

Section 2:

An Overview of the Tourism Marketing Process

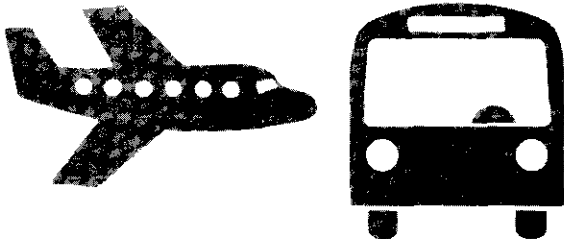
Considering the **complexity of marketing a tourism business**, it is important to have a **logical approach to collecting the information** required to make informed decisions, and **then planning your marketing** activities. The **four primary phases** are: gathering background information, developing a marketing plan, implementing a marketing plan and reviewing your success. **The 15 steps involved to ensure that your marketing efforts are successful are explained over the next few pages.**

2.1 Phase I: Gathering Background Information

STEP 1 PRODUCT DEFINITION

THE CORE PRODUCT

Defining the core product offering as well as additional services, is an important first step to understanding the total picture of what you are selling. For example, a tour operator whose product is an accommodated tour could define the product as a camping tour for 16 days, including meals. Additional services would include transfers to and from the airport.



THE COMPLEMENTARY PRODUCT

The complementary product should also be identified, i.e. which products or services in the area/region complement your product. For example, a B&B may consider a local winery, restaurant and car hire company as complementary products which may make up an attractive package for their target market.



THE BENEFITS OF USING THE PRODUCT

Defining the **benefits** of using the product is important since these **intangible aspects will trigger the interest of potential customers**. You may wish to **compile a list of words** which **describe various elements of the total experience or benefits** which your product provides. This will help to **identify which markets** will be more likely to purchase your product and will provide the basis for design and production of promotional tools and activities.

Examples of phrases describing different experiences or benefits are:

- Gourmet dining
- Boutique accommodation
- Stimulating workshop environment

ADD MORE DESCRIBING PHRASES



STEP 2 MARKET RESEARCH

MARKET INFORMATION IS IMPORTANT!

Market research is **essential to doing business** in tourism. The information gathered from market research **reduces the risk** of doing business by **enabling you to make informed decisions**. The extent and depth of research is **dependent on the level of detail** you require **and the financial and technical resources** you have available. **Market information is important** for a number of reasons.

- Understanding national and regional tourism trends will help you identify the markets you should be attracting and the markets with the most potential for your offering.
- Understanding specific segments within the overall markets, such as age, marital status, children, where they live, their occupation, perceptions, attitudes and interests, will help you to tailor your marketing to meet their needs and therefore increase the likelihood of selling your product.
- Understanding competitor offerings, visitation figures and pricing structures will help to predict sales, potential cash flow and help to determine differentiation strategies.

RESEARCH REVEALS NEW SEGMENTS

Market research validates “**gut feelings**” about markets that **should be targeted** or reveals new market segments with potential. Market research assists in applying marketing budgets effectively.

Guidelines for marketing research are included in this book.

STEP 3 UNDERSTANDING THE MARKET

IDENTIFYING PROFITABLE SEGMENTS

Successful marketing depends on **identifying potentially profitable segments** of the total market, **targeting these segments with messages** relevant to their needs and positioning your product so that the **segment believes your product is a better choice** than competing products. This approach **focuses and improves the effectiveness** of a company’s marketing effort.

The three basic activities are:

- **Segmentation:** Break up broad markets into groups of people with the same, clearly defined characteristics. There are many ways to segment a market.
A few relevant characteristics are:
 - Demographics: age, income level, marital status, culture, etc.
 - Geographics: continent, country, region or climate
 - Psychographics: lifestyle, personality type, attitudes, etc.
 - Special Interests: birdwatchers, backpackers, art lovers, etc.
- **Targeting:** Select segments that are most likely to purchase your product offer and deliver the greatest potential revenue for your business as the main focus of your marketing activities.
- **Positioning:** Communicate how your product meets their needs in a way that is different to your competitors. Positioning is the consumer’s image of your offering in relation to other competitor offerings in the marketplace. Two of the strongest elements in positioning are price and service. The perception that a consumer forms can also be based on a range of attributes, benefits, past experiences, location and the image that the product portrays.

WHICH MARKET SEGMENT IS YOUR TARGET?

HOW DO YOU MEET ITS NEEDS?



2.2 Phase 2: Developing a Marketing Plan

A marketing plan is a comprehensive plan for marketing activities to be undertaken to ensure the growth of your business. It is a combination of a review of the present, a vision for the future and defining the steps required to ensure your vision is achieved.

STEP 5 UNDERSTANDING ENVIRONMENTAL INFLUENCES

TAKE A CRITICAL LOOK

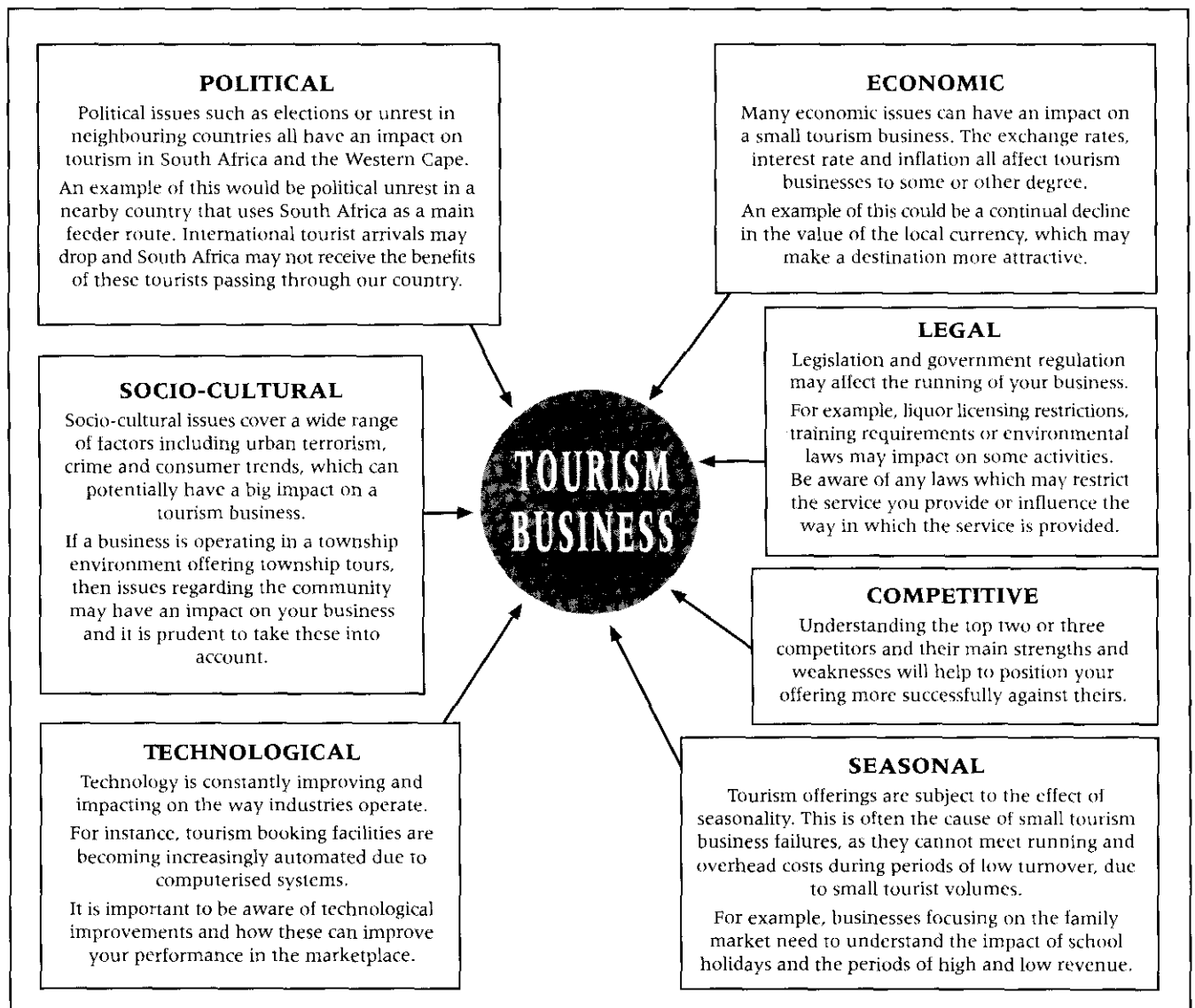
In order to plan for the future it is necessary to take a critical look at the environmental elements which will impact on your business in both a direct or indirect way. Two aspects should be considered:

1. An external or macro-environmental review will highlight issues that may impact on your business indirectly and over which you have little individual control.

Figure 3 describes some of these factors.

2. An internal or micro-environmental review will describe factors internal to your business over which you do have control. The main factors that are directly controllable include the "Seven Ps" of the tourism product marketing mix. The aim is to utilise these internal resources to their best potential so as to improve competitive advantage and at the end of the day profits.

FIGURE 3: MACRO ENVIRONMENTAL IMPACTS



STEP 6 CONDUCT A SWOT ANALYSIS

A **SWOT analysis** is used to analyse how the internal and external environmental factors impact on a business.

ASPECTS TO CONSIDER

1. **Strengths and weaknesses** target the internal activities of the firm. For instance, a tourism concern may identify as a strength the ability to offer a unique product for which there is strong demand. A weakness may be the lack of a distribution network required to reach their potential customers.

2. **Opportunities and threats** are external factors that may hinder or aid the business' success and include issues such as competitors, legal matters and political and economical factors.

A **comprehensive SWOT analysis** is a positive step towards **reducing and possibly eliminating risk** that faces your tourism business, by **enabling you to take advantage** of strengths and opportunities and preparing against weaknesses and threats.

STEP 7 DEFINE YOUR BUSINESS VISION AND MISSION

A **broad, long-term vision** provides **overall direction** for the business whereas a **mission statement** focuses on the **daily activities of the business**.

BUSINESS VISION

A business vision is a statement that outlines the future desired state of the business, whether it be stated in financial or qualitative terms. The vision provides all staff with an understanding of the ultimate aim of the business.

MISSION STATEMENT

A mission statement describes the type of activity that the business wishes to undertake as well as a broad statement of how the business aims to achieve this.

Together, the vision and mission provide common goals and focus for everyone to work towards, and should be reinforced regularly to maintain direction.

STEP 8 SET BUSINESS & MARKETING GOALS AND OBJECTIVES

Establishing **clear and measurable goals** is the best start **after deciding what long-term business goal you are trying to achieve**. **Quantify** what needs to be achieved over the next 1-2 years, to **move you closer to your vision**.

EXAMPLES OF OBJECTIVES

- To sustain occupancy levels of 65% (accommodation facility)
- To break even within two years
- To retain and increase repeat business
- To increase market share of the local business market
- To increase average length of stay of visitors, from 1 night to 2 nights

Time frames and measures of these goals are important for planning and evaluation of the effectiveness of your activities.



Set long-term business goals and draw up a plan of action.



STEP 9 FORMULATE STRATEGIES

TYPES OF ACTIVITIES

In this stage you will describe the **types of activities** that you need to undertake to achieve your goals and objectives. **Strategies describe activities and processes not tools or tactics.**

Examples of strategies are shown in Figure 4.

- Strategy 1 _____
- Strategy 2 _____
- Strategy 3 _____
- Strategy 4 _____

Once strategies have been formulated, classify each strategy as short, medium or long-term and determine whether the strategy will require low, medium or high resource investment (costs and labour).

	TERM			HIGH RESOURCE INVESTMENT		
	Short	Medium	Long	Low	Medium	High
Strategy 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strategy 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strategy 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strategy 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FIGURE 4: EXAMPLES OF DIFFERENT TYPES OF STRATEGIES

<p>New market and target segment development strategies</p>	<p>Explanation Identify new markets and/or segments and describe how you intend to try and grow these markets.</p> <p>EXAMPLE 'Develop the European Backpacker market by providing them with information and attractive packages.'</p>
<p>Existing market expansion strategies</p>	<p>Explanation Identify ways of making existing markets larger.</p> <p>EXAMPLE In a business to business operation, the strategy might be 'Network with more wholesalers in Asia'.</p>
<p>Product development and packaging strategies</p>	<p>Explanation Identify ways that your product can be improved to make it more appealing to a particular market or segment.</p> <p>EXAMPLE A small tourism merchandiser may decide to develop a range of corporate gifts for companies, conducting business with foreign people to leave them with a small gift as a reminder of the presentation.</p>

Figure 4 continues on page 12



Pricing strategies

Explanation

Identify ways that your product can be attractively priced to suit a particular market.

EXAMPLE

An accommodation establishment which is full on the weekends, may develop a 'mid week breakaway' package for shift workers who work on weekends, but want to get away during the week.

Promotion strategies

Explanation

Identify various ways of communicating with your target markets, using the triggers that you have identified.

EXAMPLE

Use the jazz festival to encourage the young, professional market to visit the area.

Customer database and relationship building strategies

Explanation

These strategies identify the most important segments for your business and establish ongoing communications with them.

EXAMPLE

The local caravan park has a database of families from Gauteng which have stayed more than once. The strategy they implement is one of a special customer system where they offer repeat customers a special rate for staying a whole week in the school holidays, if they book in advance.

Public relations and networking strategies

Explanation

Identify the important media contacts to regularly send press releases or special offers.

EXAMPLE

Host 1 or 2 journalists free of charge to promote luxury mid-week winter escapes.

Co-operative partnership strategies

Explanation

Identify activities which involve working with other business in the area for mutual benefit.

EXAMPLE

Develop a food and wine touring route in the region.

Distribution strategies

Explanation

Identify all the different ways in which your product can be distributed. This can include co-operative distribution, distribution through agents or direct distribution.

EXAMPLE

Ensure that your business meets the guidelines to receive distribution through the local tourism authority. Ensure that your B&B is included in the regional central booking service. Set aside 500 brochures for the Holiday and Travel Show.

Resource strategies

Explanation

Highlight ways that resources can be employed effectively for periods of different demand or improved for particular requirements.

EXAMPLE

Staff to be continually trained in customer service and silver service table waiting skills. Succession strategy to be developed.



2.3 Phase 3: Implementing a Marketing Plan

To **effectively implement** a marketing plan, a **budget needs to be committed** for the year ahead and carefully allocated; the right tools selected, definitive action plans produced and performance results to different activities collected at various stages throughout the marketing process.

STEP 12 DEFINE AND ALLOCATE A MARKETING BUDGET

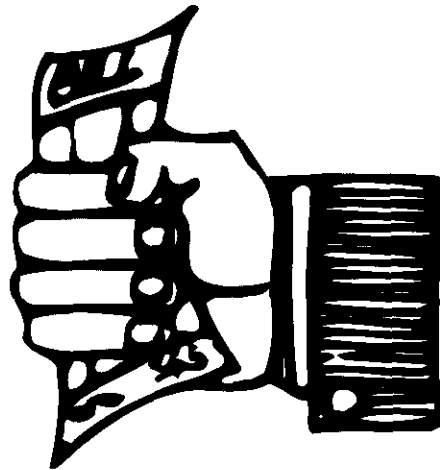
FINANCIAL CONSTRAINTS

Your **financial constraints will help dictate** the detail and complexity of your marketing mix. All **costs relating to the marketing process** should be **factored into your marketing budget**. **Marketing costs** do not only include the cost of **producing the marketing materials** or **placing an advertisement**, but also include a range of associated costs. Examples include: **general administrative costs**, such as stationery and postage to mail customers brochures following an enquiry; **salaries and wages** associated with staff answering telephones or conducting promotions; and **travel costs** associated with attendance at trade shows, or meeting with distributors of your product.

CHANGE OF FOCUS

The **focus** of your marketing activities **will change over time** and will depend on whether your markets will require motivation, detailed information about your product or incentives to book. **Regular review** of your budget and the way it is allocated **is essential**. It is more **important to consider how to effectively spend** the budget you do have. **than to be overly concerned about the actual amount.**

New businesses should spend every available resource on marketing in order to attract customers.



GENERAL NOTES



STEP 13 SELECT TACTICAL TOOLS

UNDERSTANDING COMMUNICATION

Understanding the customer communication process and considering the communication objective with each of your target markets is essential to choosing the most effective tools (Figure 5).

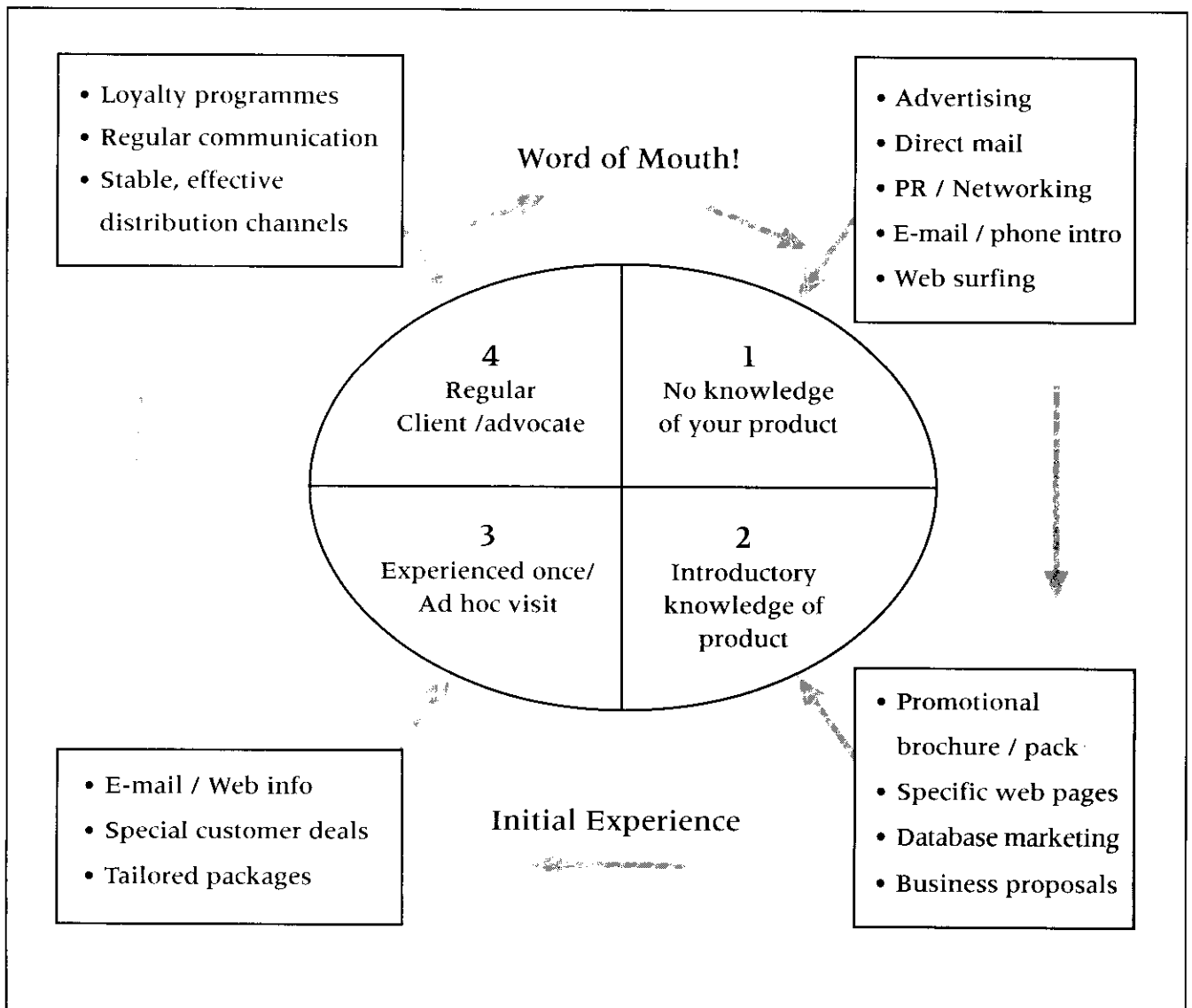
Marketing tools vary in terms of cost, time and resources required for effective use. In selecting tools, the most important criterion is cost-effectiveness. Cost-effectiveness needs to be measured in relation to the communication objective to be achieved. The two most important questions to continually ask yourself are:

Through which avenues are my target markets most likely to be exposed to, and be receptive to my message?

What combination of media will ensure my customer is first motivated, then provided with enough information to make a decision and finally, given easy access and the appropriate tools to be able to make a booking?

A guide to the strengths and weaknesses of a range of marketing tools and helpful hints in their development is provided in the next section.

FIGURE 5: CUSTOMER COMMUNICATION CYCLE



STEP 14 DEVELOP ACTION PLANS FOR EACH TARGET MARKET

An **action plan for each campaign** aimed at each particular target market **should be developed** for all campaigns throughout the year. **Development of an action plan** should start at least **two months in advance of when you wish to start communicating** with your target market. An **action plan details each step** in the development and execution of the campaign **and allocates a time period and timeframes** for each step. Responsibility is allocated to a person(s). The **action plan is an important tool** to ensure that everyone is accountable for their part in the process.

AREAS IN YOUR ACTION PLAN FOR WHICH THERE SHOULD BE MANY INDIVIDUAL STEPS INCLUDE:

compilation of
product/packages/deals

planning of media
or delivery channels

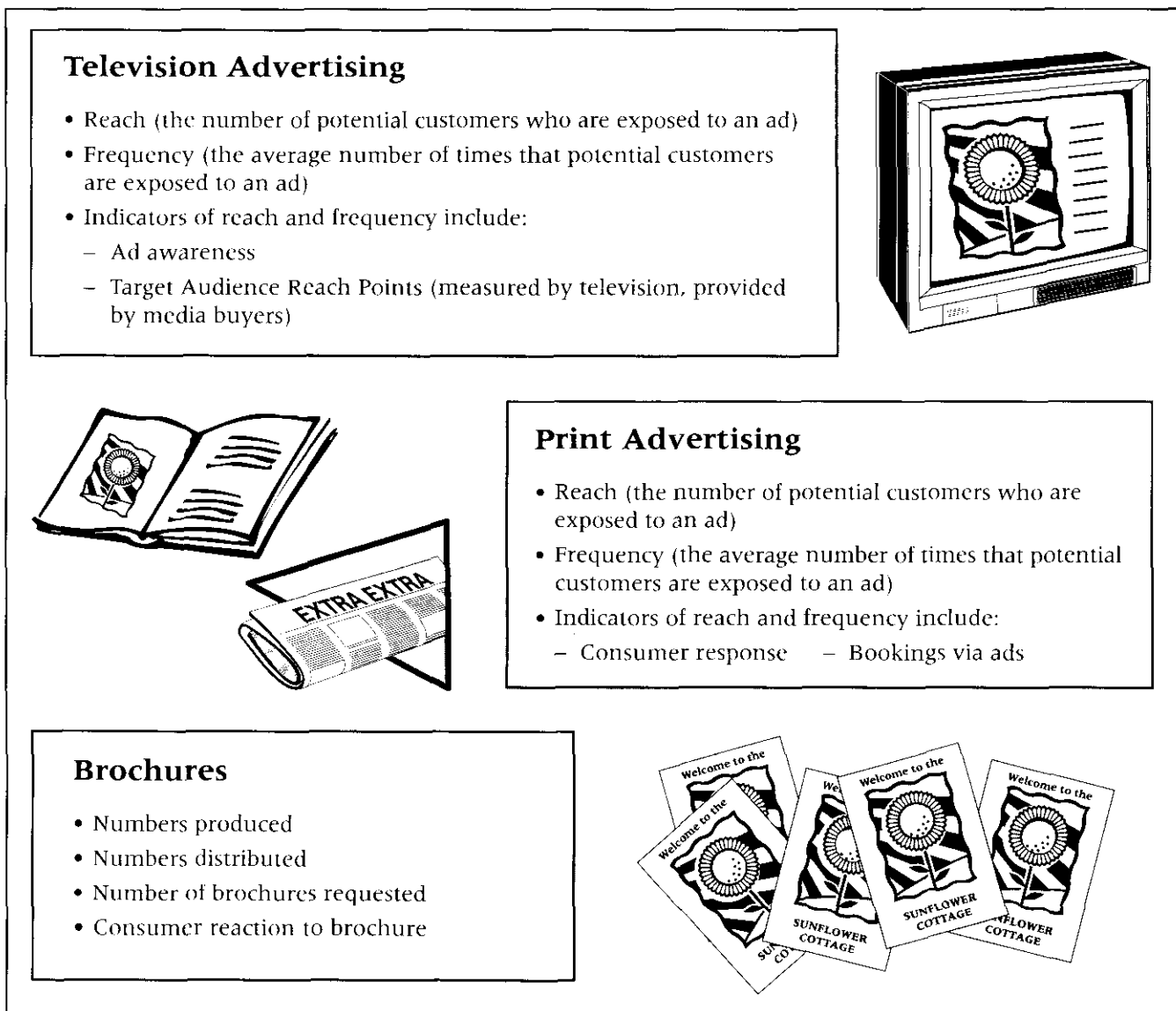
development of
communication
(for example, direct mail
pack or ad creation)

finalising
distribution
details

During the various stages of the action plan, **results can be collected and reviewed** to determine the **effectiveness of tools** used and the **responsiveness of the market** to particular messages. This can **highlight problems** early, with the potential for **minor changes to the campaign** to be made.

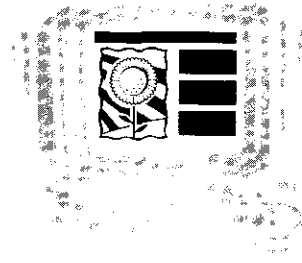
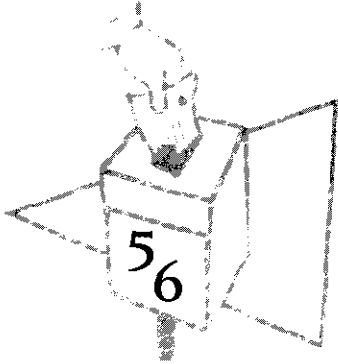
Figure 6 indicates specific activities and their associated measures which should be collected on a regular basis.

FIGURE 6: KEY PERFORMANCE INDICATORS



Web Sites

- Number of hits or visitors to sites
- Number of e-mail addresses collected
- Number/value of bookings made

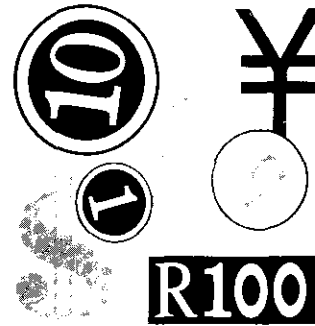


Direct Mail

- Numbers distributed
- Number of responses
- Number/value of bookings generated

Public Relations and Publicity

- Rand value of exposure generated ie. normal cost per column centimetre in newspapers and magazines, which was free editorial
- Number/value of bookings generated
- Number of entrants in competitions
- Number of enquiries for information



Travel Shows

- Number of visitors to show
- Number of visitors to booth/stand
- Material distributed

Familiarisations

- Number of participants



2.4 Phase 4: Review of Success

STEP 15 MARKETING CONTROL AND STRATEGY EVALUATION

REVISION OF MARKETING STRATEGIES

Marketing strategies **need to be reviewed periodically and changed** if necessary. Marketing control can uncover problems and show where improvements can be made to a business. **This could happen quarterly, half yearly, or annually**, but depends on the lifespan of your strategies and activities.

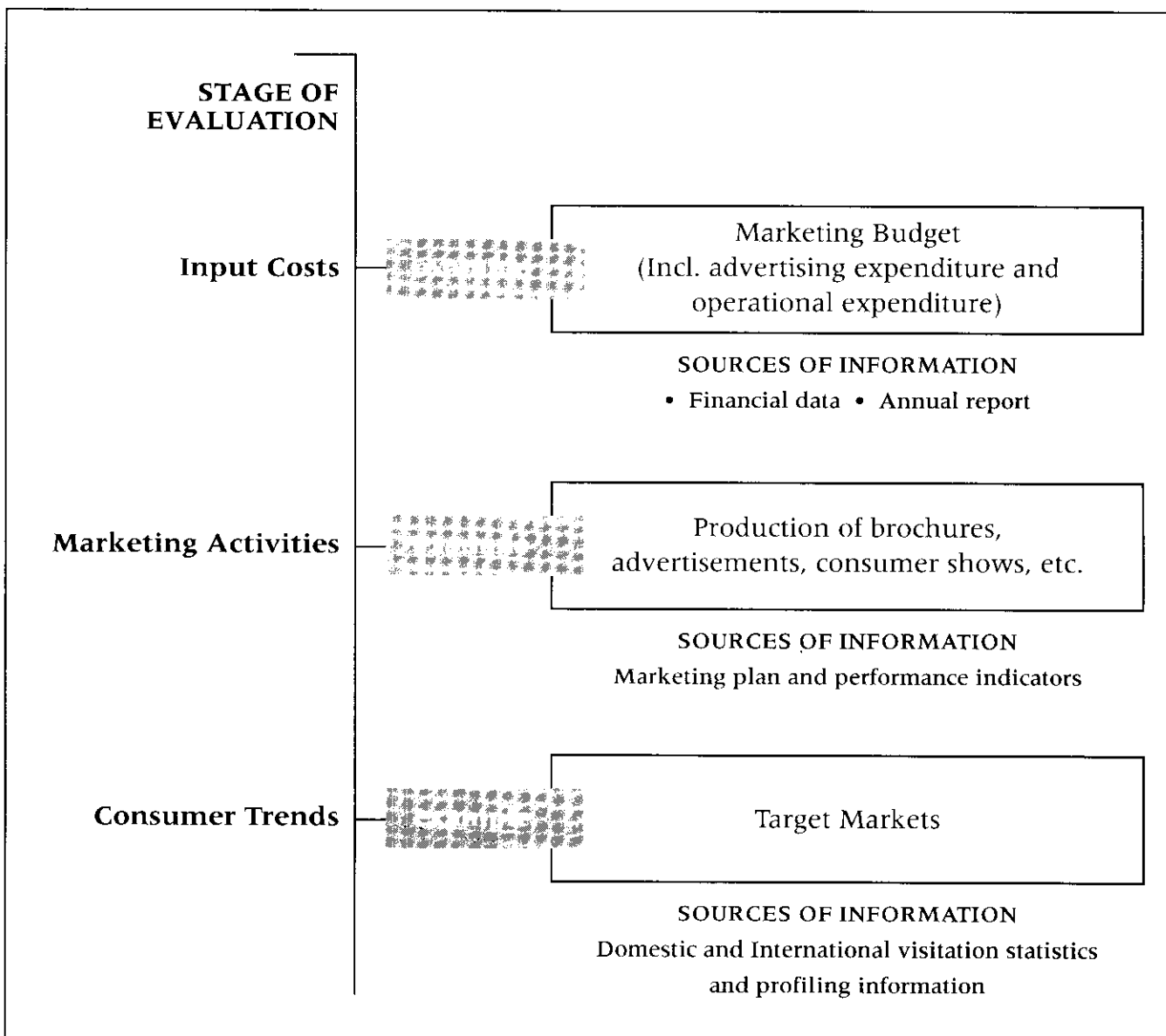
Remember to give a strategy enough time to prove or disprove itself.

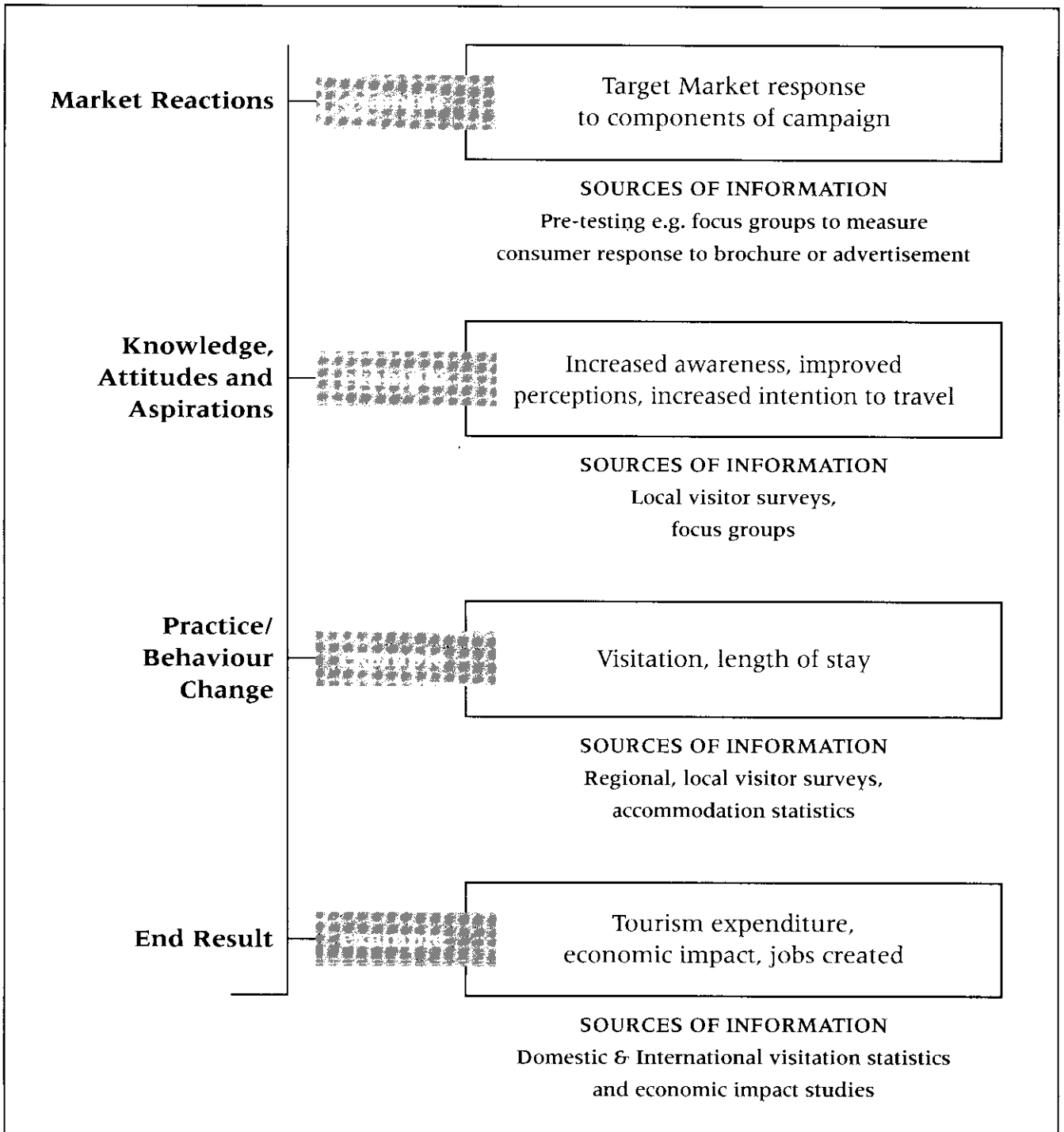
This process **includes** not only **evaluating the success** of individual strategies, but also **reviewing changes in consumer trends, market reactions, awareness and intention to travel, visitation and expenditure.**

Regular reviews of strategies and broader industry trends **will ensure** that you continue to make your **marketing activities more and more successful.**

Figure 7 will help you understand the different stages in a marketing campaign, and how you can evaluate their overall effectiveness.

FIGURE 7: EVALUATING MARKETING EFFECTIVENESS





GENERAL NOTES

