on skills of the researcher: particularly in the case of conducting interviews, focus groups and observations.

**Quantitative research**

Quantitative research is numerically oriented, focuses on the measurement of market data and involves statistical analysis. For example, an airline might ask its customers to rate its overall service as either excellent, good, poor or very poor. This will provide quantitative information that can be analysed statistically. The main rule with quantitative research is that every respondent is asked the same series of questions. The approach is very structured and normally involves large numbers of interviews/questionnaires. Surveys are the most common form of quantitative research carried out.

Advantages of quantitative research include:

- Allows for a broader study: involving a greater number of respondents, and enhancing the generalisation of the results.
- Can allow for greater objectivity and accuracy of results: generally, quantitative methods are designed to provide summaries of data that support generalisations about the issue being researched.
- Standardised: the research can be repeated and then analysed and compared with similar studies over time
- Personal bias: can be avoided by researchers keeping a 'distance' from respondents.
- Easy to present in graphs, tables and charts: makes interpretation and analysis more straightforward.



**Figure 3.9 Presenting quantitative data for easy interpretation**

**ACTIVITY 5**

Better Stay Hotels is a small hotel chain located in Eastern Europe. This chain consists of five hotels located in several Eastern European countries.

Their target market is the weekend break market. This is because couples regularly choose a weekend break in Europe for their holidays. In line with this location strategy, the hotel group promotes itself with the slogan 'a perfect place for a break.' The individual hotels in the Better Stay group vary a little in quality, but all have either a three- or a four star rating. This means that they are either medium (three star) or good (four star) quality in terms of facilities and general standard of accommodation and service. Each hotel has approximately 40 rooms and a range of facilities including a heated swimming pool, room service, a restaurant and a small gym; some of the hotels also have a tennis court and a gift shop.

Table 3.3 shows how the hotels vary their pricing throughout the year. Pricing is generally used to overcome the issue of seasonality.

The table also shows the results of a customer satisfaction survey for Better Stay Hotels. On average, 80% of customers indicated that they were satisfied with their stay and 10% were delighted with their stay. However, 10% indicated they were dissatisfied. These figures vary by season, whether the customer was a first-time customer and by the quality of the individual hotel. Additionally, the table includes information on average room rates (per night) and occupancy levels. (Note: the term occupancy level means the percentage of rooms occupied per night.)

	Average	Low season	High season	First time customers	Repeat customers	Three star locations	Four star locations
Delighted customers	10%	20%	5%	25%	5%	10%	20%
Satisfied customers	80%	70%	75%	60%	90%	70%	70%
Dissatisfied customers	10%	10%	20%	15%	5%	20%	10%
Average room price	€120	€75	€160	€140	€100	€100	€140
Occupancy level	80%	50%	100%	N/A	N/A	85%	75%

Table 3.3

**Questions**

- 1 Review the customer satisfaction information. Does it make sense? Why/why not?
- 2 Given these research results and the other information in the case study, what advice would you give to Better Stay Hotels?
- 3 Which of the data did you find helpful? Which did you basically ignore?
- 4 What other information would have been helpful?

Disadvantages of quantitative research include:

- Generally collects a much narrower: sometimes superficial dataset.
- Results are limited: they provide numerical descriptions rather than detailed narrative.
- Preset answers will not necessarily reflect how people really feel about an issue: in some cases it might just be the closest match. This can lead to 'structural' bias and false representation, where the data actually reflects the view of those designing the questions rather than the respondents themselves.

**3.4 Market analysis tools and techniques**

There are a number of important marketing tools and techniques which are essential in helping tourism authorities define the market in which destinations operate. Many of these tools and techniques are covered in general marketing textbooks. The following section attempts to provide an applied context to these tools and techniques by showing how these can be used within a specific tourism destination context.

## Statistical analysis of data

We have already seen that research data often provides us with numeric data about travel trends, customer behaviours, customer preferences for destinations and the popularity of destinations. Surveys which measure the number of visitors to a destination by travel motivation, for example, will produce a set of figures.

It is important that these figures can be collated and presented appropriately, in order for their meaning to be derived. This means the figures can be interpreted and analysed, so that tourism organisations understand their significance in marketing terms.

### ACTIVITY 6

Study the following chart.

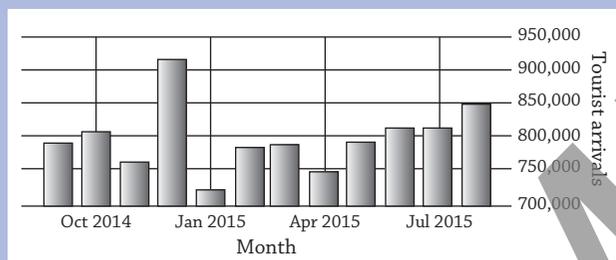


Figure 3.10 Indonesia tourist arrivals

- 1 Explain the pattern in tourist arrivals in Indonesia between September 2014 and August 2015.
- 2 Analyse how useful this data is in defining the tourism market in Indonesia. Suggest other data that might be needed to make a better analysis.

## Analysis of strengths, weaknesses, opportunities and threats (SWOT analysis)

A SWOT analysis is a marketing tool used in many business contexts. SWOT is an acronym for:

- S**trengths
- W**eaknesses
- O**pportunities
- T**hreats

These are assessed in relation to the market position of a product, an organisation or, in this case, a destination. Strengths and weaknesses are internal factors (meaning within the control of the organisation or tourism authorities) and opportunities and threats are external factors (beyond the control of the organisation or tourism authorities.)



### KEY CONCEPTS

#### Change and development

A SWOT analysis allows a destination to review the internal and external influences on its operating environment, which are always subject to change. Where opportunities are identified, tourism providers will seek to develop new products and services to advance tourism development.

A SWOT analysis is often conducted as the initial stage of a full situation analysis to determine the market environment in which an organisation or destination operates. A SWOT analysis looks at the current market situation and tourism development relies heavily on the outcome of such analyses – tour operators may decide not to promote certain destinations if the weaknesses and threats from the SWOT analysis outweigh the strengths and opportunities.

A strength of a destination may be the well-established cultural traditions practised by the local population, whilst a weakness could be the lack of trained tourism staff to work at local attractions and hotels. An opportunity may present itself in the government's plans to extend the local airport, in order to attract more international carriers, whilst a threat may come in the form of competition from a neighbouring destination.



### KEY CONCEPTS

#### Global and growing

The external business environment in which all destinations operate can be seen as one global market, which is affected by changes in political and economic circumstances. A PEST analysis allows a destination the opportunity to determine the extent to which global tourism growth may benefit tourism in that country.

## Analysis of political, economic, social and technological external influences (PEST analysis)

PEST analysis is another marketing tool that forms part of a full situation analysis. It is used to assess the external influences on the market environment and is known by its acronym:

- P**olitical
- E**conomic
- S**ocial
- T**echnological influences

As the travel and tourism industry is always changing, there are many forces affecting market trends which in turn affect the popularity of specific tourist products and destinations. These forces include the political arena: civil unrest, military coups and acts of international terrorism are detrimental to tourism development. High levels of government support within a destination, on the other hand, can positively influence tourism practices.

Economic conditions can have both positive and negative impacts on tourism provision; foreign exchange rate fluctuations, for example, make the dollar, the euro or the pound stronger or weaker, offering better or worse value for money for a tourist. Government subsidies may be offered to tourism business start-ups in a destination, or increased taxation may make increased demands on small businesses within the destination.

The social and cultural environment is also an important market force for travellers and tourists. Experiencing a different culture can in itself be the motivator for visiting a specific destination.

Modern technology plays a vital role in marketing travel and tourism products and services. The Internet has opened up a world of opportunities for destinations to gain recognition around the world, with virtual tours, direct marketing and 24-hour access to customers. There are, however, many destinations where technological development is still limited, which may impede the number of visitors attracted to the destination.

A PEST analysis allows an organisation to assess how great a threat is posed by the various external influences upon the market. Although the influences identified through PEST analysis remain outside the control of the organisation, it does not mean that their impacts cannot be minimised.

**ACTIVITY 7**

Use all of the information from the case study to analyse the internal and the external influences on tourism in Florida, USA.

Suggest how the information gathered from a SWOT and a PEST analysis can be used by destinations in Florida to gain more visitors.

**Competition amongst destinations**

Another important analytical tool used by destinations is known as a competitor analysis. As its name suggests, this tool is used within a competitive market to identify which destinations pose the biggest threat and also to estimate the probable extent of competition that each rival destination poses. Competitors may be divided into direct competition and indirect competition.

Direct competition exists between destinations which offer an identical or similar experience to customers, resulting in tourists having a choice. Thus a city destination such as London would consider another European city such as Paris as a direct competitor. Indirect competition exists in the form of substitute products and services, so in the case

**CASE STUDY 3**

**A situation analysis of tourism in Florida, USA**

Like many states, Florida was negatively affected by the economic downturn in 2008. However, recent increases in tourism marketing have increased Florida's total visitor numbers and moved Florida toward its 100 million annual visitor goal. Moreover, since the beginning of 2013, more than 75 000 jobs have been created in Florida as a direct result of the state's investment in tourism. This increase also translates into an increased usage of the state's roads, airports, cruise terminals, attractions and other resources. Ensuring that the state has enough capacity to welcome additional visitors is key to retaining Florida's position as a competitive, world-class tourism destination.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>the weather – known as the Sunshine State and has a mild climate all year round</li> <li>diverse range of activities – beaches, golf, theme parks, the Everglades</li> <li>accessibility – can drive or fly or arrive by cruise ship.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>the product offering is not 'new' – Florida has an image of being old and familiar.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>can target different market segments – minority visitors.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>competition from Hawaii and the Caribbean in terms of weather; from California and New York in terms of product offerings</li> <li>risk of hurricanes.</li> </ul>

Table 3.4 An analysis of the tourism situation in Florida, USA

of a destination such as London, an indirect competitor may be any other type of destination, a resort or a country.

Recognising who your competitors are and being aware of their marketing activities allows you to seek competitive advantage over them.

### Stages in the Butler ‘Destination Lifecycle’ model

Please see the section on this market analysis tool earlier in the chapter. Butler saw destinations as fragile and that they need to be carefully managed so that they are not allowed to exceed their **carrying capacity**. After all, who wants to stay at a resort that feels overcrowded and over-commercialised?

#### KEY TERM

**Carrying capacity:** the number of people that a region can support without causing harm to the environment.

The lifecycle model is based on the following proposition:

Visitors will come to an area in small numbers initially, restricted by lack of access, facilities and local knowledge. As facilities are provided and awareness grows, visitor numbers will increase. With marketing, information dissemination and further facility provision, the area’s popularity will grow rapidly. Eventually, however, the rate of increase in visitor numbers will decline as levels of carrying capacity are reached. These may be identified in terms of environmental factors (land scarcity, water quality, air quality), of physical plant (transport, accommodation, other services) or of social factors (crowding, resentment by the local population). As the attractiveness of the area declines relative to other areas, because of overuse and the impacts of visitors, the actual number of visitors may also eventually decline.

#### KEY CONCEPTS

##### Sustainability and responsibility

One benefit of destination marketing is the conscious decision by the tourism authorities to manage the development within the destination. Managing environmental factors through the various stages of the Butler model allows tourism providers to promote and practise the principles of sustainability and responsibility in managing the development.

Being able to identify a destination’s place within the model allows decisions to be made about further development of tourism provision and in this respect, the Butler ‘Destination Lifecycle’ model becomes another useful market analysis tool.

### The Ansoff Matrix

The Ansoff Matrix is also commonly used in business to analyse a product’s position in the market, and is also therefore used to determine a destination’s position in the market. It is based upon a fourfold classification, (often using a quadrant diagram such as the one in Table 3.5), according to whether the destination is an emerging destination or an existing one being marketed to new or existing target markets.

#### KEY CONCEPTS

##### Change and development

Using the Ansoff Matrix in tourism destinations helps promote the principles of development and change. Adapting products in response to market changes is crucial for survival in a competitive market.

<b>Market penetration</b> An existing product in an existing market for example, the Maldives as a honeymoon destination	<b>Product development</b> A new product in an existing market for example, trekking in Patagonia as a honeymoon destination
<b>Market development</b> An existing product in a new market for example, the Maldives as a family holiday destination	<b>Diversification</b> A new product in a new market for example, the Poseidon Mystery Island underwater resort currently under construction in Fiji as a unique underwater holiday destination

Table 3.5 Characteristics of the Ansoff Matrix, applied to destination examples

#### ACTIVITY 8

Explain the advantages and disadvantages of using the Ansoff Matrix to analyse the market position of a destination. Which category of destination would be most difficult to market? Explain the reasons for your answer.

### The Boston Matrix

The Boston Matrix approach is named after the Boston Consulting Group, which devised this market analysis tool to assess market growth rates and relative market share. This tool is commonly used by businesses to assess their product portfolio, in order to identify which products are most successful and which are not performing well in the market. It is possible for destinations to adapt the model to assess how well they are performing compared with

other destinations. It is also possible to use the Boston Matrix to analyse how well a destination is performing with different categories of visitors. The results are then

used to suggest different marketing strategies to use for different destinations or with different customer groups. An example of the Boston Matrix is given in Table 3.6.

Category	Characteristics	Relative market share	Market growth
star (Dubai)	market leader fast growing high profitability	high	high
cash cow (Paris)	profitable generates more cash than is needed to maintain market share operates in a mature market	high	low
problem child (Luxor, Egypt)	rapid growth poor profit margins needs huge input of cash	low	high
dog (Aleppo, Syria)	high failure rate no market growth	low	low

Table 3.6 An example of the Boston Matrix

## Kenya

The threat of terrorism, coupled with Ebola in West Africa, resulted in travel warnings being issued in tourist source markets in Europe and America; consequently, the number of tourist arrivals in 2014 continued to be heavily affected. Despite these challenges, growth in tourism value for most travel categories, such as airlines, car rental, lodging and intermediaries, continued to record an increase in 2014. This can be attributed to increasing collaborative efforts by travel and tourism organisations, innovative marketing campaigns, incentive packages for tourists, and a single visa for East African visitors.

The increasing availability of internet access, coupled with improving infrastructure and the introduction of simpler electronic payment methods, is boosting online travel bookings in Kenya. Additionally, the government continues to play a significant role by partnering with travel service providers to improve customer experiences, as part of achieving the country's Vision 2030. Many tourism organisations continue to invest in online and mobile platforms (Figure 3.11) to reach a wider audience including social media, to market their products and services to travellers.

Kenya's airline market continues to be dominated by scheduled flights; however, the entry of low cost carriers, such as Jambojet and Fly540.com, is making the market more competitive. Domestic business and leisure travellers are increasingly using low-cost carrier



Figure 3.11 Magical Kenya logo

airlines to travel around the country. These airlines appeal to travellers as they are cheaper, with prices at less than KES6 000 for return flights from cities such as Nairobi to Eldoret. Airlines, travel agencies and hotels in Kenya have formed strategic partnerships to bolster tourism. Key stakeholders, such as the Kenya Tourism Board (KTB), also continued to engage with officials from source markets to reassure tourists of Kenya's safety. Kenyan Airways partnered with the global travel agency Amadeus, while the Kenyan Tourism Board has partnered with Jovago to integrate bookings between the board's destination website, Magical Kenya, and increase the visibility of different lodging brands among travellers. These alliances are expected to continue playing a significant role in reviving the country's tourism industry.

**ACTIVITY 9**

With reference to the case study materials provided, use a range of market analysis tools and techniques to draw conclusions about Kenya as a destination.

Which tools were the most appropriate and useful? Which tools did not help you draw any meaningful conclusions about Kenya as a tourist destination? Why?

If you worked for the Kenya Tourism Board, suggest how you could use the information from your analyses to help drive the tourism market for the country.

**KEY CONCEPTS****Customer focus**

Market segmentation ensures that the customer is firmly at the centre of everything that an organisation does. In terms of destination marketing, this means selecting target customers for whom the destination will be appealing; the destination must then ensure it provides the products, services and facilities that these customers require.

## 3.5 Market segmentation (target customers)

In order to establish an effective marketing strategy for a destination, it is important to first choose the correct **target market**. This is done through a process known as market segmentation. This means that customers are classified according to pre-set characteristics. The total market is then divided into a series of subsections or 'segments' based on these characteristics.

**KEY TERM**

**Target market:** a group of customers towards which an organisation has decided to aim its marketing efforts and ultimately its products and services.

There are four main types of segmentation used in travel and tourism to 'target' customers, although many organisations create several smaller sub-categories of these segments. Market segmentation allows an organisation to focus its marketing efforts only on those people who are most likely to buy or use its products or services. It is also beneficial to customers as they only receive marketing information for products or destinations that are likely to be of interest to them.

### Segmentation by travel motivation

The reason a tourist is making a trip automatically segments customers (e.g. business travellers, leisure travellers, VFR tourists, sports tourists, religious tourists and so on).

Many destinations rely extensively on travel motivations for their specific target markets. For example, consider Lourdes in France or Mecca in Saudi Arabia (Figure 3.12). Both of these destinations attract millions of visitors each year who make a pilgrimage as part of their faith. Destinations such as Costa Rica and India have developed travel packages targeted specifically at medical tourists (Figure 3.13), who seek specialist treatments in these countries at reduced costs.



Figure 3.12 Example of religious tourism

#### Eye Care & Treatment

Lasik - Laser Surgery  
Cataract Surgery  
Glaucoma Surgery  
Retinal Surgery



Figure 3.13 Example of medical tourism

### Demographic segmentation

This means that data relating to customers age, gender, ethnicity or **level of disposable income** may be used to segment customers. Let us consider each of these categories in turn.

**KEY TERM**

**Level of disposable income:** refers to the amount of money that households have available for spending and saving after income taxes have been accounted for.

**Age:** Some destinations may try to target customers by age as a means of overcoming issues of seasonality. Destinations such as Malta and Cyprus will target the 'grey market' (retirees) as a means of attracting customers at times of the year when other visitors tend not to travel. Some destinations will target the 18–30 market with their 'party destination' image. Destinations such as Universal Studios, Singapore or Disneyland Paris target the very young by offering 'Free Benefits for Kids under 7'.

**Gender:** Research has been conducted into gender differences in choosing tourism destinations. It is believed that women consider choice of destination far more important than men do. One of the reasons why men and women may want different things from a tourism experience is that they are 'getting away from' different things in the home environment. An example, based on the conventional division of labour, and male/female stereotypes, is that a self-catering camping holiday may be experienced differently by males, for whom it represents a change, and by females, for whom it may be a variation on a familiar theme. It is not suggested that tourist destination marketers should try to appeal to either males or females; that is, to promote single-sex destinations, but rather that, in order to appeal to both males and females, it may be advisable to emphasise certain characteristics important to each gender. The emphasis may vary depending on whether the primary purchase decision-maker is likely to be a male or a female. Research also suggests that women are often the primary planners and decision-makers of their trips.

**Ethnicity:** Destinations will appeal to people based on race and ethnicity, depending on the cultural norms and customs practised. People from some ethnic backgrounds will have to choose their destination carefully because of the need for certain food types and food preparation requirements.

**Level of disposable income:** This is closely linked to age and position in the family lifecycle. For example, a young single person will have reasonable levels of disposable income, whereas a young couple with a baby will have decreasing levels of disposable income. This will influence choice of destination, in terms of travel costs, as well as general cost of living once in the destination.

Table 3.7 offers an overview of the relationship between levels of disposable income and stage on the family lifecycle. These are clearly generalisations as not everyone's income falls into this same pattern.

Stage in family lifecycle	Level of disposable income	Destination choice
young single	reasonable	short haul, party destination
young couple	high	exotic, romantic
full nest one (young couple with baby)	decreasing	domestic or short haul destination, with wide choice of self-catering accommodation
full nest two (couple with young children)	low	domestic or short haul destination, somewhere that offers all inclusive packages
full nest three (couple with older children)	low	destinations which offer wide range of activities and all inclusive packages
empty nest one (couple whose children have left home)	increasing	cultural destinations, overseas
empty nest two (older couple, main income earner retired)	restricted	destinations offering low season packages
solitary survivor one (single or widowed, still working)	restricted	destinations offering low season packages
solitary survivor two (retired single or widowed person)	low	destinations offering low season packages

Table 3.7 Destination choice relative to disposable income and position in the family lifecycle.

### Psychographic segmentation

The term psychographic means 'by type of lifestyle'.

Psychographic segmentation involves dividing a market into segments based upon different personality traits, values, attitudes, interests and lifestyles of consumers. This is an important classification within the tourism industry, as many organisations will use specialist markets or niche markets to target customers. This means that some destinations will try to attract one 'specialist' type of customer based on their lifestyle choices, for example spa tourism will appeal to those visitors who have an interest in health and wellbeing. Similarly adventure tourists will look for destinations with a broad offering of a variety of adventurous activities.

## Geographic segmentation

As its name suggests, this type of segmentation requires targeting customers based on where they live. Many tourist authorities will use geographic segmentation to target specific markets, such as the domestic market, or visitors from specific geographic locations.

For example, Australia has developed a strong geographic segmentation strategy for visitors from India, as shown in the Case study 5.

### ACTIVITY 10

Look at Case study 5 and answer the questions.

- 1 Explain how market segmentation has benefitted tourism authorities in Australia.
- 2 Analyse the forms of market segmentation used by Australia in selecting their target customers.
- 3 Tourism Australia has created a **'customer profile'** for a typical visitor from India. Evaluate the value of customer profiling in this way.



### KEY TERM

**Customer profile:** this is created when an organisation uses the analysis of market segmentation to build an understanding of the target market, based on the characteristics of a 'typical' customer.

## 3.6 Visitor profiling

This form of market analysis builds further on the concept of a customer profile, using specific criteria to establish the type of people who visit a destination. Much of the data regarding visitor profiling is determined from databases of existing and past customers, that is, from users of the products, services and facilities in the destination. This data is used to build a clearer picture of a 'typical' visitor, so that the destination can learn what appeals to these customers or can attempt to target a different customer group by doing things differently.

The criteria used in visitor profiling includes the following categories.

### Length of stay

Being able to research the average number of nights that visitors spend in a location provides a useful insight into how attractive the destination is. If the average length of stay is one or two nights, it would imply that visitors find the tourist offering limited. The aim of tourist authorities is to entice visitors to spend as long as possible in a destination. The longer the stay, the more money will be injected into the local economy, creating more jobs for the local population.

### CASE STUDY 5

## 2020 summary of Tourism Australia's India Strategic Plan

The India 2020 Strategic Plan has been developed to help Tourism Australia and the Australian tourism industry maximise the potential of India.

### The current India market

Australia welcomed 215 000 Indian tourists in the year ending March 2015. This is a 25% increase over the same period in the 2013–14 year. India is now the eighth largest inbound market for tourist arrivals in Australia.

It is expected that visitor numbers from India could reach 300 000 by 2020, with an overnight visitor spending of AU\$1.9 billion.

Tourism Australia will implement a tightly focused geographic strategy, based on an economic and demographic forecast of the top 50 cities in India by 2020.

In the short term the focus will be on Delhi and Mumbai. Four other cities in India have also been identified with future potential.

### The target customer

The target customer to drive the future growth of travel from India to Australia has been identified as:

- Affluent, mid-life travellers who are:
- self employed or entrepreneurs
- highly qualified professionals
- senior executives at multinational companies.

They will travel as:

- couples (including honeymoon), often with their children
- increasingly as independent travellers
- usually first time visitors to Australia.

The following two sets of data (Andalucia and Romania) are indicative of the different sources available for the purpose of visitor profiling analysis.

### International tourists in andalucia – spend and stay

Table 3.8 below shows the average length of stay of the international tourist in Andalucia, the average spend per day and per holiday and the total monetary value to Andalucia of the international tourist in the 10-year period from 2004 to 2014.

Year	Average stay	Average spend per day–euro	Average spend per holiday–euro	Total value in euro
2004	11	84	942	6813
2005	11	83	924	6775
2006	11	82	947	7082
2007	12	82	965	8134
2008	12	84	986	7863
2009	12	82	993	7416
2010	12	90	1052	7820
2011	11	92	1014	7912
2012	11	92	1022	7749
2013	11	97	1067	8398
2014	11	94	1038 est.	9100 est.

Table 3.8 The average length of stay of the international tourist in Andalucia from 2004–2014

### Statistics: Tourist arrivals in Romania up 3.5% in 2013

Arrivals in tourist accommodation in Romania amounted to 7.9 million in 2013, up 3.5% year-on-year, according to the data provided by the National Statistics Institute (INS).

The arrivals of Romanian tourists represented 78.3% of the total, while foreign tourists' arrivals were 21.7%.

Most of the foreign tourists arriving in tourist accommodation in Romania were from Europe, according to the INS. The overnight stays amounted to 19.3 million in 2013, up 1.1% compared to the previous year. The average length of a stay was 2.6 days for Romanian tourists and 2 days for foreigners.

The arrivals of foreign tourists to Romania, registered at the customs, amounted to some 8 million in 2013, slightly up compared to the previous year. Most of the foreigners came from European countries, namely 93.9%.

### ACTIVITY 11

Use the data to draw conclusions about the popularity of destinations in Andalucia in Spain, and destinations in Romania. These are both countries in Europe.

### Accommodation preference

The type of accommodation that visitors choose also helps build up a clearer picture of the target market for a destination. If the majority of visitors are hoping to book self-catering accommodation, and the destination boasts a large number of five star hotels, then customers are likely to be disappointed, and the occupancy rates of the hotels are likely to remain low.

**Occupancy rates** across the range of accommodation types within a destination will help establish customer preferences and this information can be used by tourism authorities in developing the appropriate accommodation stock matched to customers' wants and needs.



#### KEY TERM

**Occupancy rate:** this is the percentage number of rooms sold calculated against the total number of rooms available (excluding complimentary rooms, rooms occupied by hotel staff and out-of-order rooms).

For more information about the different types of accommodation offered in different destinations, please see the section on accommodation and catering.

### Spending power

This refers to the extent to which people have money to buy products and services. This will be affected by levels of disposable income, covered previously in this chapter, and also by fluctuations in exchange rates.

The following news report from June 2014 highlights the impact of exchange rates on the spending power of British tourists.

The current strength of the pound is making holidaying abroad an attractive option, particularly when buying US dollars. Price-conscious tourists are also being advised that, because the US dollar is often used as a marker currency, several other destinations have also become far cheaper. What British holidaymakers may not have considered is that there are other currencies promising great exchange rates due to their relationship with the dollar. The spending power of British holidaymakers and travellers has increased in the countries where the currency is linked to the US dollar. In fact, their travel money will go 10% further than this time last year.

In destination terms, many tourism organisations are particularly interested in the concept of secondary spend, that is, the additional purchases made by visitors on top of the income already made from accommodation, transport and meal plans. This contributes to the multiplier effect in the destination, whereby money spent in the area by tourists circulates, is used to pay local employees, and is then re-spent by the local residents, thus augmenting the total spend, or making it ‘multiply’.

### Choices of products and activities

Many destinations are keen to learn more about the exact nature of tourism products and services that appeal to customers as well as the type of activities that visitors engage in during their stay. This type of information is very valuable in ensuring that the destination's product offering meets the needs of its existing and potential customers.

Many destinations do not only offer standard, resort-based products, but also try to develop authentic tourism experiences which tourists cannot find at home. These experiences are often emphasised through marketing activities.



#### KEY CONCEPTS

##### Sustainability and responsibility

Using local people and products supports the general principles of sustainability. This means maximising the positive impacts of tourism on local communities and developing long-term strategies so that visitors make responsible travel choices.

Destinations will also involve local people and use local products as this strengthens the perceived authenticity of the product/service offering. Tourism organisations try to be flexible by offering tailor-made products/services, or offering different types of components with different types of activities and accommodation that customers can combine to create their own, unique travel itinerary. This is more likely to appeal to a wider customer base. Looking back over sales records will allow organisations to gain a good insight into the types of products and services that are most popular with different types of customers.

### Media type

Many people are travelling and making their travel decisions on their own, with little or no help from travel agents or tour planners. Instead, to make these decisions, they use information from multiple sources of media, which include TV, radio, newspapers, books, magazines, films and the internet.

The range of media available to us has evolved over time. In 1900, there was no radio, television or internet. Newspapers were the only means of communicating with markets. However, during the last century, mass media came into being. It started with the first radio broadcast taking place about 100 years ago. Then came the first television broadcast approximately 75 years ago; the internet was born about 50 years ago; first generation cellular networks became popular about 30 years ago; search engines came into the picture about 25 years ago. The result is that media today has evolved into a series of powerful forces that have become an integral part of our life, influencing almost everything we do. Media is no longer a one-way communication system. Using available technology, and social media in particular, we can now communicate and interact with one another at the click of a button anywhere in the world. Images, videos and stories can be shared around the world, using limited resources and at little cost.

Destinations use a combination of traditional print and broadcast advertising together with modern technology in the form of social media such as Facebook, Flickr, YouTube, Twitter, mobile blogs and RSS feeds (Figure 3.14), in order to raise awareness with customers.

As part of the visitor profiling process, it is important that tourism authorities can research and analyse the types of media that reach the target market most effectively. Thus there is often a question included on visitor questionnaires about ‘Where did you hear about us?’

By collecting and processing the answers to this question, tourism organisations can make more effective marketing decisions in the future. For example if television reaches more of the audience than full-colour magazine advertisements, future advertising may be redirected to additional TV timeslots.



Figure 3.14 Social media concept

### Booking method

Customers have greater choice nowadays in how they can book or make reservations for their visit to a destination. Traditionally this was always done in person through a travel agency, by physically visiting the branch. There is now, however, a clear trend towards online sources for first identifying a holiday destination, and then planning, booking and subsequently sharing holiday experiences.

For visits to Egypt, many tourists, both domestic and foreign, are heading for online booking sites and the service is witnessing rapid growth in sales. Internet services are improving dramatically in Egypt, with about 40 million users already having internet access through different media. Many intermediaries and airlines are currently exploiting the high potential of this to their advantage, especially online booking sites such as Expedia and Booking.com. Nowadays, mobile booking is also becoming more popular due to the user-friendly apps launched by travel intermediaries that allow tourists access to all travel bookings such as airlines, hotels and tourist activities.

Figures show that seven in ten people who took a holiday in the last year booked entirely online. Fewer than one in ten customers now believe that travel agents are better informed about holiday destinations than professional bloggers or review websites, such as TripAdvisor, according to a study of booking methods by research analysts Mintel in 2015.

Furthermore, over half (52%) of consumers believe that holidays are better value for money when booked online and 40% enjoy being able to put together their own holiday on the internet. Many basic trips are easy and quick to research online and with price comparison sites making this even more efficient for consumers, the rise of not only researching but also booking online is set to continue. For more complicated itineraries it is still beneficial to speak to a specialist agent in person in a shop or on the phone due to the advice they can give in booking complicated trips.

Even once at the destination, mobile apps allow visitors to book excursions online rather than always using the booking services of a tour operator or tour rep in the country.

## 3.7 Product positioning

Product positioning is a market analysis tool which enhances the attractiveness of a destination. The objective of positioning is to create a distinctive place in the minds of potential visitors; a position which evokes images of the destination and which sets the destination apart from other destinations. Positioning is the natural follow through from market segmentation and visitor profiling.

### Visitor perception of destination through image and reputation

Positioning of a destination is a reflection not necessarily of the reality of the destination, but more of how a customer perceives that destination to be, based on the messages communicated, images shared and the experiences of others, all of which contribute to the reputation of the destination. Different customers may well perceive the destination in different ways based on their own experiences with it. Market research and analysis of the results of the research will help tourism authorities in destinations understand how the destination is perceived by both existing customers and by potential visitors.

### Relationship of destination to competitors through differentiation strategies

Market analysis enables the tourism authorities within a destination to identify the strengths and weaknesses of customers' perceptions of themselves measured against other similar destinations. This also contributes towards 'positioning' the destination within the scope of the competition. In selecting an effective position, tourist authorities are likely to consider differentiation strategies.

This means choosing a marketing campaign which will make the destination stand out from its competitors. Destinations will try to find a way to ensure they appear different to the alternatives. Implementing a differentiation strategy involves finding a way in which the destination can gain competitive advantage, that is, by making itself 'better' than other similar destinations. Market research enables the tourism authorities in a destination to pursue effective differentiation strategies by understanding what customers are being offered by rival destinations.

### The importance of the unique selling point (USP)

By pursuing differentiation strategies, destinations automatically seek to find a unique selling point (USP) – something that only they can offer; something that customers cannot experience anywhere else.

Some destinations are blunt and to the point in the message they give about their USP, as can be seen from Figure 3.15.



Figure 3.15 A concise brand message for Jordan

Other destinations are more subtle in conveying their message. South Africa's tourism providers are advised to use the following to create a USP for the country.

Use the top ten reasons to visit South Africa as your unique selling points. Briefly, these key points are:

- affordability
- wildlife
- beaches
- scenic beauty
- friendliness
- weather
- adventure activities
- history
- excellent tourist infrastructure
- responsible tourism.

Market research and analysis will show tourist authorities how other destinations have created their own USPs, in order to avoid duplicating the same message.

### Communication and presentation of clear and attractive image/position

Destinations strive to make themselves attractive to as broad a customer base as possible. This means that any marketing messages they use must be appealing to many different visitor types. Tourism providers need to build a positive association in the minds of customers, 'positioning' a destination firmly in the consciousness of potential visitors. We will look at the ways in which the image and position of destinations are communicated further on in this chapter. Market research provides the opportunity to assess the effectiveness of this aim.

#### ACTIVITY 12

Study Figures 3.16 and 3.17. Evaluate the product positioning of the destinations based on your personal perceptions of each destination.



Figure 3.16 Tanzania



Figure 3.17 Cayman Islands

### 3.8 Review the marketing mix

**KEY TERM**

**Marketing mix:** the term used to describe the emphasis that an organisation or destination places on the four main factors that influence a customer’s purchasing decision. Often referred to as ‘the 4 Ps’, the marketing mix comprises product, price, place and promotion.

This section will examine each of the four elements of the marketing mix in detail – product, price, place and promotion – and explain how each contributes to customer choice. Organisations and destinations will undertake a review of their marketing mix, as part of their market analysis, in order to try to improve their marketability to existing and new customers.

#### Product (what the destination offers)

It is always interesting to click on the website of a National Tourist Board, such as the Italia one shown in Figure 3.18, and to view the menu of attractions, features and activities being promoted. These are all the products of a destination.

In marketing terms, a product is ‘anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a need. It includes physical objects and services’ (*Oxford Dictionary of Business*). This definition provides an overview of what a product might cover, but does not help distinguish between products, services or brands, which are all essential to the product element of the marketing mix.



Figure 3.18 Two different approaches to presenting the destination’s products

The tourism product is especially difficult to define because:

*'the product covers the complete experience, from the time the tourist leaves home to the time he returns to it.'*

*(Medlik and Middleton, 1973, page 85)*

Defining the products and services of a destination is challenging, as it is often impossible to separate out any of the components. For example, staying in a hotel in the destination will bring the tourist into contact with a broad range of products and services, from the check-in facility, through to housekeeping services and use of the pool and gym. Each aspect can be categorised as a distinct product or service, but in staying in a hotel, the tourist expects to receive the whole visitor experience, not just the features of one product or service. It is the way in which all of the individual elements come together that determines the overall 'hotel product' for which a guest is paying. This can be described as the 'augmented product', which means the level of customer experience needed to achieve customer satisfaction on top of the 'core product', that which constitutes the primary benefit of what is being purchased.

When reviewing their marketing mix, destinations must consider the full range of products and services that are available to visitors; their analysis should focus on the complete product offering which visitors can access while in the destination. In so doing, tourism authorities should consider all subsectors of the travel and tourism industry, which were covered in Chapter 1. Therefore the products and services of a destination will include:

- transport
- accommodation
- catering services
- tour operations, including holiday representatives
- travel agents
- visitor attractions – natural and built
- ancillary service provision.

In reviewing the product element of the marketing mix, it is possible to focus more on one aspect of a destination's product offering, as part of the differentiation strategy or to create a USP. This can be seen from the way in which Sweden, in Figure 3.19, uses its natural attractions as a product focus to attract international tourists, especially the family market.

## Natural Playground

Sweden as a natural playground

*A theme to position Sweden as a destination for international travellers.*

Figure 3.19 Sweden using its natural attractions as a USP

### Price (approaches and strategies used to charge customers for using the products and services of the destination)

There are a great many factors that affect the price of a travel and tourism product or service. Obviously providers need to ensure they recover the actual cost incurred in providing the product, as well as generating additional income for their survival in the market. The business orientation of the provider will also determine the strategy used in setting a price for the products and services offered. Profit-seeking organisations adopt a very different approach to pricing compared with organisations which are financed through public funding.

Other influences that tourism providers will consider under a review of the price element of the marketing mix include:

- The price-quality relationship and customer expectations: this is tied into the concept of a customer's perception of value for money. Certain destinations are considered to offer good value for money, while others are considered to be over-priced. For example, Honduras in Central America offers the same 'white sand-and-palm beaches' experience as Belize and Costa Rica, but at a fraction of the cost. Switzerland has traditionally been described as an expensive destination to visit, with two Swiss cities (Geneva and Zurich) being voted in the top three most expensive destinations in 2015.
- The uniqueness of the product and the level of competition in the market: this ties in with the concept of product positioning. Where there are few substitute destinations offering a similar experience, a higher price may be set than for a product offering with a large

number of competitors in the market. This is a simple version of the principles of supply and demand. The greater the supply and the lower the demand, then a low price must be considered to entice visitors to a destination. This also links specifically to the issues of seasonality, whereby high prices can be charged to visit popular destinations during peak season.

- The positioning of the destination and its products in the market: places such as Paris and London will always attract large numbers of visitors and gain a large share of the tourism market, therefore can set a high price for the experience visitors will receive. Destinations with limited tourism development tend to set lower prices to entice more visitors.
- Government influence: levels of taxation and subsidies will impact on the pricing strategies adopted in different parts of the world. Greece made the travel trade headlines early in 2015 when it was announced that the country was to hit holidaymakers with 18% tax on the use of hotels and restaurants. Tax on restaurants was raised from 13% to 18%, whilst hotel tax almost tripled, raising fears that tourists would go elsewhere.

Tourism organisations in destinations must make conscious marketing decisions about the pricing strategies they will adopt. The following provides a brief outline of the most common pricing strategies used in travel and tourism.

### Market skimming

This is commonly used to break into the market, for products which have little competition. A high price is charged initially for customers who do not mind paying for the privilege of being amongst the first to try the product. These customers are often called innovators. Once the product has been adopted by a number of customers, the market is said to have been ‘skimmed’ and the price is gradually decreased as more people experience the product. This strategy could be adopted in an emerging destination hoping to sell its unique appeal to a limited number of visitors.

### Penetration pricing

When launching into a highly competitive market, artificially low prices are set to entice visitors. The intention behind this strategy is to gain a large market share and earn increased revenue from a high number of sales. Customer loyalty is sought, even where the price later increases. Penetration pricing may result in price wars between providers or destinations.

### The going rate

Where there is a high degree of similarity in the product offering of rival destinations, a policy of **price-matching** may be used. This is also commonly known as **competitor-based pricing**.

### Promotional pricing



Figure 3.20 A Mozambique promotion

### KEY CONCEPTS

#### Global and growing

One of the key aims of UNWTO is to use tourism as a means to alleviate poverty across the globe. Tourism activity brings wealth and prosperity to a destination, enabling the growth of local economy.

General economic factors: destinations will review the general levels of prosperity, standards of living and interest rates affecting the local economy. These can affect the approach to pricing for tourism products and services within the destination.

The tourism market is known for being price sensitive. This means that people’s spending on tourism products and services is dependent on prevailing economic conditions. In times of recession, such as the global economic downturn in 2008, people had decreased levels of disposable income, which resulted in fewer people being able to afford to travel for pleasure. This impacted on the prices tourism providers could charge in destinations around the world. Even countries where the local economy remained buoyant at the time had to carefully consider the price element of their marketing mix when the rest of the global tourism market was experiencing the financial ‘squeeze’.

Examples of promotional pricing include special offers, discount prices, Buy-One-Get-One-Free (BOGOF), money-off coupons and so on (Figure 3.22). These are all commonly used in travel and tourism, when sales are slow or when the product is close to its expiry, such as heavily discounted standby tickets sold hours before departure or heavily discounted room rates to increase hotel occupancy rates for a particular night.

### Prestige pricing

This strategy is sometimes also known as premium pricing. Where products are of high quality or have an exclusive appeal, high prices can be set, on the assumption that people associate high prices with high quality. Resort destinations in the Caribbean (Figure 3.21) are able to charge a premium price for their products because of the exceptional quality of the experience they offer.



Figure 3.21 An example of a prestige location

### Variable pricing

Also known as **price discrimination**, this strategy is based on the principle that demand for product varies. Examples are peak-time and off-peak travel. Lower prices are set in off-peak seasons to stimulate demand and encourage higher sales during less busy times. This type of pricing strategy is used by resorts in destinations such as Mauritius. Hotel rates are the lowest in Mauritius during June and July. During these months, it is possible to find very attractive deals offered by most of the hotel chains and by the smaller hotels on the island. Prices can also vary according to the customer type. It is common practice for organisations to use a price tariff which varies for adults, children, students and the elderly.

### CASE STUDY 6

## Singapore

The hotel industry in Singapore continues to enjoy healthy demand despite rising room rates and strong competition, as the destination's appeal draws more regional tourists. Singapore attracts nearly 4 million international visitors each year, the majority of whom stay in hotel accommodation in the country.

	2014	2013	2012
Number of hotels	392	373	338
Number of rooms	57,172	55,018	51,579

Table 3.9 Singapore hotel data

### ACTIVITY 13

A new hotel chain wishes to expand its operation to open up three new hotels at key locations in Singapore.

Use your understanding of the price element of the marketing mix. Carry out a review of the approaches and strategies that the hotel chain might use when setting the price it will charge visitors to its hotels in Singapore.

### Place (the distribution channels used in making the destination accessible to customers)

Place is used to describe two aspects of the marketing mix in relation to tourism products and services – the physical location of destinations and their facilities, and the chain of distribution used by tourism providers to ensure customers can purchase their products and services.



### KEY TERM

**Chain of distribution:** also known as channels of distribution. Both terms refer to the process of moving products and services from the provider to the customer. This process may be direct, or may also involve other organisations, agencies or intermediaries.

### Physical location

The term 'destination' describes a broad spectrum of physical places. It may refer to a whole country, such as Spain, or to a specific region or city within that country, such as Andalucia or Seville. Many of these destinations

occur naturally. However, it is also possible to ‘create’ destinations with purpose-built resorts – Resorts World Genting in Malaysia is an example of this.

The features of an area will determine the suitability of a location for the purposes of becoming a tourism destination. Cost and suitability of the land for tourism is a major consideration in locating new facilities or attractions within a destination. The character of the local area will also contribute – tourists will not feel safe in areas with a high crime rate or comfortable in a destination where the cost of living is high.

Natural features within the locality are clearly essential to a location being developed as a tourist destination – beaches, mountains, and countryside play an important part as a ‘pull’ factor for visitors.

Transport and access links are also crucial – a destination must have the necessary transport infrastructure, for example in Figure 3.22, to manage tourist arrivals/departures as well as providing appropriate local transport services for visitors while they are in the destination.



Figure 3.22 Kuala Lumpur Sentral – an example of an advanced integrated transport hub

There must also be local people to work in the tourism industry within a destination. Other tourist facilities must also be nearby, in order to cater for the broad needs of customers within the destination – this means there should be restaurants, banks, shops, accommodation and leisure facilities within easy reach.

Whilst many of the features of the physical location of a destination cannot be changed, a review of this aspect of the place element of the marketing mix can still be undertaken at regular intervals. Transport links can be improved, other tourism facilities developed and so on, in order to enhance the appeal to customers.

### Choice of distribution channels

There are two main ways in which tourism providers can make their products and services available to customers, directly or indirectly. Traditionally this has involved intermediaries such as travel agents but with the increased use of technology, the focus has now become direct links between providers and customers using web-based channels, including mobile apps.

The choice of channel is strongly influenced by two main factors:

- **Cost:** the use of intermediaries brings increased costs by way of the commission that is paid to the middleman. Direct selling has its own cost consideration, as this type of channel requires high capital investment in marketing and promotion
- **Control of the product:** using intermediaries can dilute the control a provider has over the product. This means that travel agents may exert personal bias on a customer’s perceptions of a product or destination.

### Tourism distribution channels

Direct - channels can be online or offline	
direct online booking and sales mainly via the booking engine of the provider’s website	direct offline bookings and sales via email, telephone or face to face
indirect – channels are through the travel trade, via intermediaries such as travel agents, and can be online or offline	
tour operators, travel agents, destination management companies (DMCs) – online via organisation’s website or offline by email, telephone or face to face	
third party websites – comparison sites such as Orbitz and Expedia, or using global distribution systems (GDS)	

Table 3.10

E-ticketing is nowadays used widely across the travel industry. Customers make online bookings using computer reservation systems (CRS), which allow real time checks on availability. The inter-connectivity of these computerised systems has led to the creation of global distribution systems, which facilitates the booking of multiple products from different providers in one destination. Once the reservations have been completed and payment has been made online, the provider will issue an e-ticket (electronic ticket) to the customer. This is a paperless document, which holds all of the booking details in a database. When the customer cites the ticket reference, the corresponding booking is retrieved allowing the customer to check in for

flights, or at the hotel. Mobile apps now allow customers to use QR scan codes (Figure 3.23) via their smart phones or tablets, in place of boarding cards or e-tickets.

The use of direct and indirect distribution channels can be reviewed and destinations can encourage more widespread use of e-ticketing and mobile app bookings as part of the review of the place aspect of the marketing mix.



Figure 3.23 QR Code, a machine-readable code consisting of an array of black and white squares, typically used for storing URLs or other information for reading by the camera on a smart phone

**Promotion (using a range of promotional methods to raise awareness of the destination with customers)**

#### KEY TERM

**Promotion:** any activity that arouses the interest of a customer or a potential customer.

**Promotion** is the publicising of a product, an organisation or a destination to increase the number of sales, customers or visitors by raising public awareness. A destination has many different ways in which it can use promotion due to the very broad range of promotional methods available. Promotion is also often known as marketing communication, because of its primary purpose of communicating marketing information to customers.

When reviewing a destination's marketing mix, the promotion aspect is often the element that may be most obvious to visitors. If the destination uses promotional methods effectively the destination will be visible to both existing customers and to new customers. Choosing which promotional methods to employ is central to any review

of a destination's marketing mix and will depend on a number of other factors, which will be explored in more detail later. Next is a brief overview of the main types of promotion that a destination may use.

### Advertising

This is one of the most expensive forms of promotion, especially if the services of an advertising agency are sought. Advertising can be done using a broad range of media: **broadcast**, which includes television, cinema and radio advertisements; **print**, which includes newspapers, magazines and information leaflets and **display**, which includes billboards, point of sale displays, touch screen information boards and so on.

The impact that advertising has on potential customers to a destination is difficult to measure. National tourist organisations will often survey customers to find out what influenced a decision to visit the destination. This is to help ascertain whether costly advertising campaigns achieve the desired outcomes.

#### KEY CONCEPTS

##### Customer focus

Direct marketing allows a destination and its tourism providers to communicate directly with customers who have shown an interest in visiting. The marketing materials are often personalised to make customers feel special and to uphold the impression that the destination and its stakeholders are focused on the customer experience.

### Direct marketing

Advances in digital technology have significantly changed the way in which travel and tourism organisations can use direct marketing. In the past, this form of promotion relied on a company using information from a customer database to send out mail shots by post to those previous customers. However, with the advent of social media and mobile technology, travel and tourism organisations make effective use of their followers and subscribers on platforms such as Facebook, Twitter and YouTube, in order to post marketing information which is directly targeted towards customers who have a clear interest in the products and services offered by the organisation.

### Public relations (PR)

Public relations refers to the way in which a positive image is professionally upheld by an organisation. According

to the Chartered Institute of Public Relations ‘Public Relations is about reputation - the result of what you do, what you say and what others say about you.’

Public relations are particularly important in travel and tourism as this enables organisations or destinations to project themselves in a favourable light to the public. Examples of public relations activities include: press releases, features on television, in newspapers, magazines and so on, attendance at trade fairs, hosting familiarisation trips and holding press conferences.

### Sales promotion

This is one of the most important promotional methods used in the travel and tourism industry. This form of

promotion can be targeted specifically at customers or at trade partners. Discount coupons such as those shown in Figure 3.24, special offers and loyalty incentives are commonly used by travel and tourism organisations to entice customers. Trade promotions include incentives such as commission or bonuses paid to travel agents or tour operators for endorsement of a destination’s products, or for its inclusion in a package tour.

A review of the marketing mix will allow organisations to update the promotional methods it uses, to keep the image of the destination ‘fresh’ in the minds of customers. Changing promotional methods or adopting new pricing strategies are easier for a destination to manage than making radical changes to the product and services offered or to the infrastructure of the destination.

The figure displays three distinct discount coupons, each with a blue 'Coupon' banner in the top-left corner and a scissors icon in the top-right corner. Each coupon includes a photograph of the destination, a title, a discount percentage, and specific pricing details for different categories of visitors. Below each coupon, the contact information (TEL, URL) and the address (ADD) are provided.

**Coupon 1: Suwon City Tour**  
 Title: **Tour Discount Coupon 20% Off**  
 Pricing: Adult : ₩11,000 → ₩8,800, student and serviceman : ₩8,000 → ₩6,400  
 Note: Only applicable to adults /students and serviceman  
 TEL : 82-31-256-8300, URL : www.suwoncitytour.kr, ADD : 경기도 수원시 권선구 하탑로 56-1

**Coupon 2: Everland**  
 Title: **Everland, Caribbean Bay 30% Off**  
 Pricing: Everland Daytime Ticket: Adult ₩52,000 / Child ₩41,000 → Adult ₩36,000 / Child ₩29,000; Caribbean Bay: Adult ₩42,000 ~ ₩74,000 / Child ₩33,000 ~ ₩58,000 (vary by season) → ₩29,000 ~ ₩52,000 / Child ₩23,000 ~ ₩41,000  
 TEL : 82-31-320-5000, URL : www.everland.com/en, ADD : 경기도 용인시 처인구 포곡읍 에버랜드로 199

**Coupon 3: Korean Folk Village**  
 Title: **Admission Ticket, Free Pass Ticket Discount Admission Ticket 33%, Free Pass Ticket 25% Off**  
 Pricing: Admission Ticket : ₩15,000 → ₩10,000; Free Pass Ticket : ₩24,000 → ₩18,000  
 TEL : 82-31-288-0000, URL : www.koreanfolk.co.kr, ADD : 경기도 용인시 기흥구 민속촌로 90

Figure 3.24 Examples of discount coupons available from the Gyeonggi Tourism Organisation promoted on the VisitKorea website

## Connecticut Holiday Package

The following is a description of a domestic holiday package to Delamar Greenwich Harbor in Connecticut in the USA.

**Title:** Connecticut Still Revolutionary Culture Seekers

**Date(s):** Saturday, November 1, 2014 – Friday, May 27, 2016

**Contact Info:** (203) 661-9800, or toll-free (866) 335-2627

**Description:** Located under an hour from Grand Central Station. Delamar Greenwich Harbor is the ideal getaway from New York City. With shopping, beaches, amazing restaurants and museums all within walking (or biking) distance from the hotel, there is plenty to keep you occupied for the weekend. Leave the car at home and take advantage of this package.

This overnight offer includes complimentary entrance to the Bruce Museum, a special discounted rate at the hotel, and other area discounts including a 10% discount at the Bruce Museum store.

Package includes:

- Two round-trip rail tickets on the New Haven Line to Greenwich Station.
- Deluxe accommodation for two.
- A welcome drink on arrival.
- Manager's Wine & Cheese Reception in our Lobby on Friday and Saturday evenings.
- In-room split bottle of champagne.
- Complimentary continental breakfast for two in our Lobby.
- Two one-day passes to the Bruce Museum, a member of the Connecticut Art Trail.
- 10% discount on purchases in the Bruce Museum Gift Store.
- Complimentary transportation within a 3 mile radius.

**Rates From:** \$269.00 per night.

Use your knowledge and understanding of the marketing mix to identify each component of this package.

Explain how the tour operator could make changes to improve this marketing mix, in order to attract more visitors.

## 3.9 Building a destination brand

**Branding** destinations is an extension of this concept, because a destination is clearly made up of a range of products and services offered by a large number of different travel and tourism organisations, each of which may already have their own specific brand identity. For example, in the Cayman Islands each island has resorts and hotels owned by international chains including Marriott, Holiday Inn, Ritz-Carlton and Wyndham. Each of these chains has its own distinct brand image, but they are also used in contributing to the islands' overall destination brand.



### KEY TERM

**Branding:** is the business process involved in creating a unique name and image for a product in the customer's mind.

This, coupled with the fact that many destinations are, in fact, quite similar, makes it much harder to build an effective destination brand. The next section will examine ways in which a destination brand might be established.

### Establishing the destination identity

A destination that wishes to increase its economic well-being and protect and sustain the environment in which its population lives, will endeavour to attract more visitors. Establishing a specific destination brand identity is important in appealing to visitors but this can only be achieved if those in charge of marketing the destination understand the process of establishing a specific brand identity. Some of the key considerations will include:

- what they want the destination to be known for
- how they can make the destination appear unique, in order to make its mark in a very competitive market
- what thoughts and images do people already associate with the destination name
- how can existing resources be better utilised in promoting sustainable tourism practices.

These factors will influence the brand identity that a destination establishes for itself, amongst other things. Let's now look at the whole process of establishing an effective brand identity.

### Reasons for branding a destination

There are many reasons why destinations wish to brand themselves, including the need to enhance their

competitiveness in the global marketplace. A holiday or business trip to a specific destination is an **intangible** purchase; therefore the image and reputation of the destination play a crucial part in making someone want to visit.



#### KEY TERM

**Intangible:** 'unable to be touched; not having physical presence.' So although the destination itself does have a physical presence, a holiday experience does not. It is instead made up of a series of different components, many of which are dependent on the quality of service given, which is again intangible.

### Change the perception of unfavourable stereotypes of a destination

Certain destinations have evolved over time and established well-known reputations. The Spanish Costas (Costa Brava, Costa del Sol, Costa Blanca) have long since been known as traditional 'sun, sea and sand' beach holiday destinations. Ayia Napa in Cyprus, Playa de la Américas in Tenerife and San Antonio in Ibiza have also

established a reputation for their party atmospheres and 18–30 appeal. Ask anyone you know, and the chances are that they will describe Paris as being the most romantic city in the world. All of these are examples of stereotypes of destinations. Some of these stereotypes appear to be entirely favourable – why is having a reputation for being a romantic destination in any way negative?

But such a reputation can affect a destination's ability to attract a broader target market. The Costas began only to appeal to families. Only couples are attracted to Paris, thus narrowing the appeal of the destination to other visitor types.

Re-branding the destination – changing the brand association – can help overcome any negative stereotypes and can increase the destination's appeal to different target markets. For example, the tour operator Thomsons, part of TUI UK, is working hard to re-establish Ayia Napa in Cyprus as a tranquil beach destination (see Figure 3.25), despite it being a stone's throw from the Centre of Ayia Napa itself. This is to try and rid the destination of its negative image of being overrun with young people seeking the party nightlife and therefore allowing the place to appeal to a much broader customer base.



Figure 3.25 Nissi beach, Ayia Napa

## Create a common vision for the future of the community and its potential as a tourist destination

### KEY CONCEPTS

#### Sustainability and responsibility

Recognising the potential of a destination to generate income through tourism, and involving the local population in tourism provision contributes to the sustainability of tourism activity. The whole concept of creating a common vision for the future embraces the principles of sustainable practice.

It is important for the whole host population to understand and accept the reasons for creating a brand identity. This means the local people, as well as travel and tourism providers and representatives from tourism authorities. If people within the local community do not agree with the image of the destination that is being presented, then the destination brand is not likely to succeed. Locals must be able to identify with the brand identity and must also understand the likely costs and benefits associated with destination brand development.

This involves regular communication between the tourism providers and local authorities within the destination, the host population and the visitors themselves, so that key brand identity messages are conveyed and upheld, and the local people can recognise the part they play in implementing tourism development strategies in their area.

## Provide a consistent representation of the destination

A consistency in representation is important for a destination. There are many different tourism providers in all destinations and it would be very confusing for visitors and potential visitors if the destination tried to market itself with lots of different brand messages. If certain parts of the destination use a 'luxury, tropical paradise' brand message, but other parts tried to create a '18–30 party atmosphere' brand image, it could result in a decrease in visitor numbers, as neither market segment would want to visit.

Consistency in representation is also of major importance for a destination wanting to attract repeat customers; those who have previously visited and wish to

repeat a positive experience will look for the same brand representation on their return to the destination.

New visitors will use the brand representation from marketing materials to make their decision to visit. If this is not consistent with the destination brand they actually experience when visiting, they are likely to be disappointed.

Therefore consistency in representation is important to ensure customers are attracted to a destination and are satisfied when they are there.

### KEY CONCEPTS

#### Global and growing

Raising awareness of a destination is key to its development and success. Destination marketing is a means for a destination to create a global presence and to contribute to its economic growth.

## Enhance local, regional, national and/or global awareness of a destination

In these times of intense competition, a destination has to continually add to its value in order to be successful. One way of adding value is by raising awareness of the destination among as many people as possible. It is therefore important that a destination considers as many different target audiences as possible and establishes its name and reputation across all of these markets.

Creating awareness globally is the ideal for every destination; however, this is often very difficult for emerging destinations, given that it takes a lot of investment and a long time for a new destination brand identity to embed itself with customers around the world, especially when other destinations, offering a similar experience, are already well established.

It is therefore sometimes more advisable to start by enhancing awareness of a destination at a more manageable scale – rolling out the destination brand launch at a national level will raise awareness within the host country, for example.

The more a destination targets specific markets with its destination brand marketing messages, the more likely it is to enhance its image. Raising awareness with local, regional and national markets is especially important, as these are the source of domestic tourism for a destination.

## Excitement as Grenada launches a new destination brand



Figure 3.26 The 'Pure Grenada' brand logo

Grenada, a country in the Caribbean, recently unveiled a new destination brand (Figure 3.26), in a significant move aimed at repositioning the country as a major tourist destination.

More than 100 invited guests from the island's tourism, diplomatic, corporate and media circles gathered to witness the unveiling of the island's new brand identity at a reception hosted on the patio balcony of the Ministry of Tourism's offices. The event was also attended by members of the foreign press. Highlights of the evening included live cultural performances by local dancers and musicians.

In an innovative move, the Minister of Tourism has partnered with the private sector Grenada Hotel and Tourism Association to re-position the island's brand.

The new brand will be the signature calling card of the destination going forward, and will be implemented in a phased-rollout across the island and in local and overseas markets.

According to Eurostat data from 2013, almost half of all Europeans (47.3%) made at least one domestic tourism trip with at least one overnight stay in 2013, while only 30% made at least one trip abroad. Countries with the highest participation rates in domestic tourism were Finland (83.2%), Norway (68.9%), France (68.3%) and the Czech Republic (66.5%). Similarly statistics from New Zealand show the important contribution of domestic tourism in that country. Domestic tourism has been increasing steadily in New Zealand over a considerable period of time. Today it is worth almost NZ\$14 billion annually to the tourism industry and makes up 59% of

total tourism earnings. Domestic visitors spend NZ\$39 million per day, benefiting cities, towns and communities throughout New Zealand.

### Make the destination more appealing

This ties in with all of the other reasons for branding a destination. If customers do not find a place appealing, they will not choose to visit. In marketing terms, the process of branding and rebranding has been described as 'changing the wrapping' on a product. It is essentially the same thing, when branding a destination, because the tourism authorities are trying to change our perceptions of that destination by attaching a new brand identity to make it seem more appealing, in much the same way as a chocolate company try to make a chocolate bar seem more appealing by putting it in different packaging.

## 3.10 Characteristics of an effective destination brand

So the all-important question remains: what makes a successful destination brand? There has been much research into this question and many journal articles and textbooks have been written in trying to provide the answers. Much of this research evidence focuses on a series of complex concepts and processes. But the bottom line is, a successful destination brand often actually relies on hard-working people, with limited resources and a modicum of marketing expertise. The secret to their success in creating an effective destination brand is that they utilise the resources they do have to their full potential, and remain customer-focused, strategic, open-minded and imaginative in creating a brand which will invoke positive feelings, respect and loyalty from the destination's stakeholders and from its customers.

The following characteristics act as a kind of checklist in creating the 'perfect' destination brand identity:

- memorable
- attractive
- matched to destination attributes
- consistent with destination's positioning
- easily understood by customers
- integrated into promotional activities at a local, national and global level
- sustained over a significant period of time
- reflective of customers' actual experiences

- targeted at both existing customers and at prospective visitors
- accepted by stakeholders
- credible.

### Memorable

An effective destination brand is one that sticks in your mind and is easy to recall. There needs to be something unique, quirky or significant about the brand to make it stand out and to ensure that customers and potential customers remember it.

Let's compare a few recent destination brands:

We have already considered the most memorable of destination brands, one that needs little explanation:



Figure 3.27 I LOVE NY logo

Figure 3.28 shows the brand image for the city of Amsterdam in the Netherlands; does this strike you as effective?



Figure 3.28 The Amsterdam brand image

### Attractive

An effective destination brand will also be attractive; this means that the logo, slogan and associated brand identity must be visually appealing and must evoke a positive feeling in order to work in the way that a good brand should. This relates to the actual words chosen as the tagline – do these conjure up an attractive image in the potential visitor's mind? Attractiveness also relates to the font chosen to represent the words. Some written texts are more visually appealing than others. The same applies to the colour schemes chosen. Lastly, it is also important to consider the attractiveness of the images used in communicating the brand.

### Matched to the destination's attributes

This is an important characteristic. A brand must reflect the authentic experience a visitor can expect to receive. The 'Land of Origins' brand communicated in Ethiopia's coffee plant image, See Figure 3.29, is a good match – Ethiopia, as well as being the birthplace of coffee, is an ancient country known for its unique cultural heritage and impressive history. The longest river in the world – the Nile – originates there and its remarkable biodiversity includes species of mammals and birds not found anywhere else in the world.

In the same way, the brand for Hong Kong is truly reflective of the destination – Hong Kong is known for being a cosmopolitan, lively city destination, and one of the finest in Asia's. This is represented simply in its current brand.



Figure 3.29 Ethiopia logo – ‘Land of Origins’

It is essential that tourism authorities use a destination’s most noticeable features within the brand they create in order to ensure the brand is matched to a destination’s attributes.

### Consistent with a destination’s positioning

It is also important that a destination correctly represents itself in terms of its brand positioning. Using phrases like ‘the number one destination’ only actually works if the destination is ranked highly around the world. If every destination uses the word ‘best’ in its tagline, this becomes meaningless.

Here is a realistic example of a brand which is consistent with the destination’s positioning.



Figure 3.30 The use of ‘go your own way’ in the Albania brand logo and slogan help convey the potential of this destination

Albania, a country in the Balkans, is an emerging tourism destination with one of the top ten fastest-growing tourism markets globally. The country was ranked third among 15 best destinations tourism for 2015 according

to *L’Express Magazine* and listed as fourth in the *New York Times*’ ‘52 places to go in 2014.’ The logo and tagline of ‘Go your own way’ aim to emphasise the country’s huge and varied potential for tourism and investment.

### Easily understood by customers

This characteristic sounds obvious. However, sometimes the creators of a tourism brand become so creative in wanting to design a brand that is truly unique, that the message gets lost.

### Integrated into promotional activities at a local, national and global level

We have already concluded that a brand must be consistently represented within local, regional, national and global markets. In order for this to happen, the brand must be used in all communications about the destination. Many tourism authorities assume the responsibility for promotional activity, with national tourism websites such as VisitDubai, DiscoverTunisia, VisitMozambique and so on.

Most of these websites target specific markets. For example, Discover Tunisia has a website run by the Tunisian National Tourism Office in the UK. However, to ensure the consistent integration of the destination brand at all levels, many tourism authorities issue strong brand guidelines about the use of tourism logos and associated brandings.

#### ACTIVITY 14

Visit a national tourism website such as VisitDubai

<http://www.visitdubai.com> or VisitEngland  
<https://www.visitengland.com> and search for the guidelines on the use of the destination brand. Dubai has a section on terms of use, whilst England has a media centre with permission-free images that can be used.

Explain how these tourism authorities approach the characteristic of integrating their tourism brand into all promotional activities at various levels.

### Sustained over a significant period of time

Many destinations create a brand image and expect instant results. In order to be effective, a brand takes time to establish itself, especially on a global level. Admittedly the successful ‘I ♥ NY’ gained almost immediate recognition, but on the whole, it takes prolonged exposure to ensure the success of a brand

identity. The Incredible India campaign is a good example – this was conceptualised in 2002 and is still running in 2015. Similarly the Malaysia, truly Asia identity was first used in 1999 and is still incorporated within some of the destination’s brand messaging today.

However, not all destination brands enjoy the same longevity as these. Some brands are short-lived because of the adverse reactions they provoke. An Australian brand campaign was cut short because of the offence its language caused in certain markets; a video campaign by the Singapore Tourism Board was deleted within days of it being uploaded to the tourism board’s social media platforms in 2014 following global criticism; Denmark also experienced a similar media outcry for its YouTube tourism campaign in 2009 which appeared to promote promiscuity. While these latter two examples do not relate specifically to the overall destination brand, but rather a single advertisement used to promote the brand, it is clear that poorly thought out advertising can damage a destination brand and curtail its effectiveness.

### Reflective of customers’ actual experiences

This ties in with many of the other characteristics already mentioned, such as being matched to the destination’s attributes and being consistent with a destination’s positioning. If the brand does not reflect the actual experiences of visitors, then this is likely to lead to disappointment on the customer’s part. This in turn will cause bad ‘word of mouth’ reputation for the destination and will adversely affect the number of repeat visits and of recommendations to visit. Therefore it is essential that there is no gap between a destination’s promise and its reality.

#### KEY CONCEPTS

##### Customer focus

Many of these characteristics have the customer as a focus. A destination brand must be meaningful to the people who experience it – whether because they have already visited or whether they are planning to visit. Tourism providers therefore ensure that the brand characteristics are closely associated with the characteristics of particular customer groups.

### Targeted at both existing customers and at prospective visitors

This is perhaps one of the most difficult characteristics for a destination to uphold. Appealing to people who have

already visited a destination through a brand identity is more tricky than enticing a first-time visitor with promises of what the destination offers. To do both using only one destination brand is a real challenge for tourism authorities around the world.

#### ACTIVITY 15

To which market segment do you think the following brands are targeted? Why?



Figure 3.31 Canada keep exploring brand logo



Figure 3.32 Thailand always amazes you brand logo

### Accepted by stakeholders

This is an important characteristic, but again difficult to always achieve. Consider the large number of different stakeholders for any given destination: the national tourist organisations (NTOs); other public sector agencies of tourism, such as museums and galleries, tourist information centres and regional tourism development agencies; private sector organisations such as tour operators, travel agents, entertainment providers, hotel chains and restaurant owners or private sector investment companies; voluntary sector organisations such as Tourism Concern, or wildlife conservation charities; the host population; and tourists from different market segments.

#### KEY TERM

**Stakeholder:** a person, group or organisation that has interest or concern in a business, or in this case, in a destination.

The list is extensive. The brand identity chosen must communicate a message that rings positively with people with a broad range of different interests in the destination. Therefore to be able to create a destination brand that is acceptable to all of these different stakeholders is again no mean feat!

### Credible

There are varying definitions of what credible means, but the following best describes the characteristic of an effective destination brand: 'able to be believed'; 'convincing'; 'capable of persuading people that something will happen or be successful'.

In order for a tourism brand to be credible, it needs to harness many of the other characteristics already mentioned here. It needs to be realistic, based on what the destination boasts, and related to what customers have experienced on previous visits. It needs to present a consistent message, and one that is accepted by everyone involved in its delivery.

So it is clear to see that creating an effective destination brand is not a simple process; yet it is something that most visitors take for granted when they first click on a tourism website or watch an advertisement on television.

## 3.11 Creating a brand identity

Many of the destination brands we have already looked at have used a number of different 'tools' in creating their **brand identity**.

#### KEY TERM

**Brand identity:** how a business (or in the case of destination branding tourism authorities) wants to be perceived by consumers. The components of the brand (its name, logo, tagline, typeface) are created by the organisation to reflect the value that it is trying to bring to the market and to appeal to its customers.

We shall now examine some of these components or tools in more detail, to see how a brand identity can be designed and established.

### Brand name

We have already seen several destination brands which use a brand name as part of their initial brand identity. VisitEngland, DiscoverTunisia, and Your Singapore are all brand names that have been adopted by destinations to gain attention. They create an instant association with the

country they are representing, which is crucial in the case of destination branding.

### Slogan/Tagline

A tagline has been described as the spirit of the destination or a destination's promise. An effective tagline should sum up the essence of the destination, and could come in the form of a tease, a short description or an invitation. Some say a tagline should comprise no more than five words to be effective. A tagline is not compulsory; many destinations do not actually have them. Destination taglines are designed to become an integral part of the brand identity and are usually incorporated into the logo.

Slogans in destination branding are used slightly differently. A slogan tends to form part of an advertising campaign and can therefore have a more limited lifespan than a tagline. As mentioned previously, it is important that key words are not over-used in establishing a brand identity as they then lose their effectiveness. Market research has shown that so many destinations are 'the best-kept secret' or 'have it all', that visitors now take little notice of such promises.

#### KEY TERM

**Slogan:** a simple and catchy phrase accompanying a logo or brand that encapsulates a product's (here, a destination's) appeal and makes it more memorable. When used consistently over a long period of time, the slogan becomes an important component of the destination's identity or image. A slogan is also called catch line, strap line, or tagline.

#### ACTIVITY 16

Use the internet to look for some more examples of taglines. Which ones do you personally find most appealing and why?

### Logo

#### KEY TERM

**Logo:** a symbol or other small design adopted by an organisation to identify its products, uniform, vehicles and so on. They are often defined as the trade mark of a company. In the case of a destination, the logo is adopted by major stakeholders and is used in all marketing communications.

Logos create an instant brand association with no language barriers because they are a visual representation. Over time, logos act as a trigger to help recall the positive attributes for which a place is known. However, it can be argued that a logo alone is not sufficient in creating a brand identity strong enough to attract a visitor without them having been exposed to other compelling components about the destination brand.

Simple logos work best. The wide use of mobile technology means logos have to be compressed to use on small screens via apps. Complicated designs are difficult to reproduce and to maintain. A logo is not intended to represent every attribute or feature of a destination; instead it is supposed to represent a major theme of the destination. Logos are rarely used in isolation in destination branding.

### USP (unique selling point)

Many destinations attempt to create a USP as part of their brand identity. Being unique means to be the only one of its kind. For a destination, this is both very true – no two cities are 100% the same; no two islands are identical – and also very difficult to prove. The characteristics of a place which are important to visitors tend to be quite similar from destination to destination. What actually differentiates one place from another is the mix of all of these characteristics. All destinations have some form of cultural heritage or local cuisine; they all have some aspect of a natural environment and have built attractions. But the amalgamation of each of these elements is what sets each destination apart and it is this ‘mix’ which a brand identity must attempt to convey. In so doing, most destinations tend to home in on one particular set of characteristics in order to establish a so-called USP, for example Egypt is known for its pyramids, although in actual fact pyramids are not unique to Egypt; there are more than 1000 pyramids in Central America, more than 300 pyramids in China and 8 clearly man-made pyramids in Greece.

#### ACTIVITY 17

Choose one city destination, one island destination, one winter resort and one summer sun resort. For each destination, try and work out what the USP is.

How easy a task is it to determine the USP? How might this affect the target markets for such destinations?

### Use of colour



Figure 3.33 Logo for Spain

Colour is used to create brand association too. The above logo for Spain is easy to recognise because of its use of colour, representing the colours of the Spanish flag. This is a common tool for using colour within destination branding.

When designing brands, tourism authorities need to be aware of the strong emotional associations people have with colours too. Black and red are both considered to be powerful colours; brown is associated with earth and tradition; green is a fresh colour often linked with nature; blues are thought to be restful and are often associated with water whilst yellows and oranges are fun colours often linked to sunshine and summer seasons. White is meant to represent calmness and truthfulness, which is why most brands use a white background.

### Price in association with image

According to UNWTO, the World Tourism Organisation, a destination's appeal is shaped by a number of different factors, including:

- accessibility
- accommodation
- attractions
- amenities
- affordability.

Thus, there is a clear link between the image of a destination and the prices it charges. This contributes to a destination's overall brand identity. For example, destinations are often ranked in terms of the average cost of a hotel night or by the average spending by visitors within the destination. Island destinations often feature