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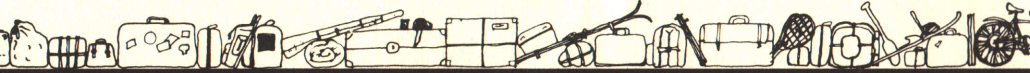


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Tourism Marketing





TOURISM MARKETING

By Edward M. Mahoney and Gary R. Warnell



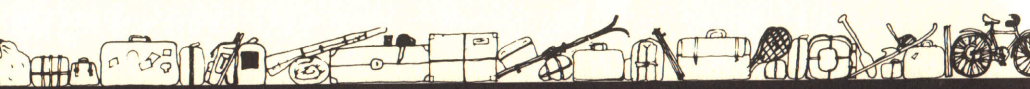
The marketing mix—the 4 Ps—target audience—segmentation—objectives—evaluation. These and other terms are all used in the process of “marketing.” In tourism and tourism related industries, success means understanding this process.

This bulletin is designed for those in the tourism industry who may not be completely familiar with marketing or who may simply wish to refresh their basic marketing skills. Covered will be important concepts used in marketing, the relationship of marketing to tourism, and a process for developing a marketing plan for tourism/recreation businesses and/or communities. It will be impossible to cover in detail all the aspects of marketing within the scope of this bulletin. There are, however, other bulletins in this series that will provide more in-depth information on the different components of a marketing plan.

WHAT IS MARKETING

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

According to the American Marketing Association, marketing is “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.” Simply stated it is creating and promoting a product (ideas, goods or services) that satisfies a customer’s need or desire and is available at a desirable price and place.



- (5) the impact of two wage earner households on real family income;
- (6) the number of retired persons with the financial ability to travel;
- (7) better health to an older age; and
- (8) continued aging of the population (we are becoming a middle aged society).

Economic Conditions

Overall economic conditions can have significant impacts on recreation and tourism markets. A marketing strategy that is effective during periods of low unemployment rates may have to be significantly adjusted if unemployment increases. Businesses and communities should monitor and assess the likely impact of factors such as unemployment rates, real family income, rate of inflation, credit availability, terms and interest rates. Consideration should also be given to the prices of complementary products, such as lodging, gasoline and recreation equipment.

Laws and Government Actions

As a complex industry, tourism is significantly affected both positively and negatively by laws and by actions of governmental agencies. For instance, rulings on such things as liability issues or decisions regarding building and health codes may change or possibly prevent the construction of a proposed facility. If a public facility changes the prices of its services, this could affect the service offerings of associated private businesses. These actions may have both positive and negative effects on the marketing efforts of the business and community. To avoid wasting valuable resources it is important that R/T businesses, agencies, and communities continually monitor and evaluate governmental actions.

Technology

Technological developments are increasing rapidly. New recreation products, such as all-terrain vehicles and wind surfers, provide new ways for people to satisfy their recreational preferences. New production technologies and materials offer recreation and tourism businesses ways to reduce costs and improve



the quality of their products/services. Advances in telecommunications have and will continue to create new promotional opportunities. Technological innovations, in relation to jobs and the home, have resulted in increased leisure time for many people.

Competition

Businesses and communities must identify and analyze existing and potential competitors. The objective of the analysis is to determine the strengths and weaknesses of the competition's marketing strategies. The analysis should include the competition's:

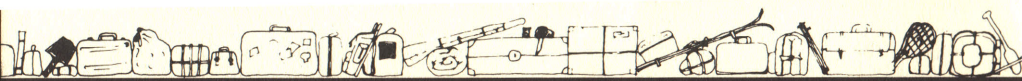
- (1) product/service features and quality;
- (2) location relative to different geographic markets;
- (3) promotional themes and messages;
- (4) prices; and
- (5) type of customer they are attracting.

BUSINESS AND COMMUNITY PROFILES

Too many communities attempt to market themselves as tourist destinations without accurate information about their resources (facilities, services, staff), image (projected vs. actual), and how well their customers are satisfied. Without this information, it is difficult to make other decisions in the planning process. Included should be such things as recreational and entertainment facilities, cultural and historic sites, overnight accommodations, restaurants, shopping opportunities, special events and activities, staff size, and transportation. Each item of the "inventory" should also be assessed in terms of quality and availability.

MARKET SEGMENTATION (IDENTIFICATION)

Recreation and tourism businesses and communities often make the mistake of attempting to be all things to all people. It is difficult, and risky, to develop marketing strategies for the mass market. Strategies designed for the "average" customer often result in unappealing products, prices, and promotional



messages. For example, it would be difficult to develop a campground that would be equally attractive to recreational vehicle campers and backpackers or promote a property to serve both snowmobilers and nature oriented cross country skiers.

Marketing is strongly based on market segmentation and target marketing. Market segmentation is the process of:

- (1) taking existing and/or potential customers/visitors (market) and categorizing them into groups with similar preferences referred to as "market segments";
- (2) selecting the most promising segments as "target markets"; and
- (3) designing "marketing mixes," or strategies (combination of the 4 Ps), which satisfy the special needs, desires and behavior of the target markets.

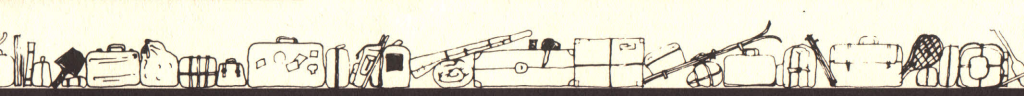
There is no unique or best way to segment markets, but ways in which customers can be grouped are:

- (1) location of residence—instate, out-of-state, local;
- (2) demographics—age, income, family status, education;
- (3) equipment ownership/use—RV's, sailboats, canoes, tents, snowmobiles;
- (4) important product attributes—price, quality, quantity; and
- (5) lifestyle attributes—activities, interests, opinions.

To be useful, the segment identification process should result in segments that suggest marketing efforts that will be effective in attracting them and at least one segment large enough to justify specialized marketing efforts.

After segments have been identified, the business or community must select the "target markets," those segments which offer them the greatest opportunity. When determining target markets, consideration should be given to:

- (1) existing and future sales potential of each segment;
- (2) the amount and strength of competition for each segment;

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- (3) the ability to offer a marketing mix which will be successful in attracting each segment;
 - (4) the cost of servicing each segment; and
 - (5) each segment's contribution to accomplishing overall business/community objectives.

It is often wiser to target smaller segments that are presently not being served, or served inadequately, than to go after larger segments for which there is a great deal of competition.

MARKETING OBJECTIVES FOR EACH SEGMENT


Marketing objectives which contribute to the accomplishment of the overall business objectives should be established for each target market. Objectives serve a number of functions including:

- (1) guidance for developing marketing mixes for different target markets;
- (2) information for allocating the marketing budget between target markets;
- (3) a basis for objectively evaluating the effectiveness of the marketing mixes (setting standards); and
- (4) a framework for integrating the different marketing mixes into the overall marketing plan.

The target market objectives should:

- (1) be expressed in quantitative terms;
- (2) be measurable;
- (3) specify the target market; and
- (4) indicate the time period in which the objective is to be accomplished.

For example, increase the number of overnight stays by people from the Chicago market over the next two years by five percent.



Remember, rank objectives by priority and carefully evaluate them to ensure that they are reasonable given the strength of the competition and resources available for marketing.

MARKETING STRATEGY (MIX)

The marketing strategy, or mix, should be viewed as a package of offerings designed to attract and serve the customer or visitor. Recreation and tourism businesses and communities should develop both external and internal marketing mixes for different target markets.

External Mix

The external marketing mix includes product/service, price, place/location, and promotion.

Product

Earlier we said the principal products that recreation and tourism businesses provide are recreational experiences and hospitality. The factors that create a quality recreational experience often differ among people. A quality experience for one skier might include an uncrowded, steep slope. To another it might be a good restaurant and a chance to socialize. Decisions on what facilities, programs and services to provide should be based on the needs and desires of the target market(s). They should not be based on the preferences of the owner/manager or necessarily on what the competition is providing.

Recognize that a recreational/tourism experience includes five elements: trip planning and anticipation; travel to the site/area; the experience at the site; travel back home; and recollection. Businesses should look for ways to enhance the quality of the overall experience during all phases of the trip. This could be accomplished by providing trip planning packages which include maps, attractions enroute and on site, and information regarding lodging, food and quality souvenirs and mementos.

Recreation and tourism businesses should also view their service/product in generic terms. Thinking of products/services in this manner helps focus more attention on the experiences desired by customers and also the facilities, programs and services that will produce those experiences. For example, campgrounds are the business of providing recreational "lodg-



ing” not just campsites to park an RV or set up a tent. Marinas should provide recreational “boating” experiences, not just slippage.

Location and Accessibility—Place

Too many tourism businesses and communities fail to recognize their role in improving travel to and from their areas. They focus instead on servicing the customer once they arrive at the site/community. A bad experience getting to or leaving an R/T site can adversely affect a person’s travel experience. Ways to help prevent this include:

- (1) providing directions and maps;
- (2) providing estimates of travel time and distances from different market areas;
- (3) recommending direct and scenic travel routes;
- (4) identifying attractions and support facilities along different travel routes; and
- (5) informing potential customers of alternative travel methods to the area such as airlines and railroads.

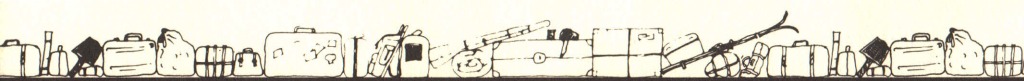
Potential businesses should also carefully assess alternative locations for:

- (1) distance and accessibility to target markets;
- (2) location of competitors with respect to target markets;
- (3) modes of travel serving the area; and
- (4) other attractions and activities that might induce travel to the area.

Pricing

Price is one of the most important and visible elements of the marketing mix. When setting prices it is important to take into consideration all of the following:

- (1) business and target market objectives;
- (2) the full cost of producing, delivering and promoting the product;
- (3) the willingness of the target market to pay for the product or service you provide;



- (4) prices charged by competitors offering a similar product/service to the same target market(s);
- (5) the availability and prices of substitute products/services (for example, campgrounds, motels, and bed and breakfast are all substitutes for lodging);
- (6) the economic climate (local and national); and
- (7) the possibility of stimulating high profit products/services (such as boats) by offering related services (such as maintenance) at or below cost.

When establishing prices, R/T businesses should give attention to pricing strategies which may encourage off season and non-peak period sales, longer stays, group business, and the sale of package plans (combination of room, meals, and recreational facilities). For additional information on pricing, see Extension bulletin E-1999.

Promotion

Promotion provides target audiences with accurate and timely information to help them decide whether to visit your community or business. The information should be of importance and practical use to the potential or existing visitor and also accurate. Misrepresentation often leads to dissatisfied customers and poor recommendations. Don't make claims you cannot live up to.

Developing a promotional campaign is not a science with hard and fast rules. Making decisions regarding which type or combination of promotion types to use (personal selling, advertising, sales promotions, or publicity) is not always easy. If, however, you follow a logical process and do the necessary research, chances for success will be improved. It will be necessary to make decisions regarding:

- (1) *Target audience*—the group you are aiming at;
- (2) *Image*—that which your community or business wants to create or reinforce;
- (3) *Objectives*—those of the promotional campaign;
- (4) *Budget*—the amount of money available for your promotion;



- (5) *Timing*—when and how often should your promotions appear;
- (6) *Media*—which methods (television, radio, newspaper, magazine) will most effectively and efficiently communicate your message to the target audience; and
- (7) *Evaluation*—how can the effectiveness of the promotional campaign be determined.

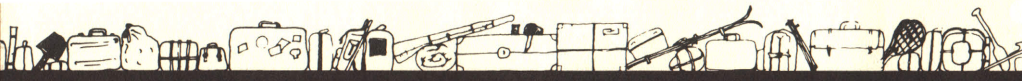
More detailed information on tourism promotion is contained in Extension bulletins E-1939, E-1957, and E-2005.

Internal Mix

As stated, marketing services such as recreation and tourism differ from marketing tangible products. Recreation and tourism businesses must direct as much attention at marketing to customers on site as they do to attracting them. In this respect, internal marketing is important because dissatisfied customers can effectively cancel out an otherwise effective marketing strategy.

The success of internal marketing is dependent on creating an atmosphere in which employees desire to give good service and sell the business/community to visitors. To create such an atmosphere requires the following four important elements:

- (1) *Hospitality and Guest Relations*—An organization wide emphasis on hospitality and guest relations, including a customer oriented attitude on the part of the owners and managers as well as the employees. If the owner/manager is not customer sensitive, it is unlikely the lower paid employees will be.
- (2) *Quality Control*—A program which focuses on improving both the *technical* quality (the standards associated with *what* the customer receives) and the *functional* quality (the standards associated with *how* the customer receives the service). All employees who come into contact with customers should receive hospitality training.
- (3) *Personal Selling*—Training the staff in the selling aspects of the property (business) or community. This also includes rewarding them for their efforts. By being informed about the marketing objectives, and their role in accomplishing those objectives, they can help increase sales.

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- (4) *Employee Morale*—Programs and incentives aimed at maintaining employee morale. The incentives can be both monetary and non-monetary.

A customer oriented atmosphere usually results in customers that are more satisfied, do less complaining and are more pleasant to serve. This helps build employee morale, their desire to provide good service and their efficiency.

MARKETING BUDGET

Successful marketing requires that sufficient money and personnel time be made available to implement activities comprising the marketing strategy. A marketing budget is a financial plan which shows the total amount to be spent on marketing during different times of the year and how it is to be allocated among alternative activities. Separate marketing budgets should be developed for each marketing mix strategy. The separate budgets should then be aggregated to develop an overall marketing budget. If the total amount is too great it will be necessary to modify the overall objectives and the target market objectives, narrow down or drop target markets, or adjust marketing mixes. The final budget should be realistic given your objectives.

When deciding on a marketing budget, consideration should be given to the job that needs to be done *as defined by the objectives*. Basing marketing budgets on some percent of sales or what the competition spends usually leads to over spending or under spending. Decisions should also be based on the costs, projected revenues, and desired profitability of different activities, *not just costs alone*. Successful marketing activities *will* generate additional revenues which can be projected based on the marketing objectives (such as increase off season stay by 5%).

Although budgets should be viewed as flexible plans, every effort should be made to adhere to them. Revisions in the budget should only be made after careful consideration of the likely impact of the change on the marketing mix and accomplishment of your objectives.



IMPLEMENTATION

Many well designed marketing plans fail because they are poorly executed. Businesses, agencies, and communities can increase the likelihood of successful implementation if they:

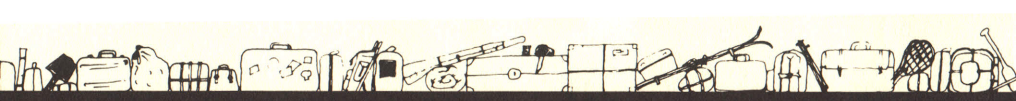
- (1) identify specific tasks which must be accomplished;
- (2) assign people or departments specific responsibility for different tasks;
- (3) provide employees with information on the marketing plan (rationale, objectives, strategies);
- (4) develop time lines and deadlines;
- (5) adhere as much as possible to the budget; and
- (6) regularly monitor and evaluate progress.

EVALUATION

It is important that marketing efforts be continually evaluated. This will improve the effectiveness of marketing strategies by quickly identifying differences between actual results and expected performance and determining likely reasons for the success or failure to realize objectives.

A framework for evaluation would include:

- (1) determining which elements of the different marketing mixes are most important to evaluate.—It is rarely possible or cost effective to evaluate all elements;
- (2) establishing performance standards to compare against actual results.—Marketing objectives, if properly formulated, should serve as performance standards;
- (3) development of formal and informal methods for collecting data on actual results.—There are many ways different elements of the marketing mix can be evaluated. For example, promotions can be evaluated with money off coupons. Special information request forms, telephone numbers to call or post office box numbers to write to can identify the area the request is coming from. Also, formal (written) and informal (face-to-face) surveys can be used to determine the promotional material the customer used in planning the trip;



- (4) comparison of results with objectives;
- (5) determination of needed change(s);

CONCLUSION

Customer satisfaction in tourism is greatly influenced by the way in which the service (hospitality) is delivered and the physical appearance and personality of the business. It is critical that these elements be communicated in the best possible manner to convince people to come and experience what your business or community has to offer. Equally important is the ability to generate repeat business because of your efforts. Thus, marketing becomes the method to reach potential visitors. It is a vital part of tourism management and can be done effectively and well, with sophistication and tact, or it can be done poorly in a loud, crass and intrusive manner. Hopefully, this bulletin has given you the basics for the former rather than the latter. Remember that to do an effective job at marketing:

- (1) adopt a strong customer orientation which includes regular research and assessment of their needs, wants and attitudes;
- (2) allocate sufficient resources and time to marketing;
- (3) assign formal responsibility for marketing to one person or department; and
- (4) develop and regularly update a marketing plan.



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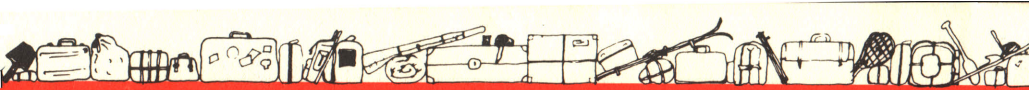
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Tourism Information Series

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1. E-1937, Tourism and Its Significance in Local Development
2. E-2004, Tourism Planning
3. E-1958, Developing A Tourism Organization
4. E-1959, Tourism Marketing
5. E-1992, Feasibility Analysis in Tourism
6. E-1939, Developing A Promotional Strategy
7. E-1957, Creating A Promotional Theme
8. E-1940, Information and Traveller Decision Making
9. E-1938, Managing Tourism Information Systems
10. E-2005, Selecting Promotional Media
11. E-1999, Pricing Tourism Products and Services
12. E-1960, Direct Marketing of Agricultural Products to Tourists

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