

Lecture Note

Course Title: ITM 2310 Marketing in Tourism Management

Credits: 3(3-0-6)

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Program: Tourism Management

Week 3

Unit 3: Tourism Destination Marketing Mix

Topic

- Concept of goal- oriented tourism marketing
- The marketing mix in tourism marketing
- Marketing mix selection
- Marketing and destination factors (Destination life cycle)

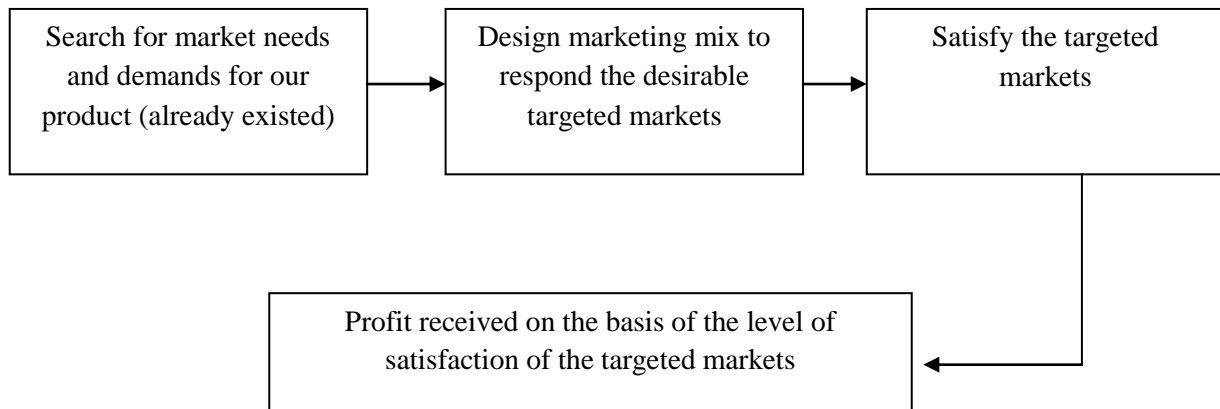
Objectives

After the completion of this unit, students should be able to:

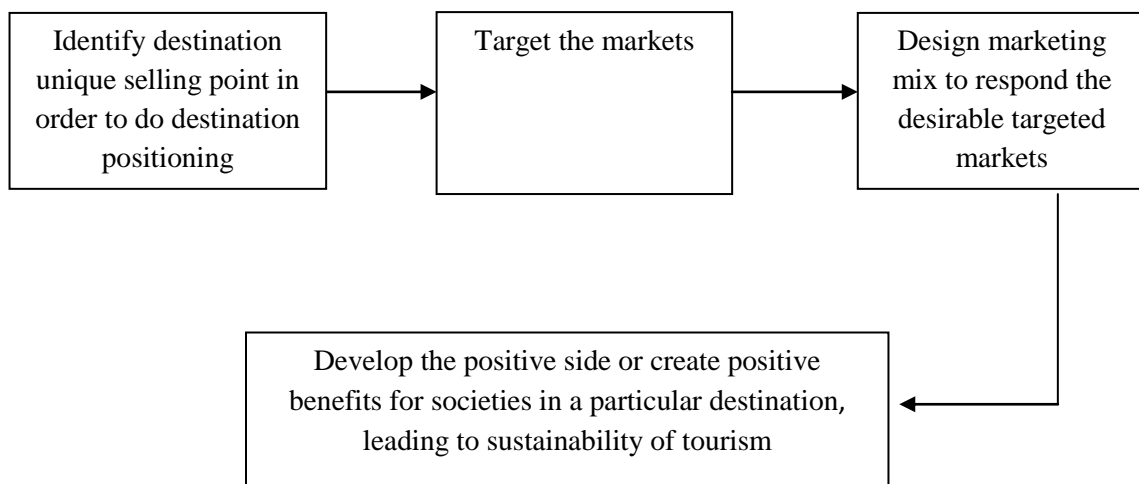
- Explain the differences of tourism marketing mix from the classical marketing mix.
- Explain why tourism marketing mix needs to be different from classical marketing mix.
- State the 8Ps of tourism marketing mix with explanation.
- Discuss on a linkage between the tourism product characteristics and the tourism marketing mix
- Explain why destination life cycle plays role in decision making for marketing activities
- Brainstorm, discuss and design marketing mix for students' marketing plan.

1. Concept of Goal- Oriented Tourism Marketing

In tourism marketing, as mentioned in the previous unit, it concerns 2 main principles. The first principle is that tourism marketing has its goal in seeking for profit, making the idea of an attempt to search for market needs and demands for our product (already existed). Then, it will be the stage of designing appropriate and appealing marketing mix to respond the desirable targeted markets. This process is profit- oriented, as shown in the figure below.



Another principle is social- oriented or destination- oriented, in which tourism marketing starts from identifying destination unique selling point in order to do destination positioning, followed by designing appropriate and appealing marketing mix that is attractive to the targeted market, and finally leading to the market satisfaction. The goal is to develop the positive side or to create positive benefits for societies in a particular destination. This explanation is shown in the figure below.



2. The Marketing Mix in Tourism Marketing

All destination marketers have a collection of tools to use in appealing to customers. These tools have come to be known as the “*Ps of marketing*”. Classical marketing says that the marketing mix has 4 Ps which are product, price, place and promotion. For tourism marketing, there are some additions. This makes marketing mix in tourism and tourism destination to become 8Ps.

The 8Ps consists of the following:

- (1) *Product*
- (2) *Price*
- (3) *Place*
- (4) *Promotion*
- (5) *Packaging*
- (6) *Programming*
- (7) *Partnership*
- (8) *People*

The fact that tourism marketing consists of 8Ps tells us that there are some unique aspects of carrying out marketing activities for tourism and hospitality services. Tourism industry concerns broader involvement of different groups of people, and not only business (seeking for profit) sector, but also destination owner, local people. Moreover, as tourism sells resources of a country, it is necessary that impacts (positive and negative sides) must be of interest. Marketing activities in tourism therefore get involvement of various people/ organizations that normally have different purposes in dealing with tourism.

Some elements of the marketing mix have a greater concern with the public or national sector and destination- related factors, as follows:

- *Product*: product of tourism mainly concerns physical and cultural resources.
- *Price*: this is affected by destination image (constructed by various factors), national policy and regulation on tourism whether it is motivating or not.
- *Place*: place or distribution channel needs high involvement of public sector in the development of accessibility such as information accessibility, physical accessibility, as well as a country listed as the membership of global tourism associations and travel trades and events (e.g. WTM London, ITB Berlin).
- *Promotion*: By a sense of national tourism as a whole, it also needs a national level of presentation to the world tourism events and forums. By joining world travel trades and forums, a country's travel organizations will be able to cooperate with travel organizations of other countries. This is way to promote national tourism. For example GMS tourism and ASEAN tourism (e.g. development of travel packages for Thailand- Vietnam route/ Thailand- Myanmar route/ Thailand- Laos route/ Thailand- Cambodia route) can be mentioned here.
- *Programming*: programming is the way tourism product will be designed or created based on seasonality and festivals or public holidays of a country.

- *Partnership and people*: these two greatly explain how tourism business concerns and requires cooperation from a wider range of people.

3. Marketing Mix Selection

The marketing mix is one of the key professional principles of marketing. The DMO has 8 principal weapons within its marketing mix for achieving the marketing objectives for each target market. Each of the 8Ps is described below.

Product

A DMO or destination management organization really does not have specific product or service to sell to potential visitors. However, there can be no doubt that the DMO represents the destination as a whole, and the destination is what it markets. The components of what a destination offers to visitors as the destination mix are the following:

- Attractions and events
- Facilities (hotels, restaurants, etc.)
- Transportation
- Infrastructure
- Hospitality resources (people, service, hospitality, etc.)

The attractions and events play the key role in the destination mix. They represent unique assets that draw people to the destination. Then, the DMO will need to identify its products within the destination mix according to what they are strong at and for what markets, in order to go for development. For example a tourist board of a country may identify that it has 7 existing products and 2 others in partial development:

- Active holidays and breaks
- Town and culture
- Natural environment, eco- tourism and tourism in villages
- Gastronomy
- Health and wellbeing
- Business tourism
- Entertainment tourism
- High- end offer (in partial development)
- Youth offer (in partial development)

Price

With respect to price, the DMO can act more as a “price influencer” than a “price setter”. In the private sector, it is a major determinant of profitability. Prices also tend to attract certain markets and repel others. A destination where the prices are high may earn a reputation of being exclusive or luxury- oriented, while a destination with low prices can be viewed as a place for mass tourism. Additionally, price levels influence value-for-money perceptions. At the level of tourism entrepreneurs, pricing should be based on the consideration and awareness of production cost, desired and

appropriate profitability, competitors, customers' satisfaction and others. Some of these require the market price or the benchmark.

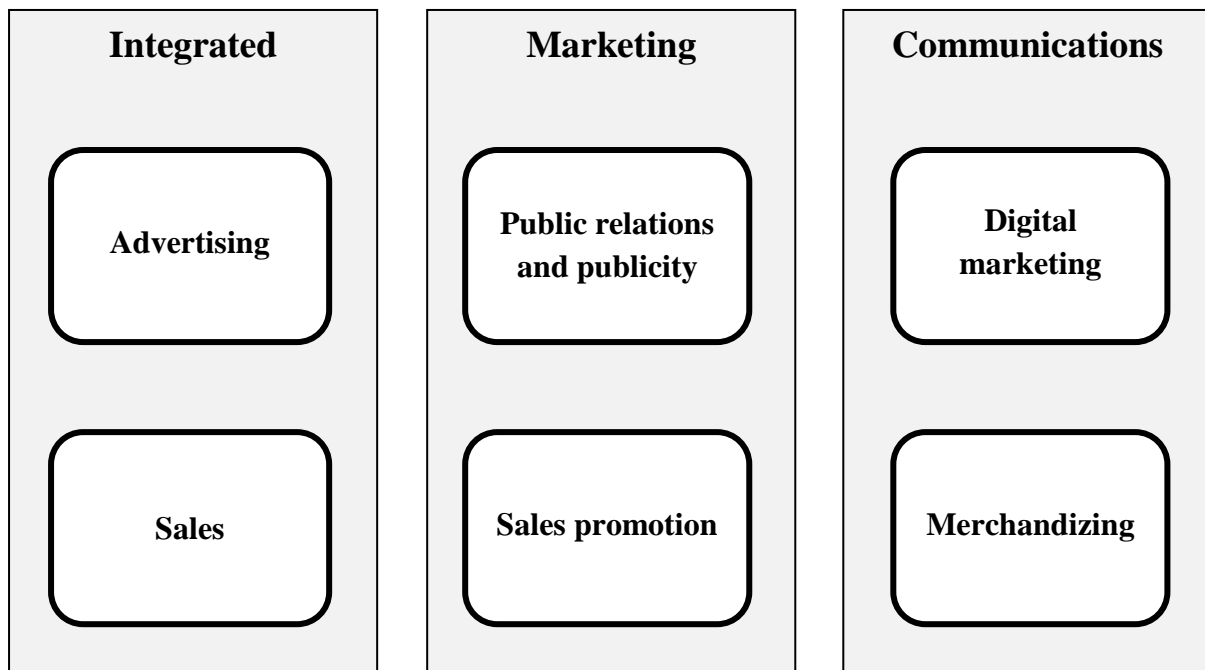
Place

In destination marketing, place represents distribution and the online and traditional travel trade channels the DMO uses to draw visitors to the destination. The DMO can market directly to potential visitors (direct distribution) or indirectly through travel trade intermediaries (indirect distribution). The 1990S brought electronic or digital distribution to tourism through the use of the Internet.

Place in another sense may concern physical and emotional accessibility of tourist destination, in which physical accessibility involves with development of transportation, roads, passenger terminals/ airports, and emotional accessibility involves with making a sense of place through information design (in various forms such as virtual, signage and others), ICT development, and people- related such as tourist guide and local community involvement.

Promotion

Promotion has been a traditional activity of DMOs. Most DMOs emphasize on *advertising and sales (personal selling)*. Other elements of the "promotional mix" include *public relations, sales promotion and merchandizing*. Now DMOs are heavily involved with digital marketing techniques, and especially with promotion through the World Wide Web, e-mail, mobile phones and social media. All promotions are types of communications and it is essential that a DMO integrates promotions so that they are consistent. This process is called "*Integrated marketing communication or IMC*".



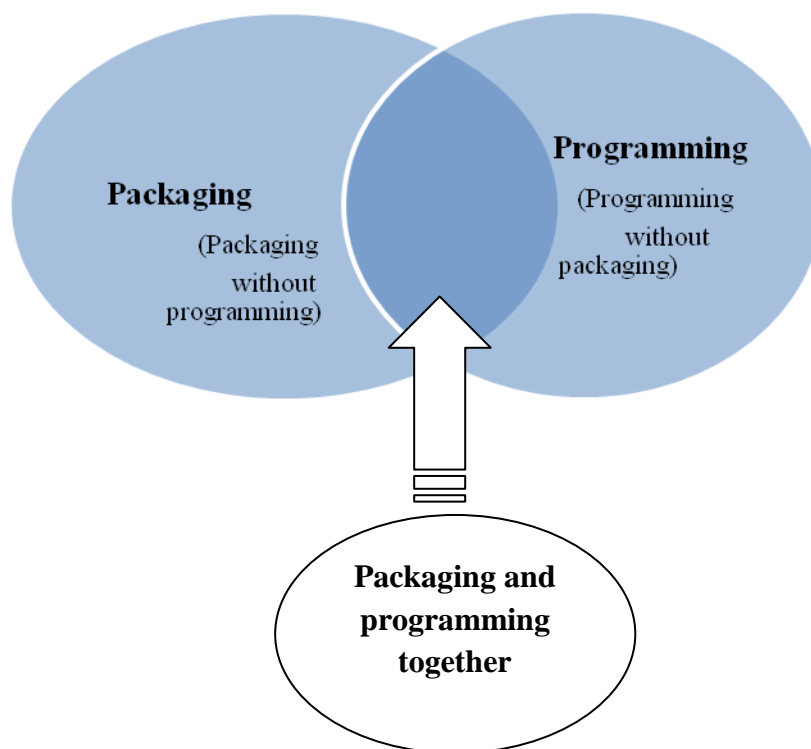
Components of integrated marketing communications (IMC)

Packaging

Packaging in tourism is very different from product packaging and is a key tool for the DMO in customizing the destination mix for specific target markets. Additionally packaging is important in helping the destination to solve problem of peak-high and low season gap and patterns of visitor volumes. Packaging is the combination of related and complementary hospitality and tourism services and facilities into a single- price offering.

Programming

There are many opportunities for destinations to arrange special activities or programmes that are attractive to visitors. A festival is one of the best examples of programming in tourism. Packaging and programming when combined together can be very powerful in convincing people to visit a destination or a tourism business. A good example is when a resort creates several specialized packages that include themed programmes for people with particular interests.



Partnership

DMOs have been involved in building marketing partnerships for many years, but the last two decades has seen an increasing emphasis on tapping into the power of combing forces with other players. A great example of a DMO partnership is walkmyalps.com involving the countries of Austria, Germany and Switzerland. Another good example of a destination partnership is the Welcome to Asia programme created by 8 major cities (Tokyo, Kuala Lumpur, Taipei, Seoul, Delhi, Jakarta, Hanoi and Bangkok). The objective of this partnership is to attract more

tourists from North America, Europe, Asia, Oceania and elsewhere. Many times, private sector is great in catching attention of people and attracting them to visit destinations. For example, recently Coca Cola with Rice Creative Agency in Ho Chi Minh has designed (with limited edition) the body of canned product with hundreds of swallow birds and Vietnam words “An (means peace), Tai (means success) and Loc (means prosperity)” to celebrate Tet Festival. This can give colorful atmosphere to the festival and people can collect this as a souvenir. (*Source*: <http://www.brandbuffet.in.th/2014/01/coca-cola-vietnam-new-design-can>)

In responding the aim of ASEAN Connectivity Concept of the ASEAN Community, ASEAN Tourism is also during its discussion of designing ASEAN touring routes, which will lead to the cooperation of various partnerships among the ASEAN countries.

People

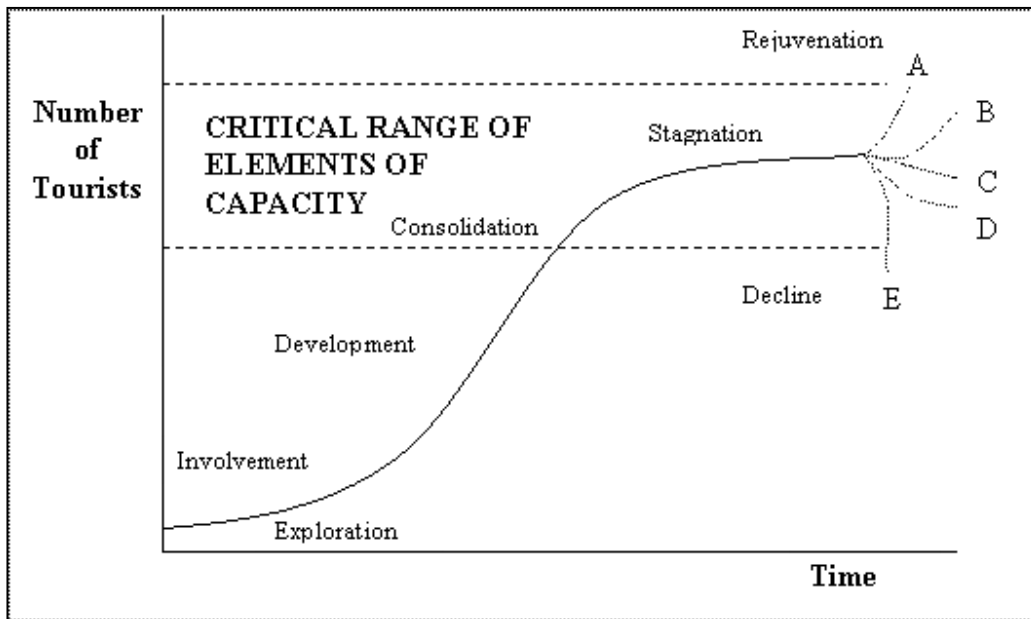
There is no question that tourism is a people- intensive business and that personal service encounters within a destination have a great impact on the visitor’s experience and satisfaction. Involved people in tourism industry are diverse, depending on different focuses in the marketing mix. Types of products, timing (seasonality) are the examples that influence the group of people and the level of people involvement.

4. Marketing and Destination Factors (Destination Life Cycle)

The product life cycle is another widely accepted principle of marketing. We need to note that every product in time goes through the four stages which are (1) introduction; (2) growth; (3) maturity; and (4) decline. The overall product life cycle model has been converted into the destination life cycle concept by Butler (1980). Destination life cycle is described that a tourism area life cycle (TALC) has 7 stages.

These 7 stages consist of the following:

- (1) Exploration
- (2) Involvement
- (3) Development
- (4) Consolidation
- (5) Stagnation
- (6) Decline
- (7) Rejuvenation



Consideration of the degree of marketing activities should be based on the stage of destination life cycle. Like a product life cycle, different destination life cycle should be responded with different marketing strategies. This is very strategic decision making, as in many cases, a declining destination may need a revitalized strategic branding with attempting to change the whole image. In other cases, destinations with mass number of tourists/ visitors may need to consider “de-marketing” in order to limit the visitor number before the destinations face the critical impacts.

Learning Activities and Medias

- Lecturer gives lecture on the unit.
- Pair work: find one tourism product and analyze its 8 Ps. Write in paper format and be ready for class discussion next class.