

Unit 4 Market Environment Analysis for Destination Marketing Planning

Topic

- Definition of market environment
- Characteristics of tourism market environment
- Destination marketing planning process and explanation of each elements in the process

***This unit spends around 2 weeks**

Objectives

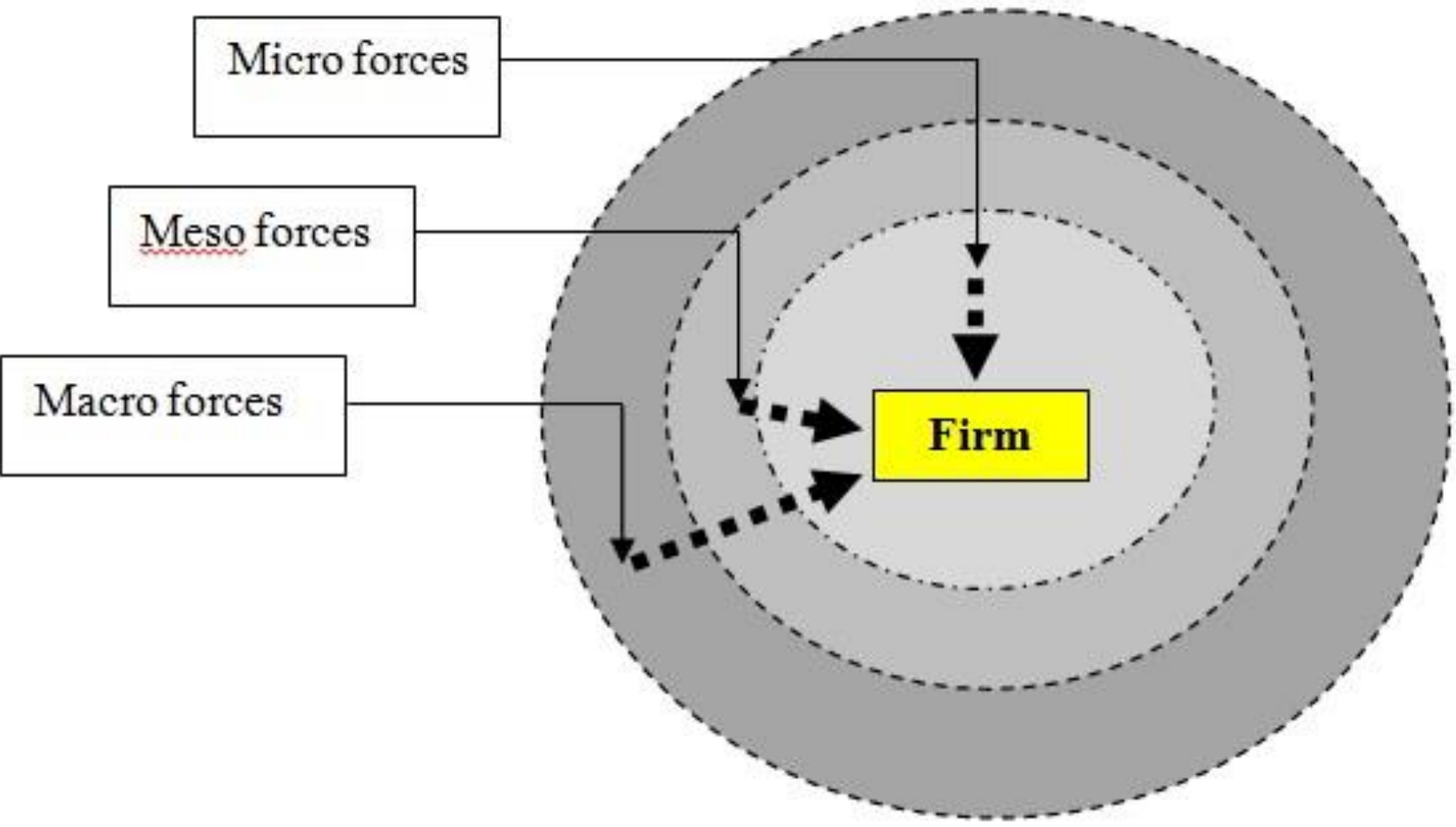
Students should be able to:

- Explain the definition of market environment.
- Explain why tourism market environment should be of concern when doing tourism marketing.
- Recall what SWOT analysis and situational analysis are and how they are important in the tourism marketing planning process.
- Recall other components of work (in steps) in the tourism marketing planning process, and how they relate.
- Carry out a SWOT and situational analysis.

Definition of Market Environment

A marketing term and factors and forces that affect a firm's ability to build and maintain successful relationships with customers.

- **Micro (internal) environment** - small forces within the company that affect its ability to serve its customers.
- **Meso environment** - the industry in which a company operates and the industry's market (s)
- **Macro (national) environment** - larger societal forces that affect the microenvironment.





Characteristics of Tourism Market Environment

Look at supply and demand sides?

Supply side/ production

- Tourism supply is heterogeneous.
- Product would not be produced without tourism demand (i.e. flights, hotels, travel packages)
- Tourism resource supply production is based on and influenced by destination carrying capacity.
- Tourism resource supply concern local context such as local places, events and people.
- Tourism resource supply concern knowledge- based environment.
- Tourism supply is defined by the importance of tourism receipts for the products visitors consume.

The 8Ps for tourism marketing



Product

Programming



People



Price



Partnership



Packaging



Promotion

TODAY'S HOT HOTEL DEALS

Destination	Star Rating	Price
Bali	★★★★★	from B639*
Bangkok	★★★★★	from B528*
Phuket	★★★★★	from B1,297*
Kuala Lumpur	★★★★★	from B1,486*

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Minute Vacations

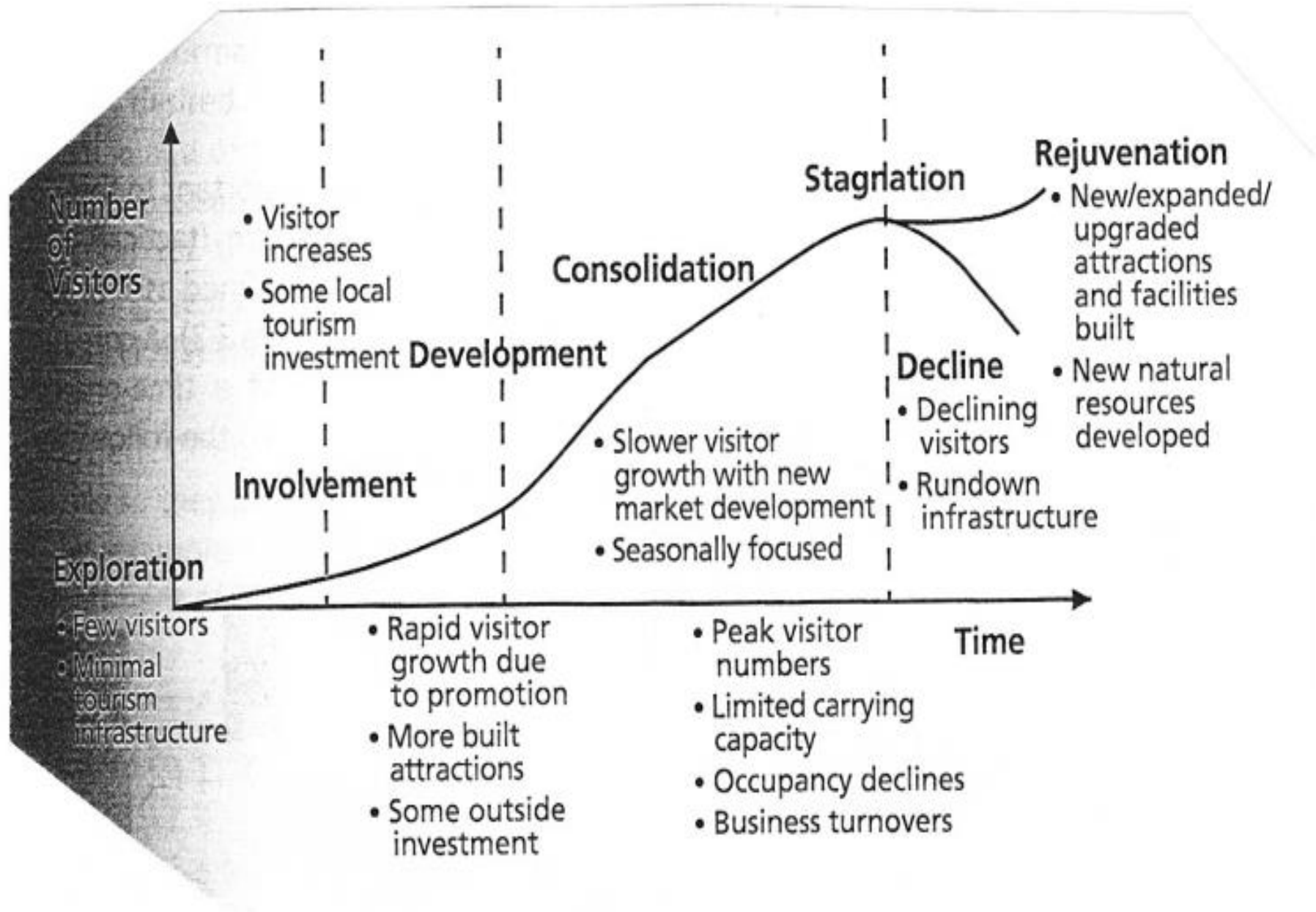
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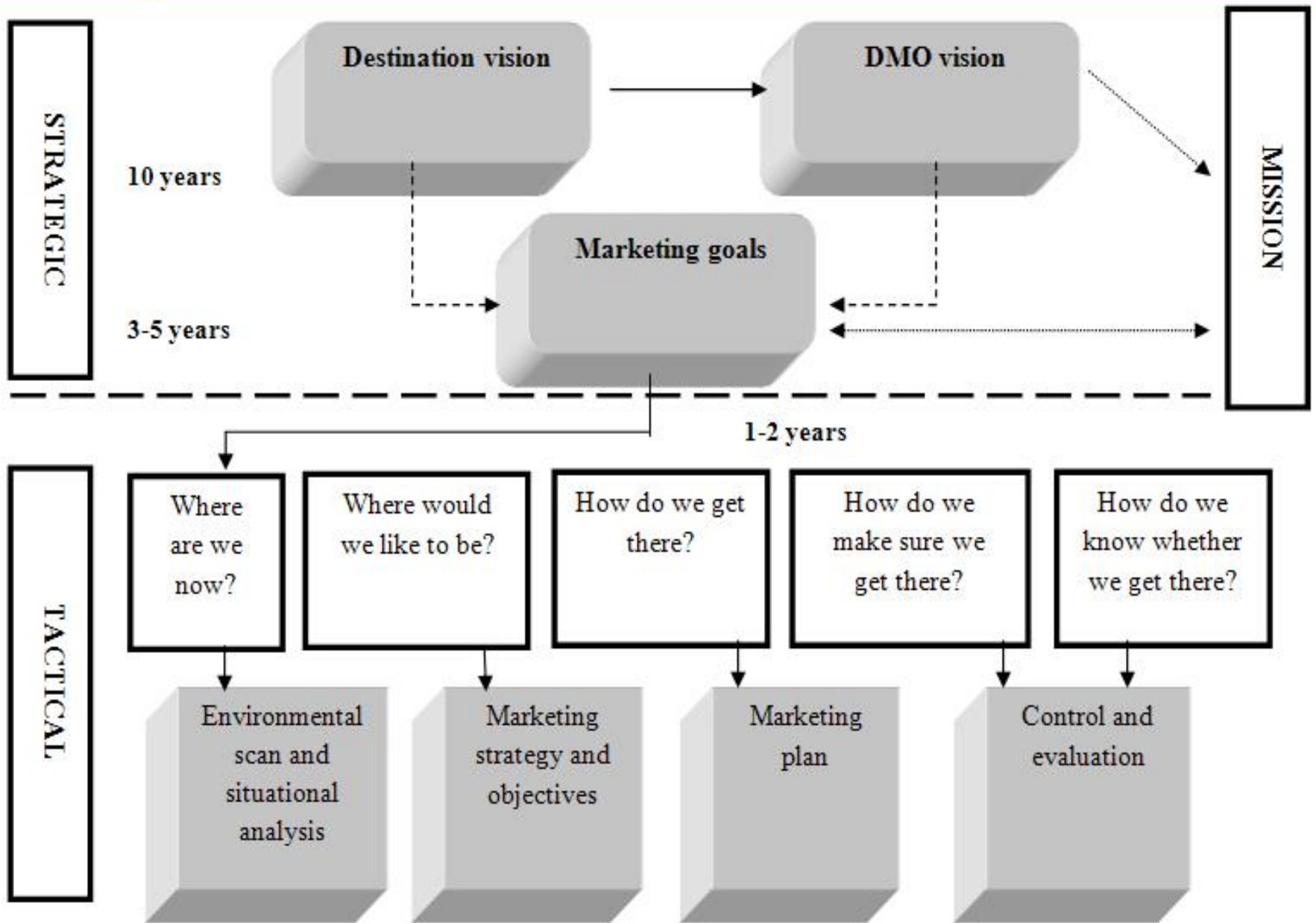
- Tourism supply and demand development involves national tourism development policy.
- Tourism demand and supply reflects an importance of national services of infrastructure and facilities such as Taxi or other passenger transport, fuel station, restaurants, and many others more.
- The life cycle of tourism supply involves destination life cycle.
- Tourism supply is interdependent.
- Tourism supply and service management involves various sciences such as logistics, CRM, site management.
- Tourism service is people- oriented.



Demand side/ market

- Tourism demand is diverse.
- Tourism market is sensitive to changes occurred from internal/ demographic and external environment.
- Tourism market tastes and behavioral change through time.
- The life cycle of tourism demand involves destination life cycle.
- Tourism market has higher price sensitivity and elasticity of demand (*price elasticity of demand measures the responsiveness of demand after a change in price*)
- There is an issue of peak and off- peak demand and prices

Destination Marketing Planning Process



In steps and
process



1. Where are we now?

2. Where would we like to be?

3. How do we get there?


4. How do we make sure we get there?

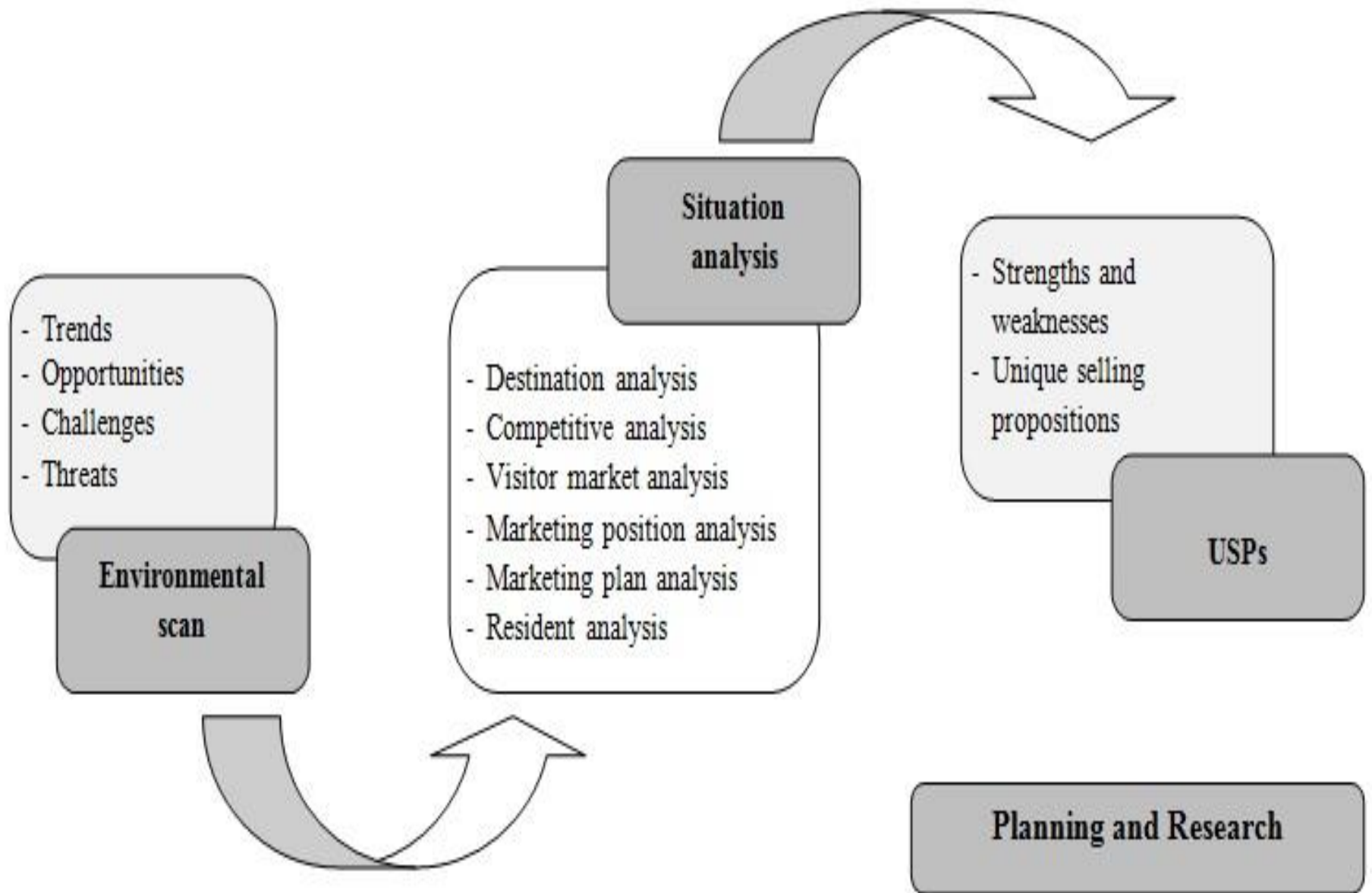
5. How do we know whether we get there?

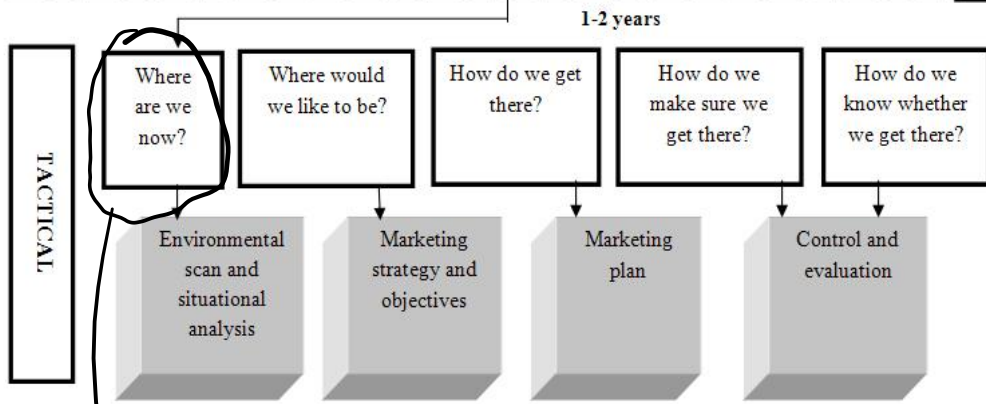
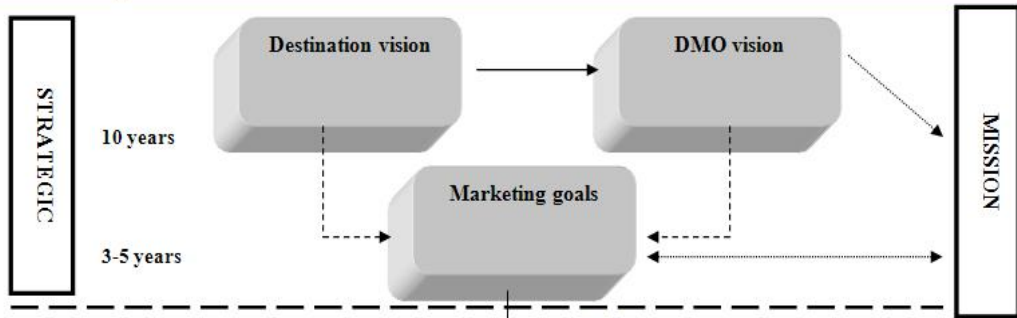
The destination marketing system (DMS)

Destination marketing system steps and marketing functions	Marketing techniques and concepts
Where are we now? (Planning and research) <u>P</u> <u>R</u>	<ul style="list-style-type: none"> • <i>Environmental scan</i> • <i>Situation analysis:</i> <ul style="list-style-type: none"> - Destination analysis - Competitiveness analysis - Visitor market analysis - Marketing position (destination image) analysis - Marketing plan analysis - Resident analysis • <i>USP identification</i>
Where would we like to be? (Planning and research) <u>P</u> <u>R</u>	<ul style="list-style-type: none"> • <i>Marketing strategy:</i> <ul style="list-style-type: none"> - Target markets - Positioning- image- branding approach • <i>Marketing objectives</i>
How do we get there? (Implementation) <u>I</u>	<ul style="list-style-type: none"> • <i>Marketing mix (8 Ps)</i> • <i>Marketing plan</i>
How do we make sure we get there? (Control) <u>C</u>	<ul style="list-style-type: none"> • <i>Marketing control (formative evaluation)</i>
How do we know whether we get there? (Evaluation) <u>E</u>	<ul style="list-style-type: none"> • <i>Marketing evaluation (summative evaluation)</i>

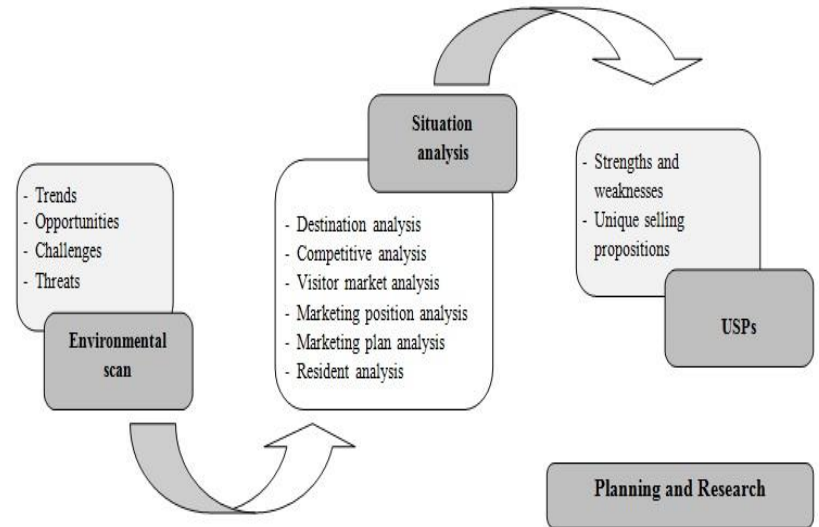
Destination management system steps and functions

 **Step No. 1: Where are we now? (Planning and Research)**





Step No. 1: Where are we now? (Planning and Research)



To answer where we are now, we need to assess strengths, weaknesses, trends, challenges, opportunities and threats (SWOT) as these relate to marketing goals. This involves using environmental scan and situation analysis.

Inputs	DMS step 1	Outputs
<ul style="list-style-type: none"> • Destination vision and DMO vision • Marketing goals • Performance, conclusions and recommendations from previous marketing plan 	<p>Where are we now? PLANNING AND RESEARCH</p>	<ul style="list-style-type: none"> • Environmental scan (challenges, opportunities and threats in the marketing environment) • Situation analysis (destination analysis, visitor market profile, competitive analysis, marketing position and plan analysis, resident analysis) • Strengths and weaknesses of the destination and DMO • Unique selling propositions (USPs)

DMO vision statement

- DMO vision statement creates a pathway for future marketing action for achieving destination vision.
- DMO needs to define its own vision for the future in order to achieve the destination vision.
- In order to achieve that vision, DMO needs to cooperate with its internal and external stakeholders.
- DMO vision statement should be more concrete than the destination vision statement, because the DMO will be accountable for achieving this vision.

Destination vision statement for New Zealand

In 2015, tourism is valued as the leading contributor to a sustainable New Zealand economy.

(Tourism Strategy Group, Ministry of Economic Development, 2008)





Richmond (USA) DMO vision

To be a world- class organization known for our superior service and innovative marketing.

(Richmond Metropolitan Convention and Visitors Bureau, 2012)

Townsville DMO vision

Townsville North Queensland will build a sustainable tourism industry through strategic partnerships that focus on marketing to targeted domestic and international customers and the development of suitable tourism infrastructure and product.

(Tourism Queensland and the Department for Tourism, Regional Development and Industry, 2008 - 2011)

Destination marketing goal

Marketing goals should be “target- market and time- specific” and set for 3-5 years period.

Tourism Victoria (Canada) marketing goals

- Increase tourism revenues by attracting visitors from both our short- haul and long- haul markets.
- Continue to maintain and build relationships with key tour operators, meeting planners and travel media through sales efforts in our key markets in North America, Europe and Asia.
- Match our key offerings and visitation drivers with the appropriate receptive geo-market (geographic market) in order to best deliver tailored messaging for that particular consumer.

Destination marketing objectives

Marketing objectives should:

- Be measurable
- Target market- and time- specific
- Indicate a quantified result
- Set for short- term
- Go along with the goals

Virginia Tourism Corporation marketing objectives for 2011

- Evolve the “Virginia Is for Lovers” campaign.
- Leverage media buys at least 3:1.
- Increase the number of unique visitors to Virginia.org to 6.5 million.
- Complete twenty new photo shoots to enhance and update image library.
- Generate \$9 million in earned media.
- Generate 50,000 incremental leads through promotions and sweepstakes.
- Increase domestic sales leads by 5 percent.
- Increase international visitation from Canada and target overseas markets by 4 percent.
- Benchmark outdoor marketing plan.
- Increase film contacts by 5 percent.

(Virginia Tourism Corporation)

DMO mission

- DMO mission is articulated in the mission statement.
- Mission is a broad statement about the organization's business and scope, services and products, markets served and overall philosophy.
- Mission statement is not a goal or objective, but rather it is a clear description of what the DMO does and who it serves.
- DMO mission statements are sometimes confused with vision statements and goals. In fact, the DMO's mission statement should be derived from the destination and the DMO vision statements and be consistent with the destination marketing goals.

Dubai Department of Tourism and Commerce marketing mission

To strengthen the Dubai economy through:

- The development of sustainable tourism.
- The provision of a unique visitor experience combining quality service and value for money in a safe environment for all our employees, contractors and visitors.
- The innovative promotion of Dubai's commerce and tourism opportunities.
- The further development of partnership with our industry stakeholders.

(Dubai Department of Tourism and Commerce, 2012)

Organisation	Vision
Canadian Tourism Commission	Canada will be the premier four-season destination to connect with nature and to experience diverse cultures and communities (Smith 2003: 131)
Australian Tourist Commission	To be respected by our stakeholders for the value we add to inbound tourism (ATC 2004: 2)
Tourism New Zealand	New Zealand is known as the ultimate destination for interactive travellers (TNZ 2004: 5)

Organisation	Mission Statement
Canadian Tourism Commission	Canada's tourism industry will deliver world-class cultural and leisure experiences year-round, while preserving and sharing Canada's clean, safe, and natural environments. The industry will be guided by the values of respect, integrity, and empathy (Smith 2003: 130).
Australian Tourist Commission	We market Australia internationally to create a sustainable advantage for our tourism industry and the benefits of all Australians (ATC 2004: 2).
Tourism New Zealand	To motivate interactive travellers to come now, to do more, and to come back (TNZ 2004: 5).

Padlet Activity:

Find a vision of a DMO

SWOT analysis

What is it?

Padlet Activity: Find definition of SWOT analysis and how it is important in marketing?

SWOT analysis is:

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats



- SWOT Analysis is a technique for assessing these four aspects of your business/ destination.

- SWOT analysis is a marketing plan approach that allows a diagnosis to be made of the past and present state of the enterprise or of its functional domains as well as of its relationships to the micro and macro environment.

The primary objective of a SWOT analysis:

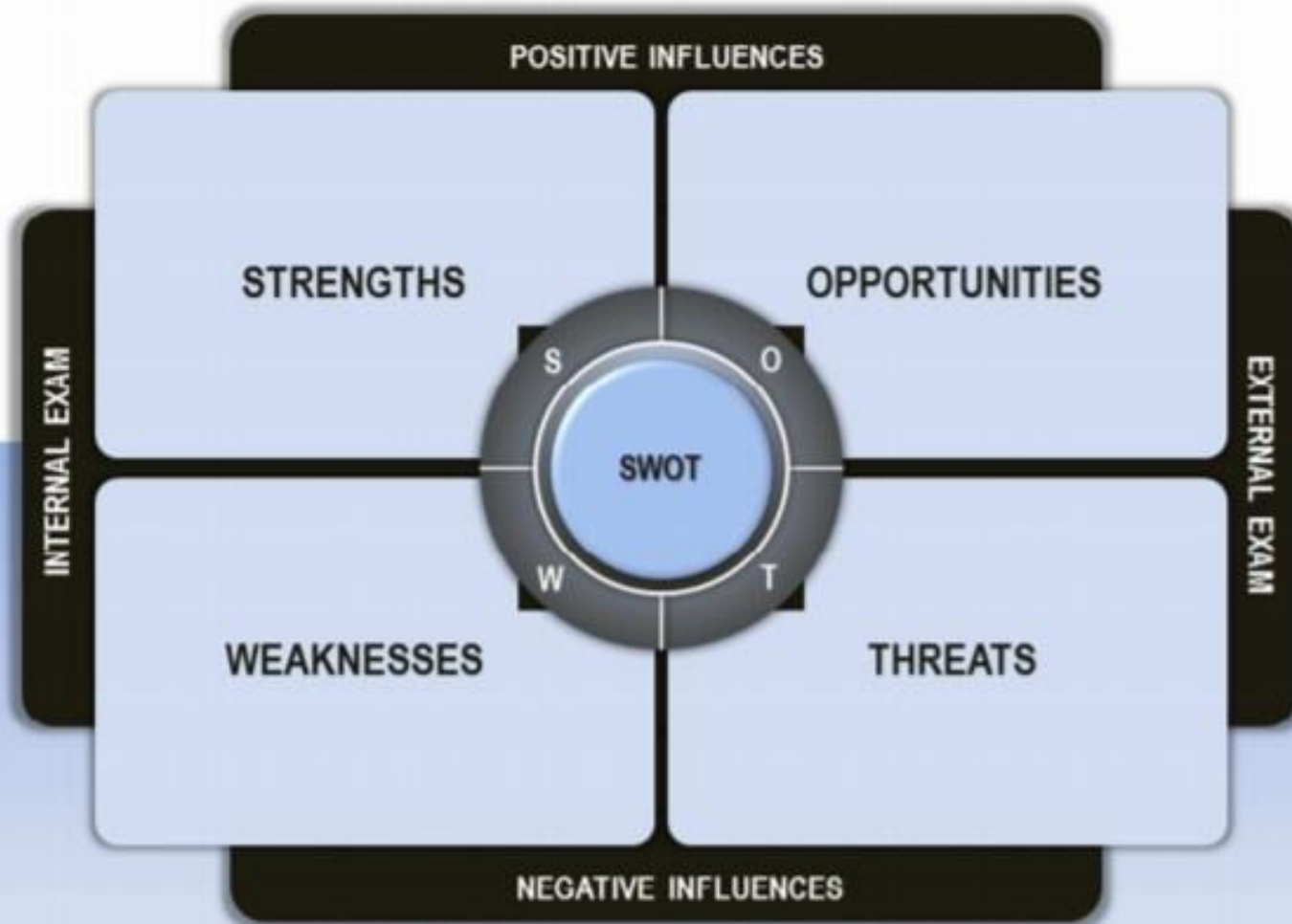


To help organizations develop a full awareness of all the factors involved in making a business decision.

- Businesses (enterprises, DMO and tourism authority) should perform a SWOT analysis before committing to any sort of company action, whether exploring new initiatives, formulating (marketing) strategies, revamping internal policies, considering opportunities to pivot or altering a plan midway through its execution.
- Businesses (enterprises, DMO and tourism authority) use their SWOT analysis to discover recommendations and strategies, with a focus on leveraging strengths and opportunities to overcome weaknesses and threats.
- Businesses (enterprises, DMO and tourism authority) use their SWOT analysis to discover what their strengths and weaknesses are; to analyze their own resources, as well as analyzing and knowing external circumstances that may affect favorably and unfavorably the achievement of the enterprise's or organization's proposed goals.

Addressing individual issues

Seizing opportunities



Minimizing weaknesses

Counteracting threats

Aspects we can look at when doing SWOT analysis

At business level

Aspects of strengths are the beneficial aspects of the organization or the capabilities of an organization such as **human competencies, process capabilities, financial resources, products and services, customer goodwill and brand loyalty**. Examples of organizational strengths are huge financial resources, broad product line, no debt, committed employees, etc.

Aspects of weaknesses in an organization may be **depreciating machinery, insufficient research and development facilities, narrow product range, poor decision-making**, etc. Weaknesses are controllable. They must be minimized and eliminated. Examples of organizational weaknesses are huge debts, high employee turnover, complex decision making process, narrow product range, large wastage of raw materials, etc.

Aspects of opportunities are factors that organization should be careful and recognize the and grasp them whenever they arise. Opportunities may arise from market, competition, industry/government and technology. Increasing demands in different segments of markets, digital trend, release of strict regulation, for example, are opportunities.

Aspects of threats arise when conditions in external environment put an organization into a situation in which there is a danger of loss, harm, or failure, and that affect the reliability and profitability of the organization's business. This is worse when they relate to the organization's weaknesses. Threats are uncontrollable. Examples of threats are unrest among employees; ever changing technology (threat for organizations that are not ready); increasing competition leading to excess capacity, price wars and reducing industry profits; etc.

SWOT Analysis of Tourism in Romania



SWOT Analysis of Tourism in Town of Drumheller



SWOT Analysis of Tourism in Town of Drumheller (2011)

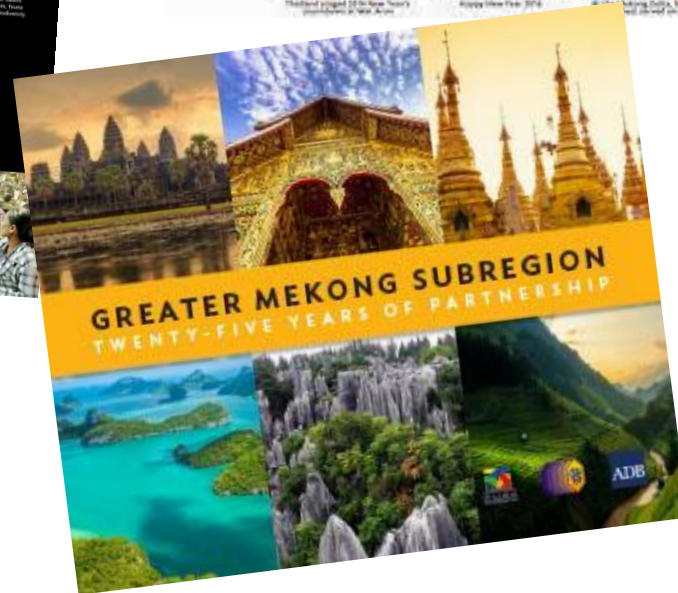
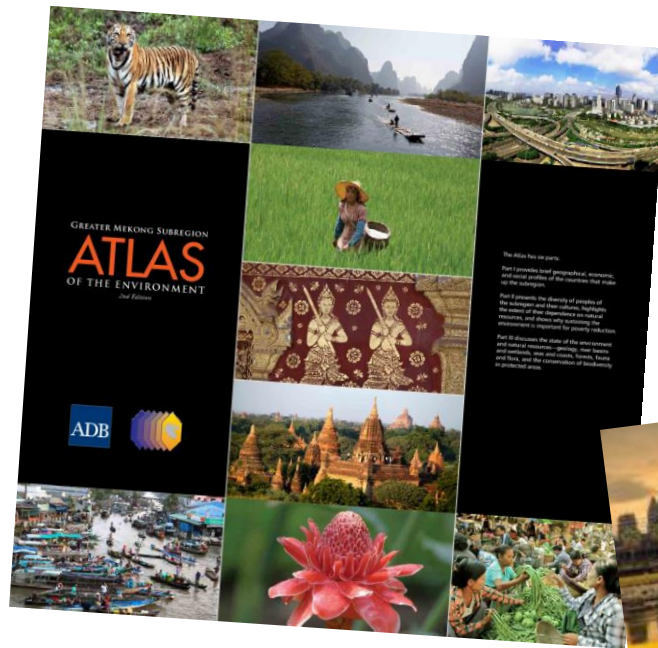
Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong provincial market • Close to major centres/ populations • Family vacation market • Royal Tyrrell Museum • Atlas Coal Mine • Passion Play • Historical significance • Historic downtown • Large creative class • Unique physical settings • Badlands topography* • Red Deer River • Moderate climate • Good highway access • Adequate road network • Free public parking • Paved trail system • Sport and recreation facilities • Recognition of tourism in the Community Sustainability Master Plan 	<ul style="list-style-type: none"> • No destination marketing organization • Insufficient development and marketing dollars • Brand fragmentation- lack of unity of voice • Lack of downtown revitalization • Lack of architectural control policies • Land Use Bylaw/ tourism as a discretionary use • Downtown physically separated from attractions and accommodations • Lack of higher- end products • Limited range of accommodations • Limited range of retail • Little variety in food and beverage services • Lack of winter and shoulder season** products • Lack of signature festivals and events with few exceptions • Inconsistencies in signage • Lack of tourism data • Automobile dependent • Too few inbound tour operators • Slow uptake of new and innovative internet marketing techniques • Industry's role in affecting overall strategic change • Closed for the season mentality • Ongoing reluctance to shift to a customer oriented philosophy



SWOT Analysis

Opportunities	Threats
<ul style="list-style-type: none"> • Tourism regarded as long- term economic driver • Development of community brand • Rejuvenation of downtown core • Canadian Badlands Ltd. • Boomtown Trail • Development of luxury product • Development of family- oriented activities • Themed tours • River use • Badlands Community Facility • Rail line • Active transportation • Extended stay of VFR and business travelers • Enhanced partnerships with provincial and federal marketing agencies • Travel trade could expand reach • Industry- led product standards • Use of Internet 	<ul style="list-style-type: none"> • Other jurisdictions well founded and well organized • Slow economic recovery • Macroeconomic factors- exchange rate, rising fuel costs, US economy • Continuing decline of US visitors to Canada • Changing market demographics • Climate change • Shortage booking cycles, time poverty and propensity for shorter vacations • Industry apathy/ inward focus • Industry fracture/ self- interest • Community resistance to change • Community reluctance to embrace its heritage • Provincial jurisdiction of highways

SWOT Analysis for GMS (Greater Mekong Subregion) Tourism



GMS Tourism SWOT

An analysis of the strengths, weaknesses, opportunities and threats has been undertaken for the GMS. The focus of this SWOT analysis is on marketing related issues.

Strengths

- Unique range of nature based and cultural attractions;
- UNESCO World Heritage sites;
- Fascinating indigenous cultures and traditions;
- Generally friendly and hospitable local population;
- Well established and spectacular cultural events;
- Extraordinary natural environments, many possessing unique and rare flora and fauna;
- Relative closeness to Asian source markets;
- Excellent accessibility through international hubs such as Bangkok and HCM City;
- Comprehensive air and land transport network;
- Relatively unspoiled environment;
- Increasing support from central governments for tourism (and some provincial governments);
- Strong regional private sector companies;
- Well establish cooperative framework through MTCO.

Weaknesses

- Weak and inconsistent branding in key markets;
- Historically low level of promotions and funds thinly spread across a number of markets;
- Limited capacity among many governments to plan and market the tourism sector;
- Low community and government awareness of tourism benefits and needs;
- Lack of market research/weak statistical base;
- Weak provincial tourism bureaus and associations;
- Limited private sector involvement in destination marketing;
- Weak public private partnership frameworks;
- Insufficient government investment and commitment to regionalism;

Opportunities

- Growing global interest in activity based special interest tourism;
- Growing iconic status of natural and cultural heritage attractions;
- Increased intra-regional and international air services (particularly low cost carriers);
- Increase coordination of marketing and industry participation;
- The aura and mystique of the Mekong;
- Mobilisation of MTCO as a centralised regional tourism marketing and development agency;
- Develop stronger branding;
- Commitment to regionalism;
- Emergence of Asian tourist;
- Concentrate marketing on key defined source markets;
- Strengthen research base to underpin marketing strategies;
- Positively manage image in key markets through PR programme;
- Increased internet marketing activities;
- Focus marketing on to niche markets;
- Strengthen marketing capacity within MTCO, respective NTOs and regional industry associations

Threats

- Increasing global oil prices
- Terrorist or security incidents as major deterrent to travel;
- Inaction;
- Global and regional competitions and increasing competitor marketing;
- HIV/AIDS epidemic or other pandemics will deter visitors;
- Political and economic instability;
- Adverse publicity;
- Lack of sustainable tourism operations;
- Reduced funding for development and promotion

Table 2. TOWS *versus* SWOT interaction and the type of strategy

TOWS		SWOT	Strategy type
1.	Will the opportunities strengthen the strong points (strengths)?	Will the application of strong points allow for utilization of the opportunities?	Maxi–Maxi Aggressive
2.	Will the threats have an influence on weakening of the strong points?	Will the application of strong points allow for liquidation or overcoming of the threats?	Maxi–Mini Conservative
3.	Will the utilization of the opportunities allow for overcoming of the weaknesses?	Will the weak points make it impossible to utilize the opportunities?	Mini–Maxi Competitive
4.	Will the threats highlight the weak points?	Will the weak points strengthen the impact of threats?	Mini–Mini Defensive

Source: own elaboration based on Oblój (2014).

Looking outwards

Looking inwards

SWOT Diagram	Strengths	Weaknesses
Opportunities	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • •
Threats	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • •

Internal

Match



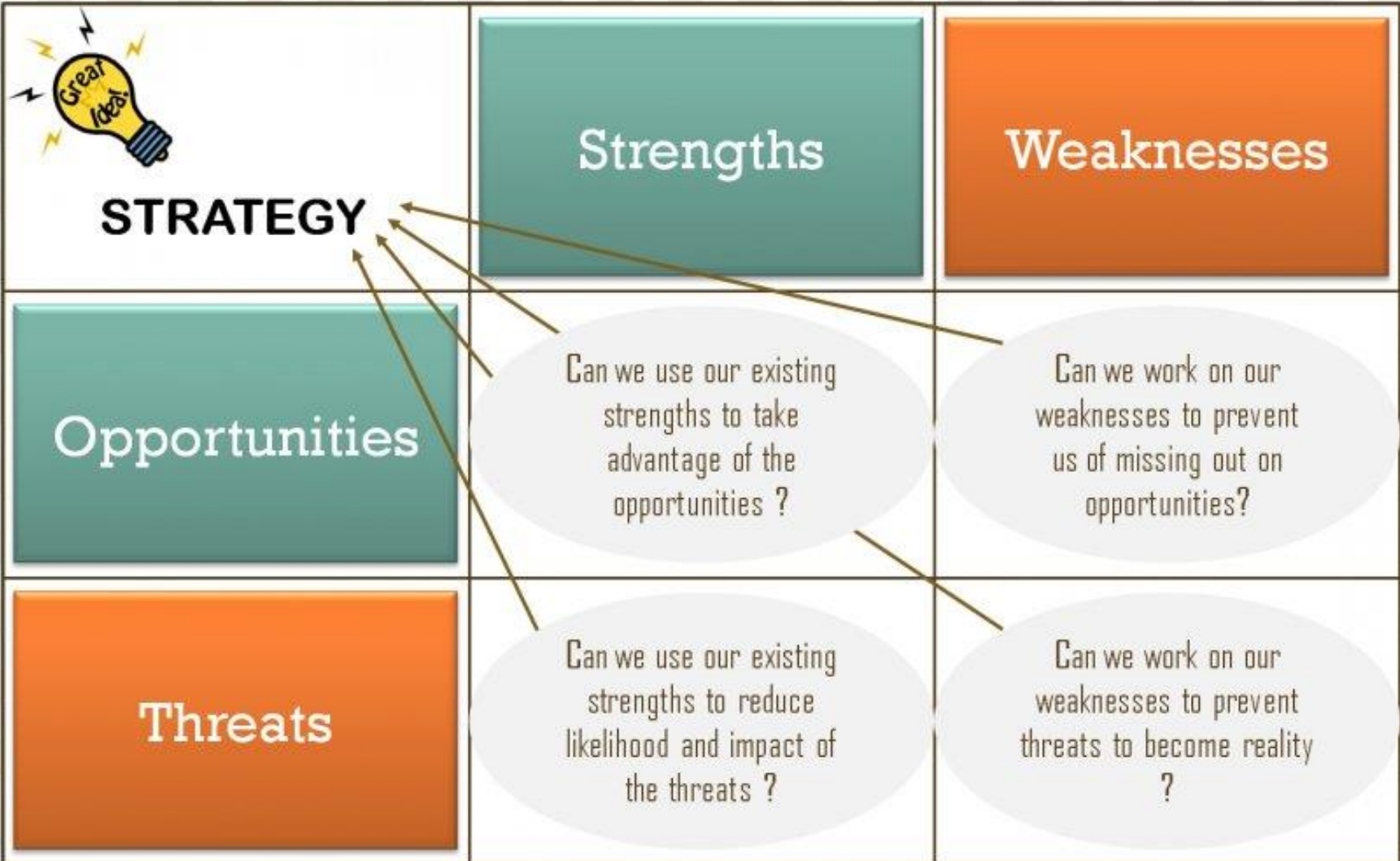
Convert



External



BSC Designer - Strategy Execution Software



Strengths

- Strong provincial market
- Close to major centres/ populations
- Family vacation market
- Royal Tyrrell Museum
- Atlas Coal Mine
- Passion Play
- Historical significance
- Historic downtown
- Large creative class
- Unique physical settings
- Badlands topography*
- Red Deer River
- Moderate climate
- Good highway access
- Adequate road network
- Free public parking
- Paved trail system
- Sport and recreation facilities
- Recognition of tourism in the Community Sustainability Master Plan

How to enhance these strengths and take advantages from these opportunities?

Opportunities

- Tourism regarded as long- term economic driver
- Development of community brand
- Rejuvenation of downtown core
- Canadian Badlands Ltd.
- Boomtown Trail
- Development of luxury product
- Development of family- oriented activities
- Themed tours
- River use
- Badlands Community Facility
- Rail line
- Active transportation
- Extended stay of VFR and business travelers
- Enhanced partnerships with provincial and federal marketing agencies
- Travel trade could expand reach
- Industry- led product standards
- Use of Internet

Weaknesses

- No destination marketing organization
- Insufficient development and marketing dollars
- Brand fragmentation- lack of unity of voice
- Lack of downtown revitalization
- Lack of architectural control policies
- Land Use Bylaw/ tourism as a discretionary use
- Downtown physically separated from attractions and accommodations
- Lack of higher- end products
- Limited range of accommodations
- Limited range of retail
- Little variety in food and beverage services
- Lack of winter and shoulder season** products
- Lack of signature festivals and events with few exceptions
- Inconsistencies in signage
- Lack of tourism data
- Automobile dependent
- Too few inbound tour operators
- Slow uptake of new and innovative internet marketing techniques
- Industry's role in affecting overall strategic change
- Closed for the season mentality
- Ongoing reluctance to shift to a customer oriented philosophy

Threats

- Other jurisdictions well founded and well organized
- Slow economic recovery
- Macroeconomic factors- exchange rate, rising fuel costs, US economy
- Continuing decline of US visitors to Canada
- Changing market demographics
- Climate change
- Shortage booking cycles, time poverty and propensity for shorter vacations
- Industry apathy/ inward focus
- Industry fracture/ self- interest

How to improve/ get rid of these weaknesses and prevent these threats not to affect the business/ or affect at minimum degree?

Environmental scanning

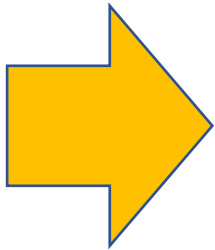
What is it?

Padlet Activity: Find definition of environmental scanning in marketing

Environmental scanning



An environmental scan pinpoints trends and potential challenges, opportunities and threats in the market environment.



- legislation and regulation
- political situation
- economic situation
- social and cultural patterns
- environmental changes
- technological advances

These can be considered as analysis of opportunities and threats as well (external factors that organization cannot control)

Trends and Mega Trends that change the face of the tourism industry

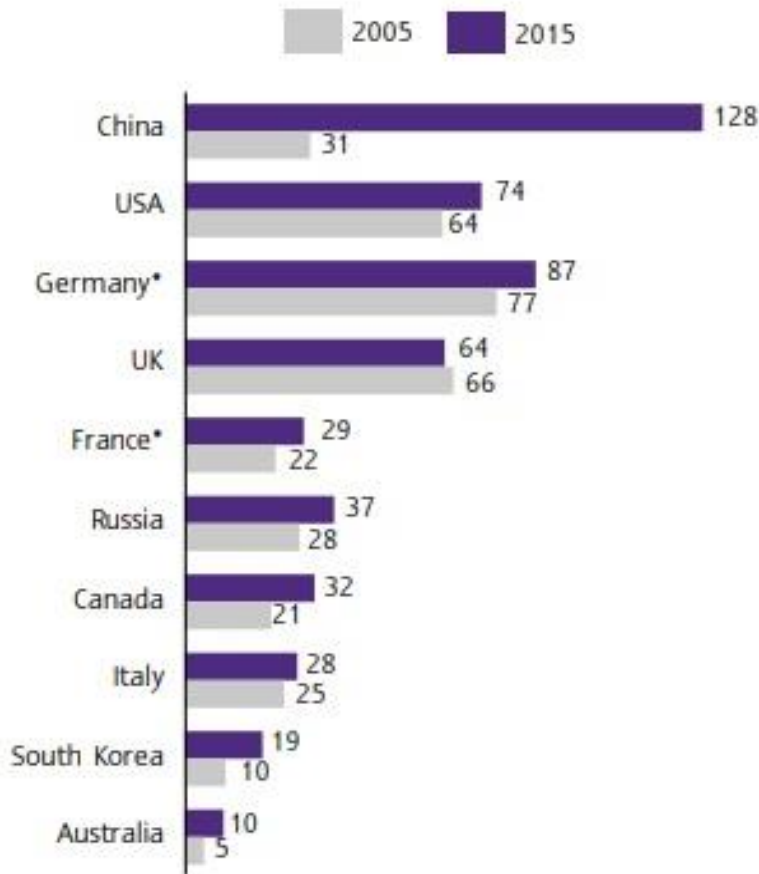
For example:

- Demographics: older travelers drive tourism, LGBT
- Global competition
- Different travel behavior across the generations
- As more and countries rely on tourism for economic growth, competition is heating up.
- Developing countries ease visa rules to boost arrivals
- Internet of Things, Digitalization's influence on travel behaviour and travel marketing
- Hipsters and the new face of tourism, solo women travel
- Increasing growth of FIT, de-intermediary
- Heritage conservation mindset and travel trend
- Increase of domestic tourism
- Health tourism trend
- Political and security unrest in some countries
- Global trade merges

1 Aged societies lead in numbers of tourists

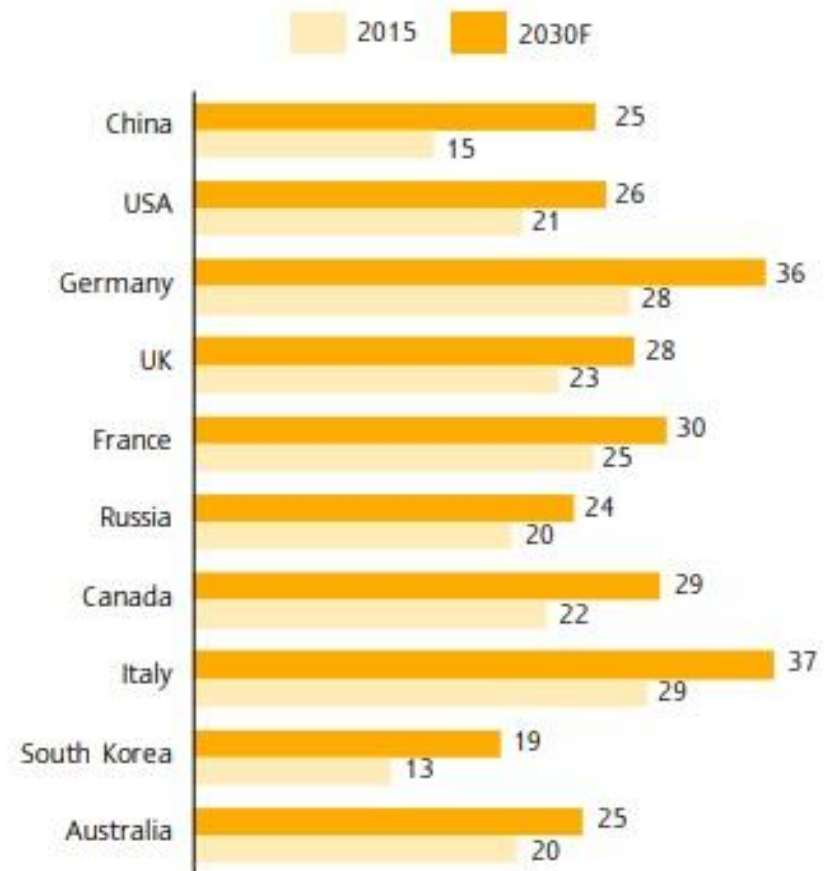
Number of international tourist with highest spending - Top 10

unit: million persons



Share of senior population to World Population Prospect (2015 – 2030F)

unit: %



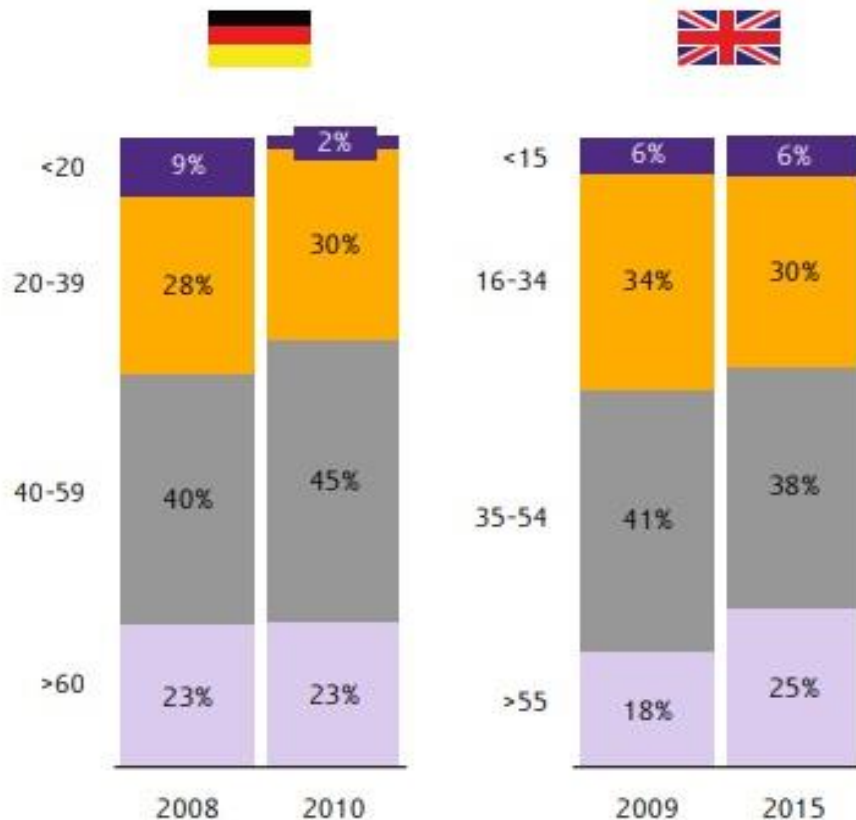
* EIC estimated figures for 2015

Source: EIC analysis based on data from UNWTO, International Monetary Fund (IMF) and World Bank.

2 Growth in senior tourists outpaces other age groups

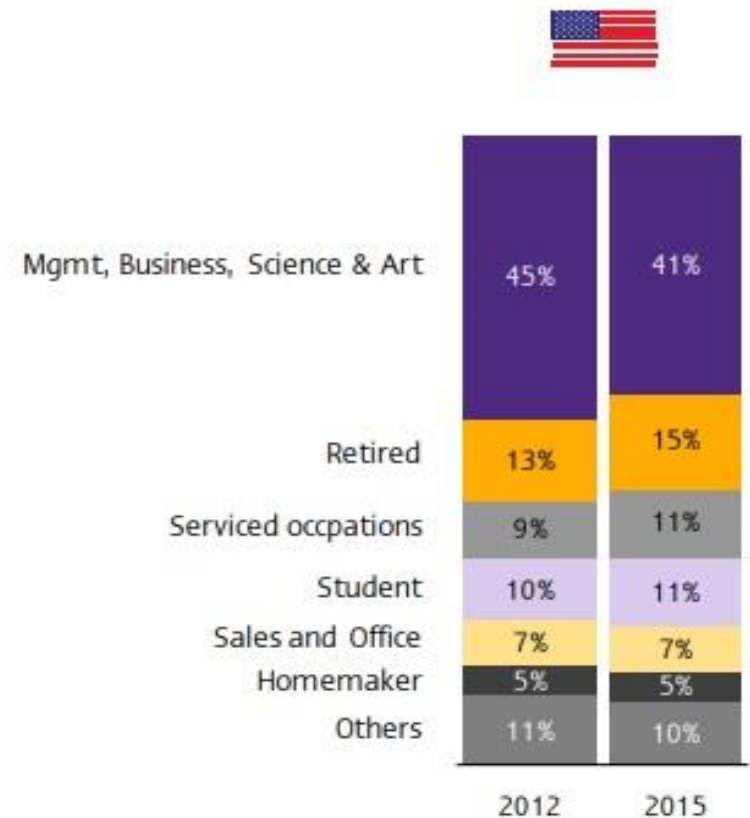
Share of international tourist - by age

unit: %



Share of international tourist - by occupation




unit: %



Source: EIC analysis based on data from the German National Tourist Board, the U.K. Office for National Statistics, and the U.S. National Travel and Tourism Office.

3 Different travel behavior across the generations

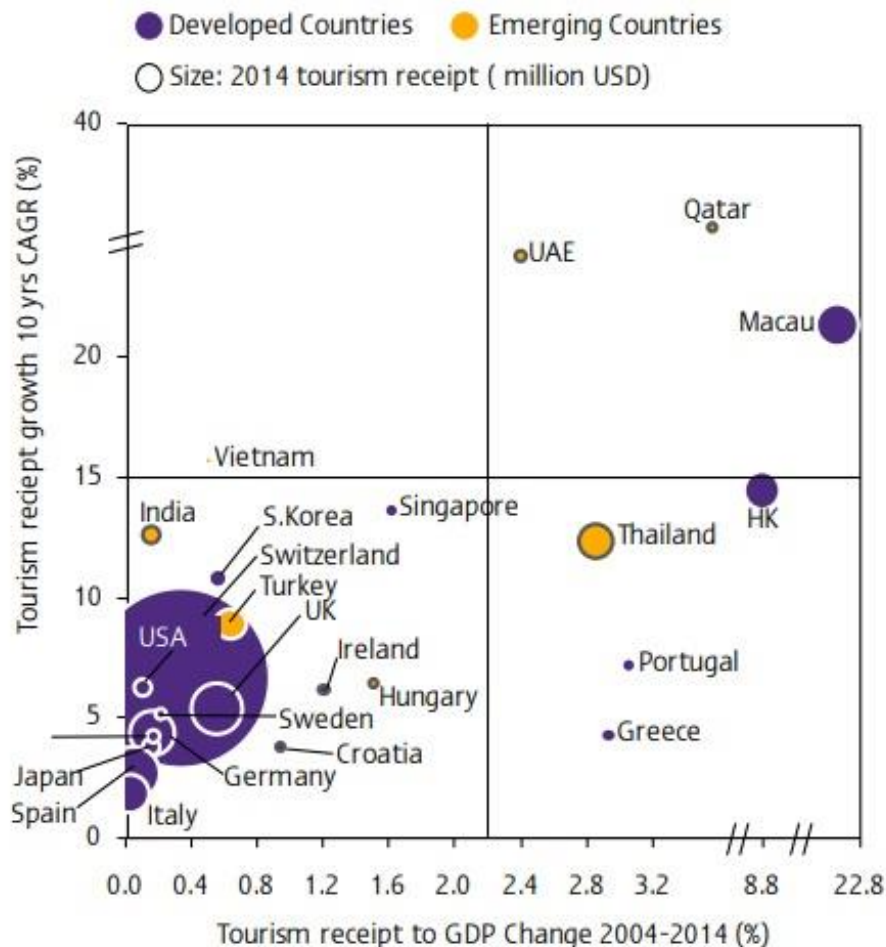
Travel trends survey by TripBarometer, 2016

	 51 years old+ Baby Boomers	 36 years old+ Gen X	 17 years old+ Millennials
Tourism spending (USD)	8,736	5,700	2,915
▼ Tourism patterns across generations			
Lifestyle tourism			
Emphasis on recreation	82%	79%	77%
Bookings made through online platforms	84%	82%	90%
Online comparison of options	72%	71%	80%
Factors influencing selection of tourist sites			
Culture and society	52%	46%	46%
Recommended by friends	22%	28%	36%
Low flight costs	13%	21%	36%
Inexpensive promotional accommodation packages	22%	23%	18%
Accommodation-specific	20%	18%	11%
Media influencing decisions			
Film	5%	10%	18%
TV	11%	19%	22%
Print	15%	17%	15%

Source: EIC analysis based on data from TripAdvisor and Virtuoso.

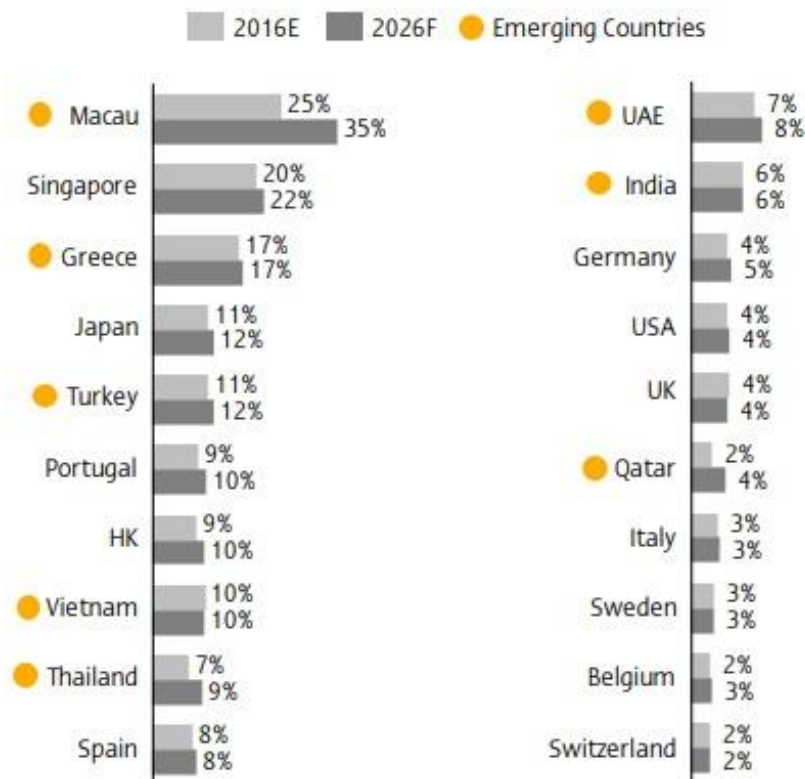
4 As more and countries rely on tourism for economic growth, competition is heating up

Significance of tourism industry to economy



Proportion of investment in tourism industry to GDP

Unit: % (2016E,2026F)



6 Smartphones drive explosion in internet use

Over 42% of tourists use smartphones to plan their travels. Over 50% use smartphones for maps and navigation to restaurants and tourist sites. A 2016 TripAdvisor survey found that the smartphone has become a crucial part of any travel kit. 87% of Millennial travelers use smartphones on their trips. The rate is 73% among Gen Xers and 55% for Baby Boomers.

↑ % CAGR of individuals using the Internet

↑ % CAGR of Active mobile-broadband subscriptions



Mobile apps are now the key to internet-enabled travel, displacing websites. The Google Play Store features over 100,000 mobile phone applications specifically for travel. The Google Maps app is a leader, providing easy geo-navigation and pinpointing tourist attractions, restaurants and accommodations. Many travel apps feature content sharing, so that fellow travelers and locals help keep visitors up-to-date and informed.

States Pacific

Americas

States Pacific

Americas

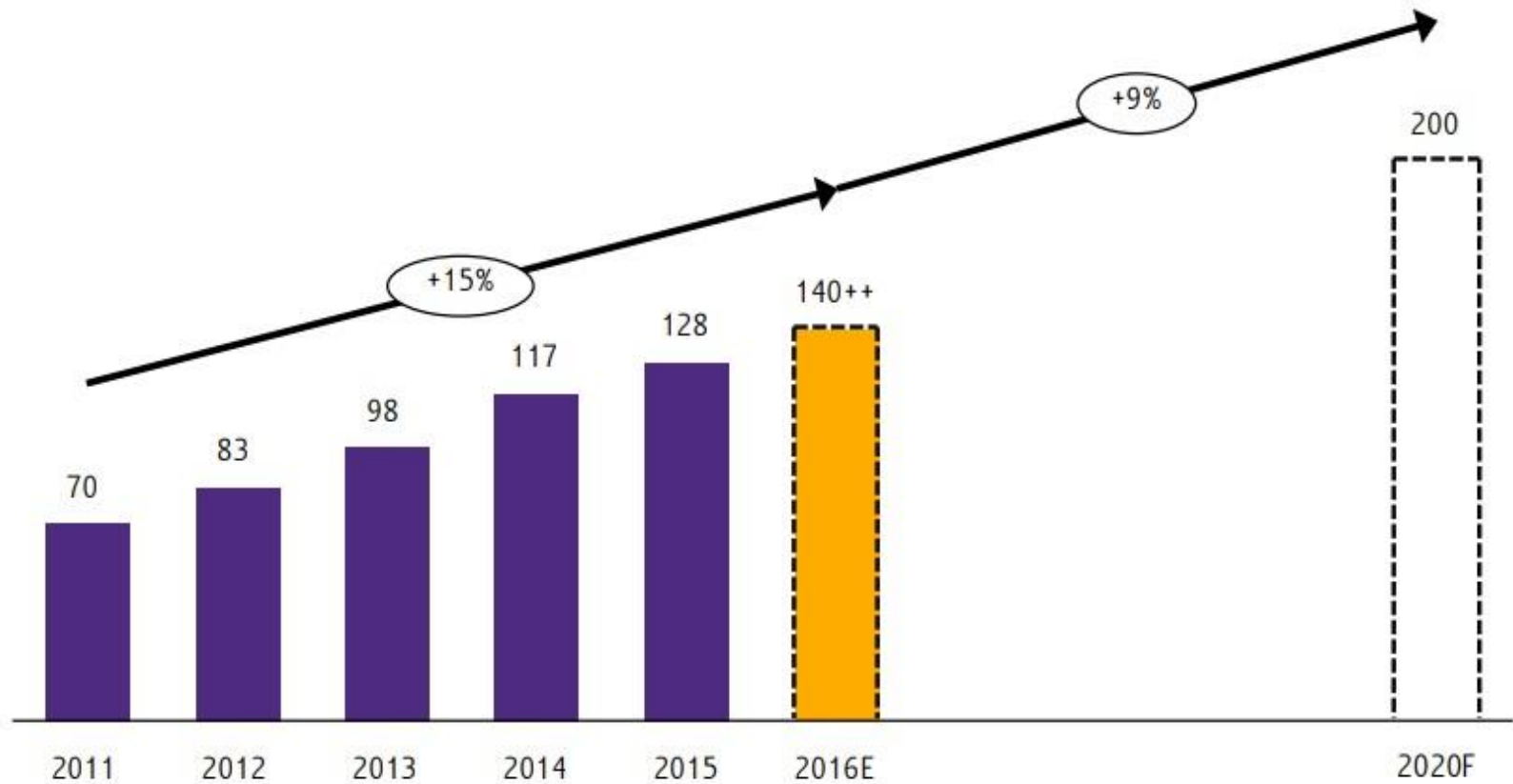
**Commonwealth of Independent States including Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan*

Source: EIC analysis based on data from ITU

9 Outbound Chinese tourists will grow 9% per year to reach 200 annual million person-trips by 2020

Number of Chinese outbound tourists

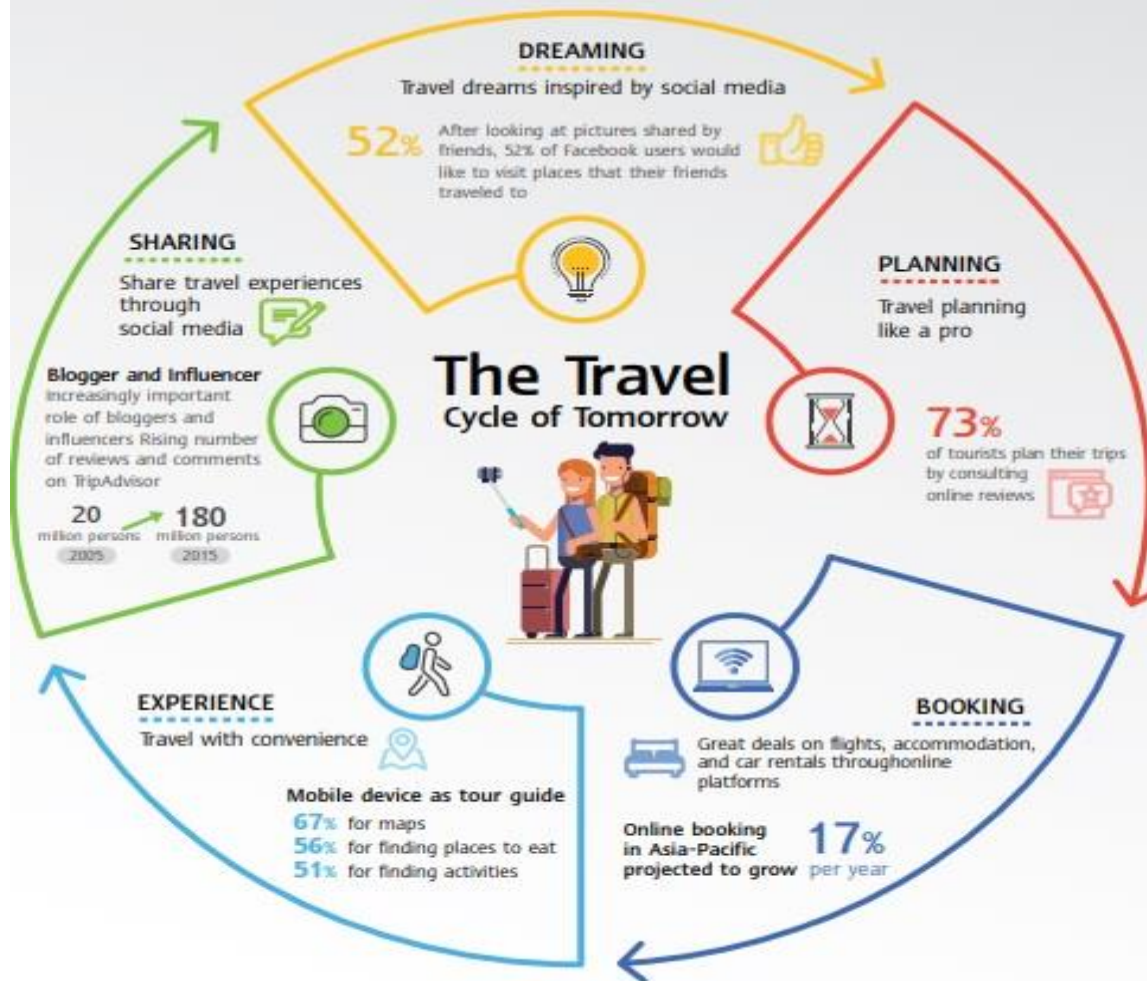
Unit: million person-trips



Source: EIC analysis based on data from McKinsey

Hipsters and the new face of tourism

Fast growth of internet users, especially through mobile devices



DREAMING

Travel dreams inspired by social media

52%

After looking at pictures shared by friends, 52% of Facebook users would like to visit places that their friends traveled to



PLANNING

Travel planning like a pro



73%

of tourists plan their trips by consulting online reviews



The Travel Cycle of Tomorrow



SHARING

Share travel experiences through social media



Blogger and Influencer
Increasingly important role of bloggers and influencers. Rising number of reviews and comments on TripAdvisor



20

million persons
2005

180

million persons
2015

EXPERIENCE

Travel with convenience



Mobile device as tour guide

67% for maps

56% for finding places to eat

51% for finding activities

BOOKING



Great deals on flights, accommodation, and car rentals through online platforms

Online booking in Asia-Pacific

projected to grow

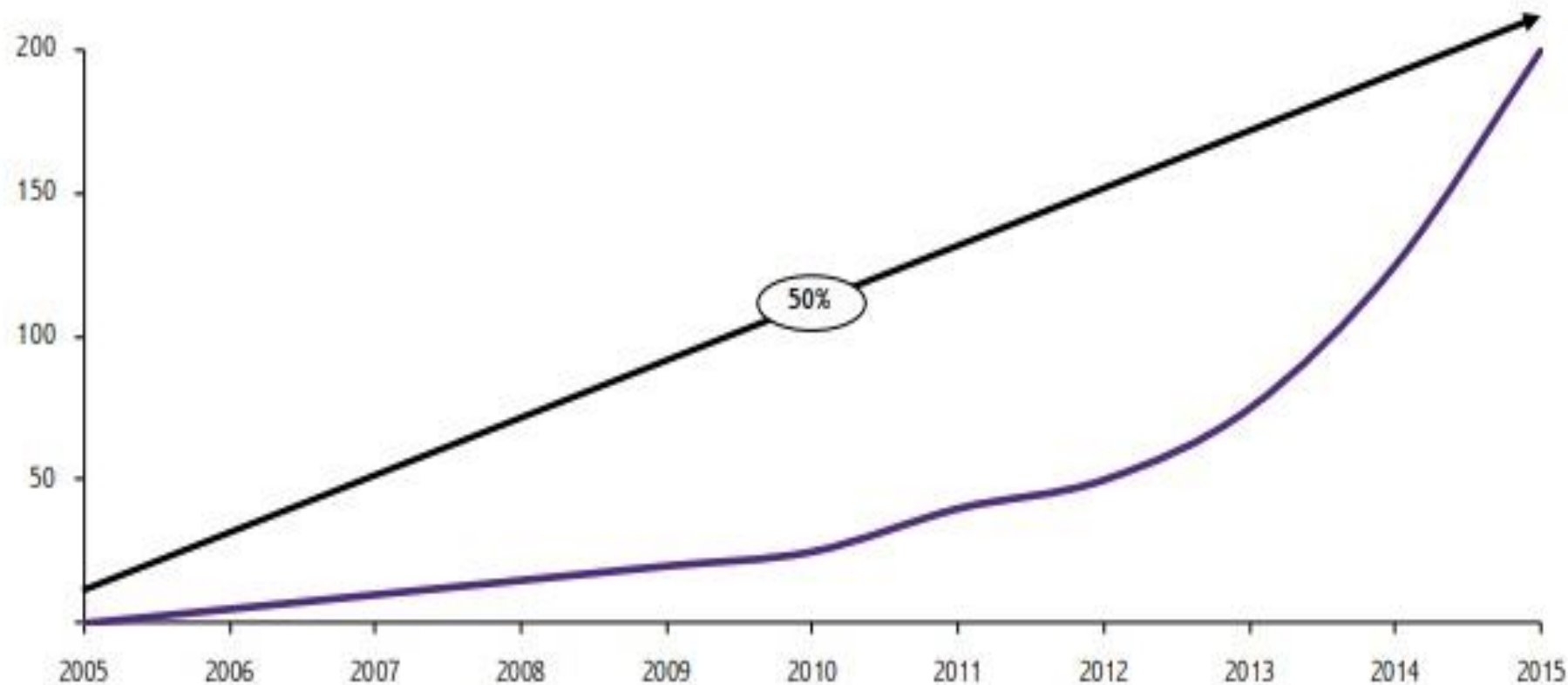
17%

per year

22 Social media posts by bloggers and 'influencers' are key sources of travel information today

Number of review and comment on TripAdvisor

Unit: million times



Source: EIC analysis based on data from TripAdvisor

EIC's View

Public sector

Clear regulatory framework needed to minimize impact on the tourism industry



Business owners

Hotel operators should upgrade service to gain a competitive edge



Other businesses can build on their current services, for example, by offering cleaning service to Airbnb room owners



Although Thailand's hotel room rates remain attractive hotels

Average rate comparison Airbnb vs hotels in popular areas

National Stadium
(Bangkok)

Nimman
(Chiang Mai)

Unit: Baht/night



should not be complacent...

since more and more Chinese tourists are using Airbnb and the number of Airbnb rooms in Thailand is soaring

Number of Chinese tourists using Airbnb

Number of Airbnb rooms in Bangkok

Unit: million people

1.1

Unit: thousand rooms

9.6

0.05

22 Times

2013

2015

0.6

16 Times

2013

2016E

28 Domestic tourism will continue growing thanks in part to supportive government policies

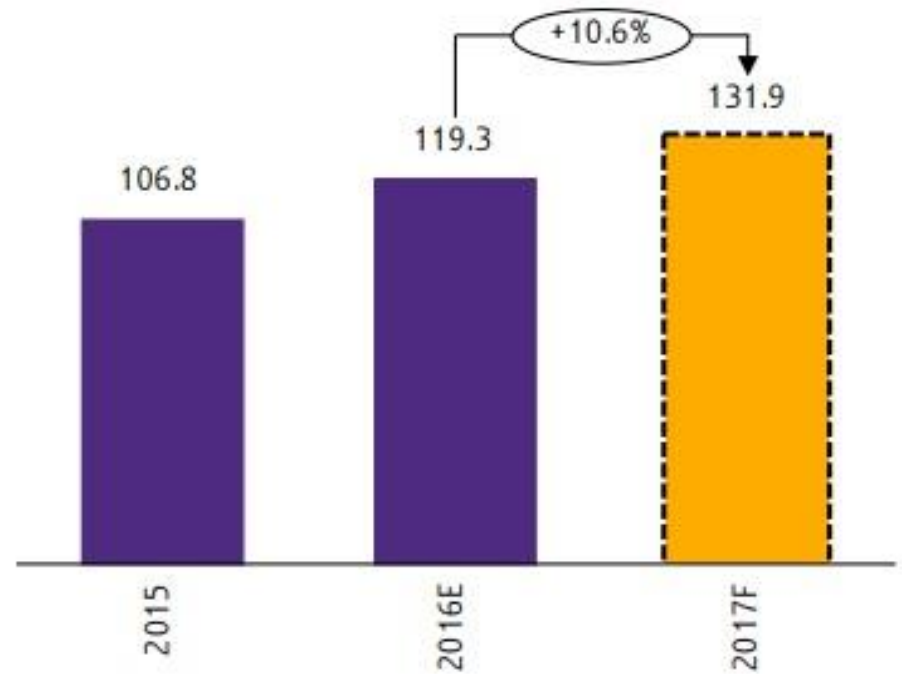
Change in domestic tourists to real PCE growth

Unit: % YOY



Forecast of Domestic tourists

Unit: million person-times



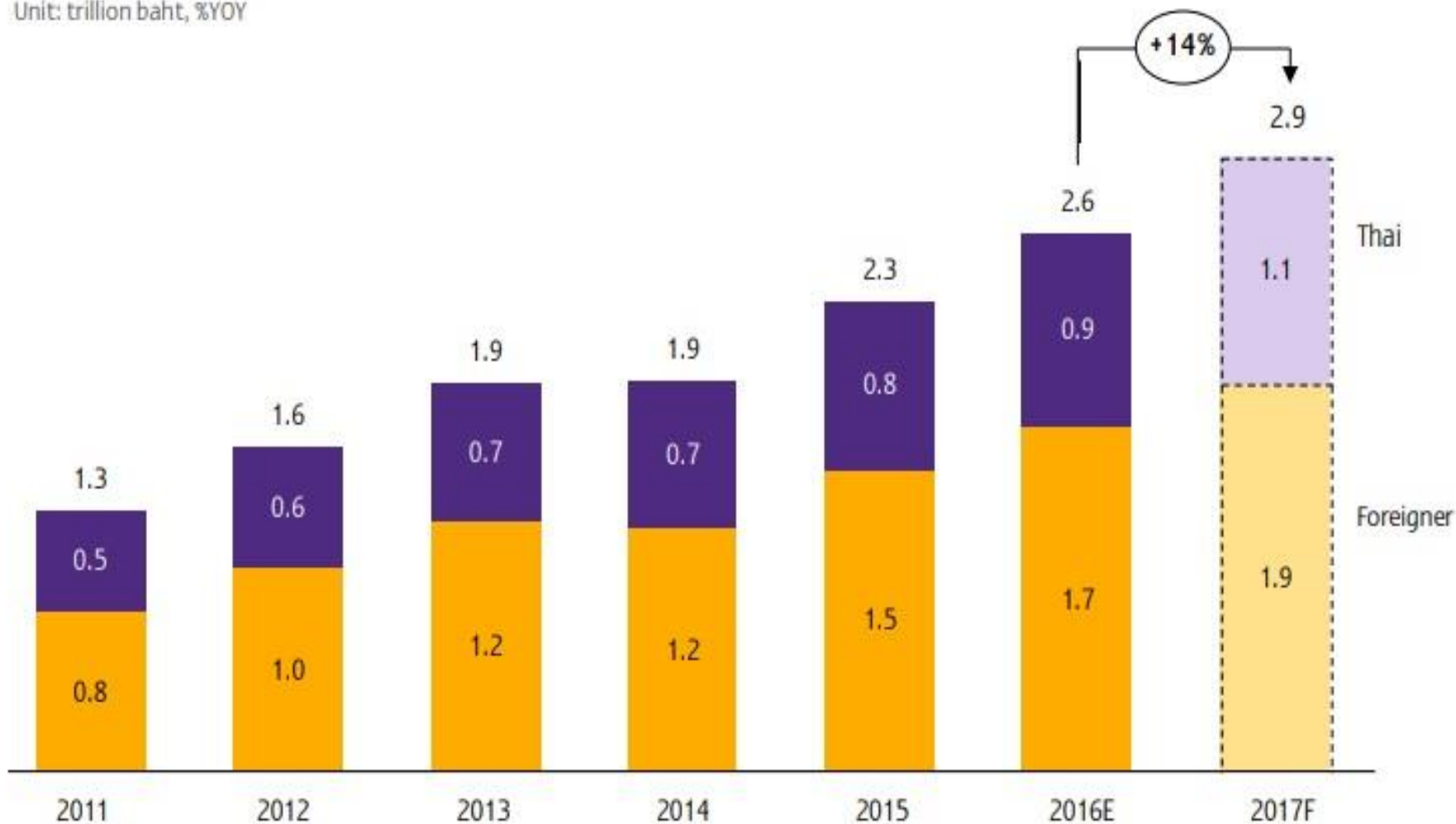
*Private Consumption Expenditure

Source: EIC analysis based on data from NESDB and Department of Tourism.

29 Local travellers and foreigners will lift Thailand's tourism revenues by 14% in 2017 to THB 2.9 trillion

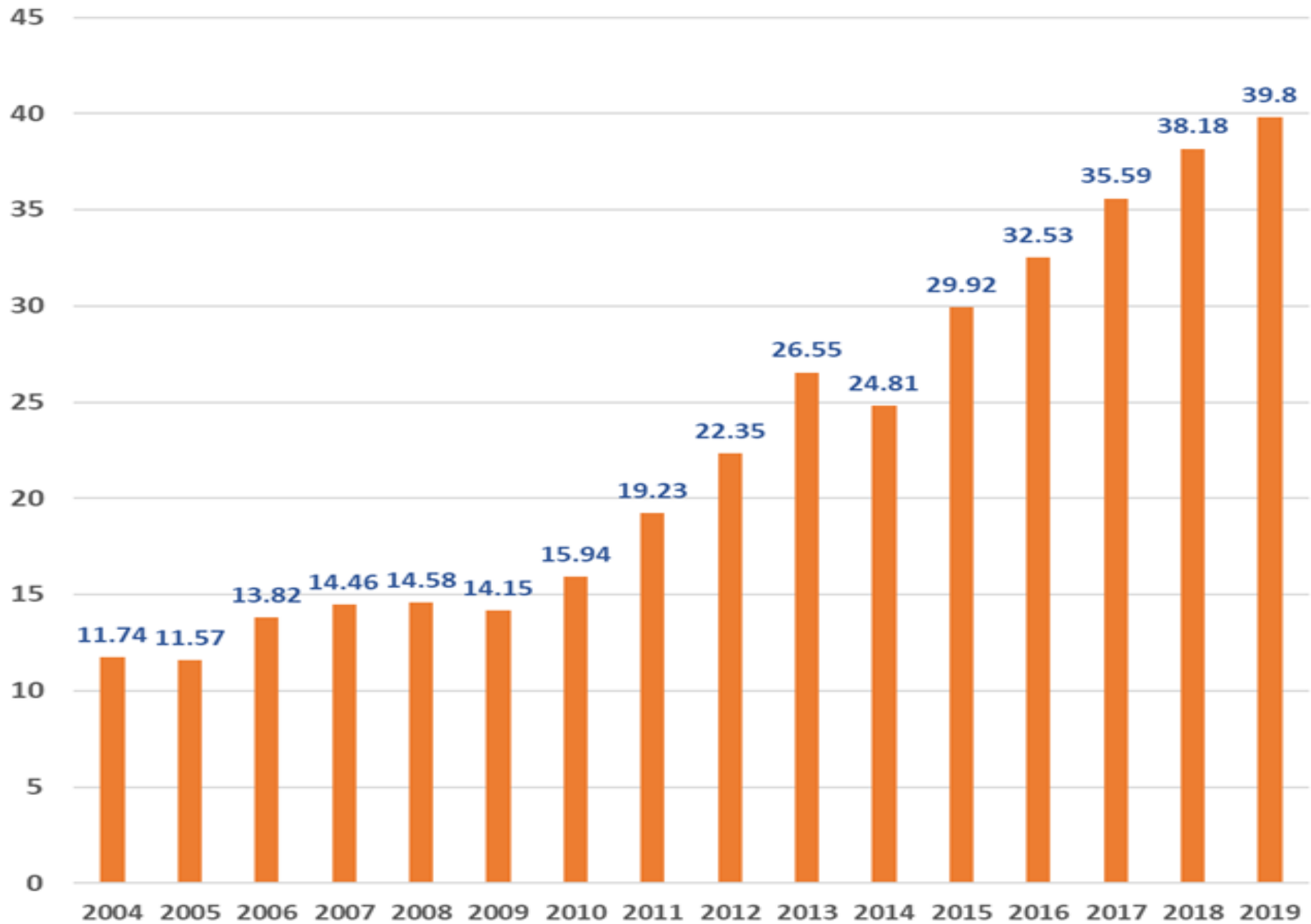
Forecast of tourism receipt

Unit: trillion baht, %YOY



Source: EIC analysis based on data from Department of Tourism

Yearly Tourist Arrivals 2004-2019



The questions to be asked:

- What have been the major trends in the past 3-5 years?
- What are the expected future trends in the next 3-5 years?
- Will these trends affect our destination and DMO (and companies in the industry) in the next 3-5 years?
- How will they affect our destination and DMO (and companies in the industry)?
- How will they affect competitive destinations and DMO (and how will they affect competitiveness of national tourism and individual companies in the industry)?
- How should our DMO (as well as companies in the industry) change its marketing approaches to adapt to these trends?

To keep up with upcoming trends of the world and in the tourism industry and outside the industry (other dimensions), and respond to them, which will be appeared in your tourism marketing plan strategies

Situational analysis


What is it?

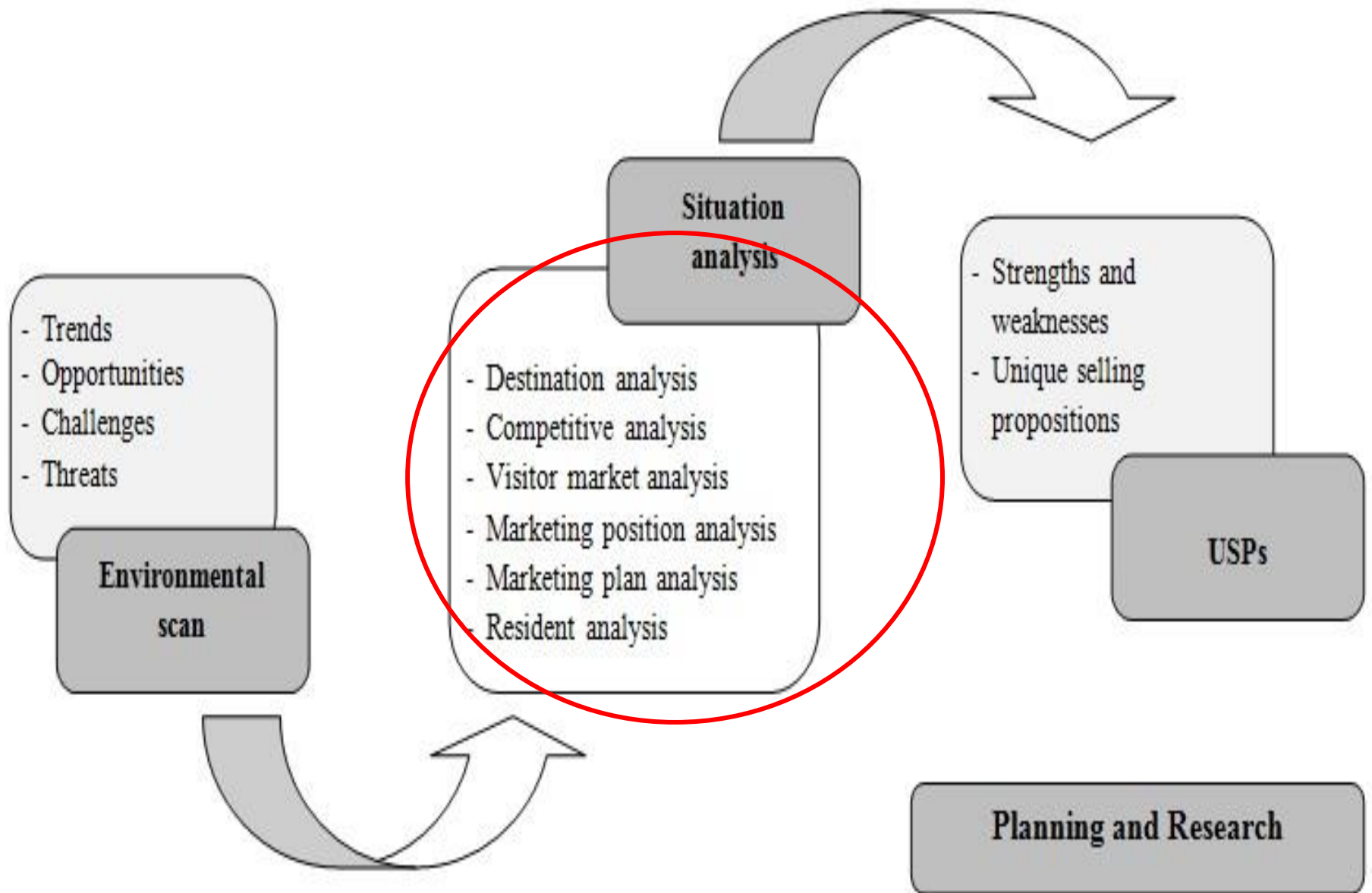
Padlet Activity: Find definition of situational analysis and how it is important in marketing

Situational analysis

The six key techniques in completing a DMO situational analysis are:



 **Step No. 1: Where are we now? (Planning and Research)**

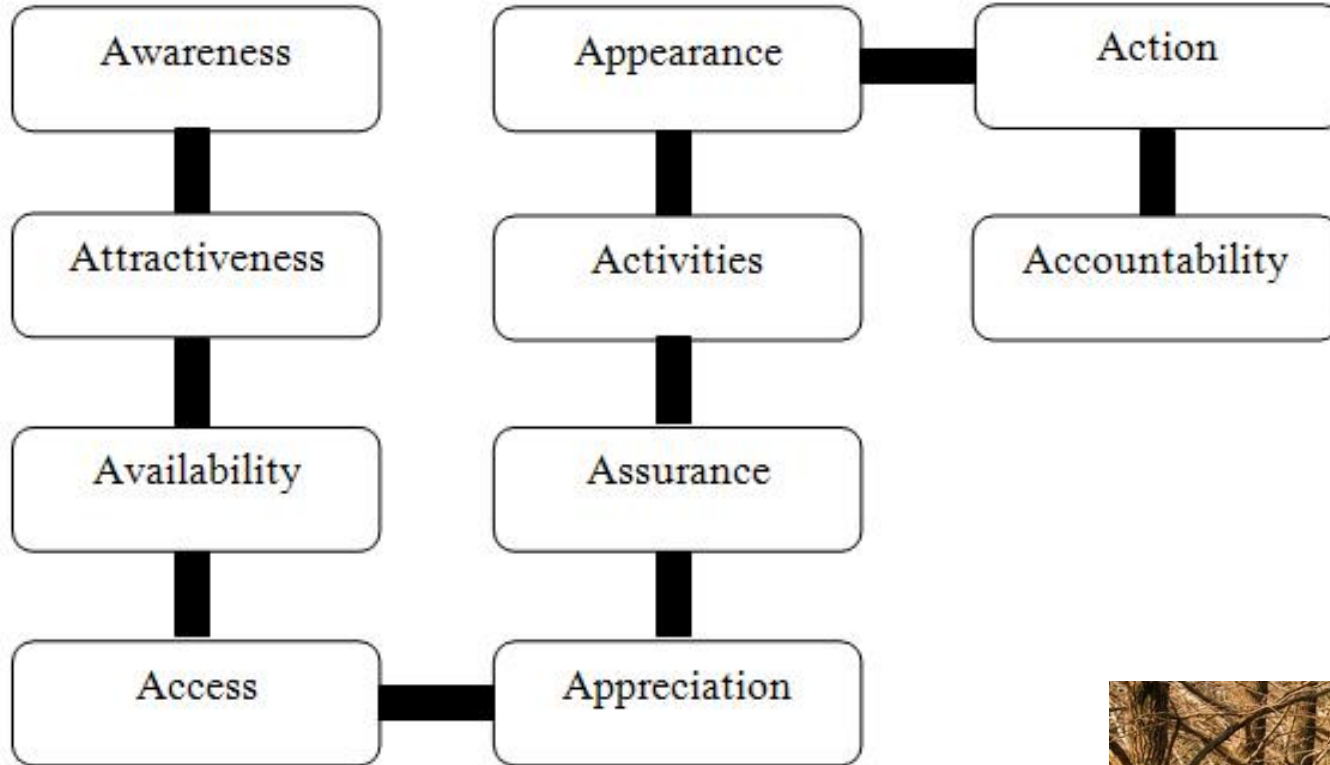
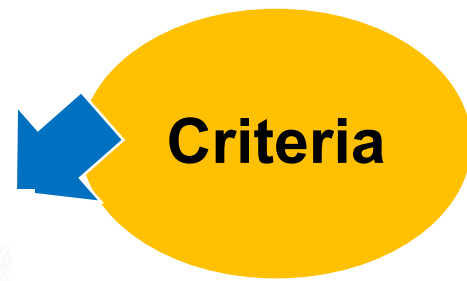


Destination or product/ product development analysis:

Use 10 AS or use the following dimensions:

- policy rules and regulation
- environmental sustainability
- safety and security
- health and hygiene
- prioritization of travel and tourism
- air transport infrastructure
- ground transport infrastructure
- tourism infrastructure
- ICT infrastructure
- price competitiveness in the travel and tourism industry
- human resources
- natural resources and cultural resources

The 10 As of successful destinations



The 10 As of successful tourism destinations



Competitive analysis: (performance in the market)

Ask tourists in order to know what other destinations tourists are also considering as their trips or future trips, or ask about tourists' satisfactions towards the closest competitors of our destination.

Also collect the information from secondary source to get idea of what the most popular destinations (our competitors) for our specific visitor market segments

Visitor market analysis: (market demand- existing and potential/ market behavior)

DMO should have a detailed market profile. Research for visitor market profile can be done on a monthly or quarterly basis every year, or for some DMO, they conduct visitor profile studies only once every 2 or 3 years.

The categories of information that should be provided by a visitor profile analysis include:

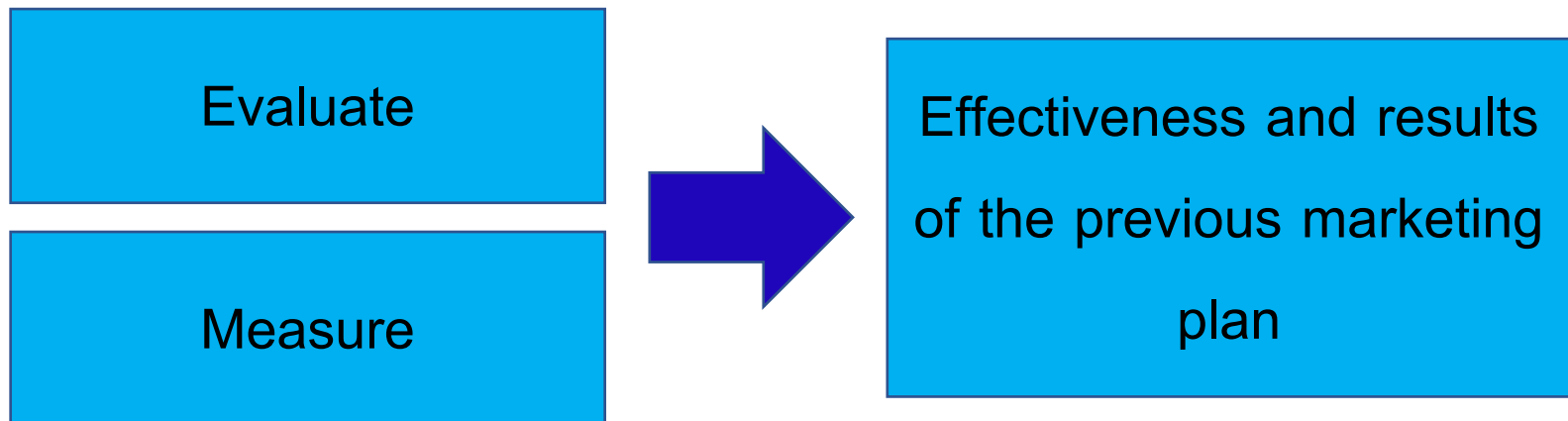
- Demographic and socio-economic characteristics
- Travel trip characteristics (e.g. trip purposes, length of stay, party size and composition, accommodation and transportation usage, etc.)
- Previous visit patterns (number and timing of previous trips)
- Revisit intentions (probability of return visit)
- Attraction usage and awareness
- Activity participation in destination
- Travel information sources used for trip to destination
- Media usage (TV; newspapers, magazines, Internet/ Social media, mobile, etc.)
- Trip satisfaction levels
- Likes and dislikes
- Suggested improvements to the destination.

Marketing position/ destination image analysis and branding:

Every destination needs to understand its image or position in the minds of past and potential visitors.

Marketing plan analysis:

Marketing plan analysis involves an objective assessment of the DMO's past marketing plans.



The three key questions to ask:

- How effective was the last marketing plan?
- Which activities and programmes worked?
- Which activities and programmes did not work?

Resident analysis:

Some destinations go further and conduct research on local resident attitudes or sentiments about tourism in their communities. This is especially important when tourism represents a very large part of the local economy and affects residents' everyday lives.

USP identification

What is it?

Padlet Activity: Find definition of
USP identification and how it is
important in marketing

USP Identification

DMO identifies how the destination is different from its competitors. We call this “Unique Selling Point” or “Unique Selling Proposition” (USP). USP will be in the marketing strategy.



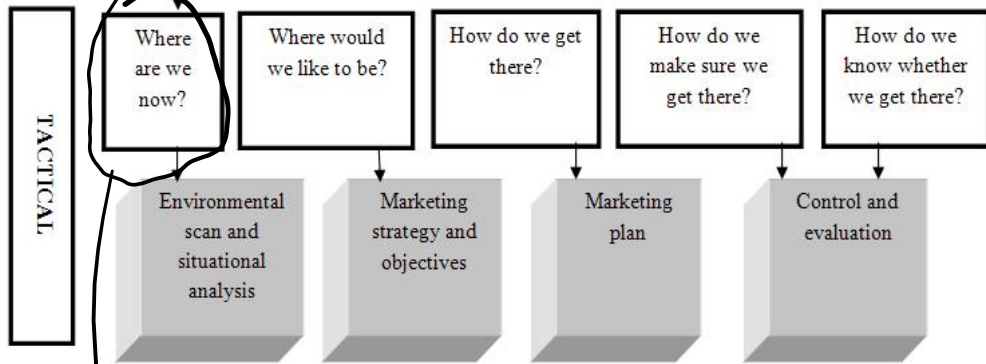
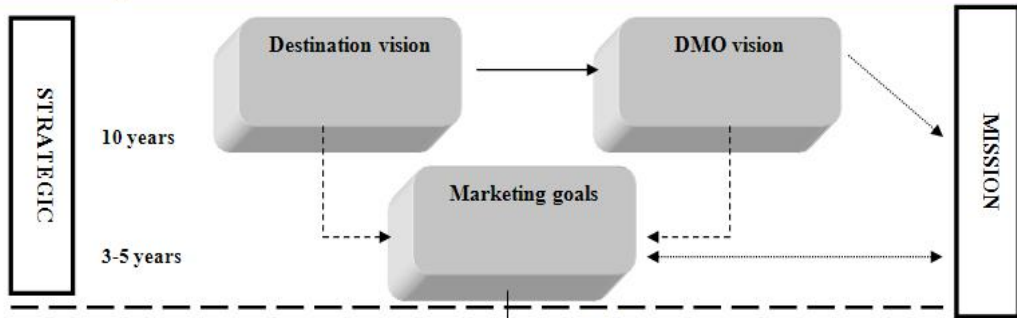


An example of USPs for Canada as a tourism destination

- Vibrant cities on the edge of nature
- Personal journeys by land, water and air
- Active adventures among awe-inspiring natural wonders
- Award- winning Canadian local cuisine
- Connecting with Canadians

A sustainable competitive advantage for a destination and its DMO would mean having the assets and/ or skills that meet the following conditions:

- They are valuable to visitors.
- They are rare among the destination's current and potential competitors.
- They must be imperfectly imitable (cannot be easily copied).
- There are no strategically equivalent substituted for the assets or skills.
- Not rely on single market
- Diversity of tourism experiences to offer
- Catch up with trends (fast- changing)



Step No. 1: Where are we now? (Planning and Research)

