МІНІСТЕРСТВО ОСВІТИ ТА НАУКИ УКРАЇНИ
ТЕРНОПІЛЬСЬКИЙ ДЕРЖАВНИЙ ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ

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МАРКЕТИНГ ТУРИЗМУ

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At this book are considered the features of tourism products and marketing principles; are highlighted basic marketing approaches to the tourist market and product, pricing and sales channels. Much attention is spared to the advertising, public relations and other useful tools of forming and stimulation of demand in tourism sphere.

The book is oriented on modern approach to the tourism industry and to the marketing. The book is illustrated with the concrete examples.

For students, teachers and practical workers.

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У книгі розглянуто особливості в сфері туристичних послуг та принципи маркетингу. Розкриваються основні маркетингові підходи до туристичного ринку та продукту, ціноутворення і робота збутових каналів. Велика увага приділяється питанням реклами, паблік рілейшнз та іншим засобам формування та стимулювання попиту в галузі туризму.

Книга орієнтована на сучасний підхід як до туристичної сфери так і до маркетингу загалом. Книга ілюстрована конкретними прикладами.

Для студентів, викладачів та практичних працівників сфери туризму.

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1. ESSENCE OF TOURISM MARKETING AND ITS FEATURES

Tourism is the complex of relations, connections and phenomena, accompanying a journey and stay of people in places which are not their permanent or prolonged residence and unconnected with their labour activity.

Industry of tourism is one of the most dynamically developing sectors of economy. In obedience to information of WTO, in the last twenty years the average annuals rates of growth of foreign tourism were 5.1 %, and average annuals rates of growth of currencies receipts from international tourism -14 %. To 2010 the amount of international journeys probably will grow to 937 million USD. Many highly developed countries, such as Switzerland, Austria, France, built the considerable stake of the welfare on profits from tourism. In an occident tourism confesses by profitable industry of economy, finding support of the state.

Tourism consists of wide demesne: from trade and transport to financing and mediation of the different fields. Here are hotels and restaurants, laundries and barbershops, educational and sporting establishments, tourist firms, radio and the TV stations, consulting firms, medical establishments, museums, cinemas and theatres.

However unlike marketing of many commodities of mass consumption marketing in tourism has the specific features arising up foremost from specific character of tourist services.

In the tourism industry, marketing is a process that never stops. It is essential that you have some understanding of what this process is all about. There are two terms that are central to this process and that need to be understood: market and marketing.

Traditionally a market was a place where consumers went to exchange goods, services, or money. This definition puts emphasis on the place of the transaction, not on the consumer. Think about the following terms: roadside markets, farmers' markets, the market place, and supermarkets. They are all places where people go to buy and sell.

Marketing experts have expanded this definition to include the consumer. A market now refers to potential customers who share a specific need or want and who might be willing to exchange something to satisfy that need or want. In other words, a market is a group of consumers who have similar needs or wants and who are willing to buy or sell something to fulfill them.

There are many markets for tourism businesses, but it is impossible for any one business or community to reach them all. You need to select one or more specific markets, e.g. married couples, single parents, family groups, elderly couples, campers, or first time visitors that you want to use your goods or services. These are called your target markets.
Marketing is the process of managing the exchange of goods, services, and money to satisfy the needs of consumers, or the market.

There are two approaches to get consumers to use your product. Are you selling or are people buying? Your choice will determine how well you are able to market your product or service. Selling is really only a small part of marketing.

The Selling Approach. This approach focuses on the product(s) or service(s) offered. It is based on the belief that the only thing necessary to sell the product(s) or service(s) is to overcome consumer buying resistance. It is not necessarily concerned with consumers' needs, but attempts to get consumers to buy something whether they need it or not.

This process starts by looking at what product(s) or service(s) the seller has and selling them without any concern for what consumers need or want. It is not concerned with consumer satisfaction, but assumes that dissatisfied consumers can be wooed back later.

The Marketing Approach. This approach focuses on consumer needs and acknowledges the power and influence of a dissatisfied consumer. It is based on the belief that there will be no consumer buying resistance to overcome if the product(s) or service(s) meets their needs.

This process starts with identifying consumers' needs and wants and then producing product(s) or service(s) to meet them. Consumer satisfaction is critical.

Thus, marketing is activity on advancement of goods and services from a producer to the user. There is the great number of determinations of marketing as process of streamline goods and services from a producer to user. Marketing is wider concept than activity on sale and advertising. Activity on the sale and advertising is only some aspect of marketing. Marketing have a special purpose, strategic and guided activity, passing through all stages - from development of commodity, his advancements at the market to the sale and after sale service. So, marketing is the complete process of motion of products and services from a producer to the user.

Marketing in any organization is administrative activity on planning and implementation of the accepted decisions, related to production and sale of certain goods and services with the purpose of satisfaction of needs of certain group of people. Marketing is the standard of society life.

Marketing plays important part in activity of all organizations, non-commercial, educational establishments, resorts or producers of tourist goods and services with the purpose of extraction of own income.

Marketing essence consists of grant at the right time and in the right place necessary commodity or service in a necessary price.

Marketing measures include planning and development of product, pricing,
methods of distribution of product, sales promotion and advancement of goods and services.

Necessity in conducting of marketing measures is determined:
- by existence of free competition between organizations;
- by possibility for the buyers of choice of similar goods and services from different producers;
- by the good being informed of users in relation to other present goods and services;
- by the aims of organization, which can be shown in measurable expressions.

Marketing arises up and exists as return reaction of organization in the conditions of free market competition at presence of relative freedom of choice for buyers.

Marketing activity is directed:
1) on the marketing analysis and planning with the subsequent exposure of groups of potential buyers;
2) production of commodities or grant of the proper services for these having a special purpose groups;
3) co-ordination of activity of organization on achievement of most vantage-ground at the market;
4) on determination of control ways on the conduct of business in accordance with the beforehand set aims.

So, marketing is strategic philosophy of firm, setting, what goods and services, and for what group of users must be created. Marketing determines aims and estimates their achievement, co-ordinate activity of enterprise. Marketing sets discipline into organization through the goals setting and conducting of control on providing of its effective functioning.

The major task of marketing management is influence on a level, time and character of demand at one or a few targets markets of enterprise. The most effective management of demand requires from organization of orientation on user and systematic application of technologies and marketing instruments.

Marketing in tourism is activity on planning and development of tourist goods and services, sale, advancement of goods and services, stimulation of demand and pricing.

This activity helps to move forward commodities or services from a producer to the user with the purpose of receipt maximal income at the most effective satisfaction of needs.

Specific character of marketing in tourism is determined by features and distinctive descriptions of tourist product (by comparison to other consumers goods
and services), and also feature of users and producers of tourist goods and services.

A tourist product is the aggregate of material (physical commodities) and immaterial (in the form of services) consumer costs, necessary for satisfaction of tourist needs, arising up in the period of his trip.

A tourist product consists of three parts: trip (tourist journey on a certain route); tourist-excursion services (placing, feed, transporting, excursion programs and other services on a route, trips related to the purpose) and commodities - the articles of consumption.

Main distinctive descriptions of tourist services:

1. Inability to storage. Places in a hotel or in airplane in the case of demand absence on them can not be stored with the purpose of their sale in the future. Consequently, managers must make pushes to stimulate demand on these services in this short-term period.

2. Intangibility of services. For estimation of tourist product there are no measured sizes: it is impossible to have image of quality of product to its purchase and consumption. In this connection the special meaningfulness for users at the purchase has the image of firm at the market, of prestige of its commodities (services).

3. Seasonal vibrations. The marketing measures of tourist firm will differ in the peak of season and in between seasons time. The additional measures of stimulation of demand are needed in the between season time: low prices, different additional services varying by the different types of tourism (diversification of suggestion).

4. Considerable static, attachment to the certain place (to tourist centre, air-port, because it is impossible to carry them elsewhere).

5. Lack of coincidence in time of sale fact of tourist services and its consumptions. The purchase of commodities (services) of tourism is made for weeks or months before beginning of their consumption. In this case publicity printing products, giving evident information about bought tourist product and allowing creating feeling of benefits which can be extracted from his consumption in the future play large part. Large significance on the stage of sale of tourist service is attached to the degree of authenticity of information, and also reliability of product (to accordance of quality of product to his price).

6. Territorial disjoined of user and producer at the tourist market. Measures are important on informing and advertising at more wide (international) level.

7. A buyer overcomes distance dissociating him from a product and place of consumption, not vice versa.

The specific features also have producers and users of tourist services. Demand on tourist services differs by considerable elasticity depending on the state of affairs, profit, level of education, advertising and price. Estimation of quality of tourist
services is subjective enough: on estimation of user external factors or persons not relating direct to the package of the acquired services have large influence (local habitants, other holiday-makers participants of tourist groups, family members).

The tourist marketing is addressed to not only the «eventual users» - tourists but also intermediate instances – tourist agencies, partners, public tourist associations, state organs on adjusting of tourism.

To features of tourism service producers it is possible to deliver such distinctive properties, as co-operation with each other. This connection is especially visible in a long-term prospect reflecting composite character of round-product: profitability of transporting companies depends on the load quality of facilities of placing, and their survivability at the market is determined by quality of sights and degree of visited of this direction.

In a short period in the marketing programs of development the different suppliers of tourism service do not take into account interests of each other. Practice shows predominance in development of marketing strategies of just the same short-term orientation.

Producers in tourism are far of independent and different on a type and specialization of round-enterprises (tourism operator, agency, hotel, restaurant) with different aims.

There are such levels of marketing: enterprises, public organizations and state organs.

Tourism is the difficult system, symbiosis of economy, policy, sociology, ecology and culture, therefore for achievement of positive marketing effect is needed close co-ordination of marketing of different organizations in tourism sphere.

There are such component elements of the general system of marketing: state, local authorities national and local (regional) tourist organizations and enterprises.

Western experience shows that joint effort of private firms and official governmental tourism agencies in advancement of tourist industry gives most effect.

Between the different levels of marketing there is close connection: the state, local organs and associations take information about a market, including from information acting from enterprises, also, base the marketing conceptions on national and local conceptions of tourism.

National organizations and regional levels have following functions:
- conducting of marketing researches at national level;
- development of marketing conceptions with reference implementations their in enterprises;
- legal and investment support of development of tourist infrastructure;
- consultative services in the questions of realization of marketing
conception;
- help in conducting of measures on connections with public and in area of advertising (exhibitions and fairs, boulevards);
- creation of positive image of country, advancement of country as attractive tourist direction for foreign tourists.
2. ENVIRONMENT OF TOURISM ENTERPRISE

A tourism enterprise operates in constantly changing terms, conditioned by a variety relations folded inside it, and also with other economic subjects. The collection of these relations makes the concept of marketing environment. It greatly determines the character of firm activity and must be detaily examined in the process of conducting of marketing researches.

In order to define marketing strategy and to conduct it in life, marketers must know about:

1. internal environment of tourism enterprise, its potential and progress trends;
2. external environment, its features and place occupied by an enterprise in it.

An internal environment (microenvironment) is a part of general marketing environment which is situated into an enterprise and is controlled by it. It contains that potential which enables the firm to function, exist and survive.

An internal environment is analysed by following directions:

• personnel (their potential, qualification; selection, teaching and advancement; jobs evaluation and stimulation; saving and maintenance of relations between workers, etc.);
• organization of management (communication processes; organizational structures; norms, rules, procedures; distributing of rights and responsibility; hierarchy of submission);
• finances (maintenance of liquidity, providing of profitability, creation of investment possibilities);
• marketing (strategy of tourist product; price strategy; sale strategy; communication strategy).

The purpose of internal environment research is getting a clear understanding of strong and weak sides of tourism enterprise. Fined out strong sides serve as a base for competitive activity and must be extended and strengthened. Weak sides must become the object of the most intent attention. It is necessary to get rid of majority of them.

An internal environment determines possibilities of the effective functioning of tourism enterprise. But it also can be a source of problems, if it does not provide the necessary terms of the complex use of marketing conception.

Actions of different departments and personnel of tourism firm must be incorporated by single marketing strategy. It could only be reached in the enterprise with high culture. The culture of enterprise must be exposed to the most serious analysis in the process of marketing researches.

The culture of enterprise consists of great number of norms, rules and values. A culture engulfs the system of relations existing on an enterprise between employees,
management style, and skilled questions determination of prospects of development. The attained level of culture can help an enterprise to work correctly while the absence of culture will hinder to normal realization of its business conduct.

The culture of enterprise does not have the obviously expressed display and it is difficult enough to discover it.

The special importance of culture analysis of enterprise is that it determines not only internal relations but also has serious influence on building of co-operation with an external environment.

**External environment analysis**

An external environment is examined as a complex of two independent subsystems:
- macroenvironment
- direct surrounding

**Macroenvironment** create the general conditions of the tourism enterprise environment. Each tourism firm feels the influence of the macroenvironment and can not manage it.

The study of *demographic factors* of macroenvironment takes important place at the analysis of markets possibilities of tourism enterprise. Marketing must examine questions about the quantity of population, placing it, age structure and so on.

Collecting information about tendencies in demographic processes it is possible to analyse their influence on activity of a tourism firm, to define directions of basic efforts and to forecast future job performances.

*Economic* factors are no less important as demographic. It is not enough only to know how much of targets audiences a firm has. It is also important to define how many and what services they will want to acquire. A lot of factors influence on the solvent process of population, among them: level of economic development of a country, wages rate, inflation and unemployment. It is necessary to take into account high dependence of demand on tourism services from the level of profits.

It is also important to know the structure of allocation of profits between the different groups of population. The unevenness of such distributing is the fully appropriate phenomenon. Therefore a firm must come from material position of the targets audiences. In addition, very important to explore the structure of users’ expenses. It allows to define approximately, what part of expenses of every group of population is on consumption of tourism services. Now there is the steady world tendency of increase of tourist services stake in the general pattern of consumption of population.

*Natural* factors influence greatly on activity of tourist enterprise, especially now, when questions of the rational use of natural resources, the guards of environment
pass to the global themes. In addition, natural factor (climate, topography, flora and fauna) is the major element of clients’ motive in choosing the trip and bringing in of tourists in one or another region or country.

Other factors what influence on tourism enterprise marketing are social and cultural factors. The withstanding norms accepted in society, systems of social rules, spiritual values, relations between people, attitude of people to nature, labour and itself possess most force. Knowledge of social and cultural factors very important, because they influence both on other elements of macroenvironment and on the internal environment of enterprise (for example, attitude of employees toward work).

The analysis of scientific and technical factors allows seeing those possibilities which development of science and technique opens for production of new types of services, their sale and perfection of customers’ service.

Scientific and technical progress contains enormous possibilities and no less serious threat for a firm. Any innovations threaten by ousting of out-of-date technologies and work methods, that fraught by the most unpleasant consequences, if not to pay attention to research of factors of scientific and technical character.

Research of political factors of macroenvironment must be conducted in order to know about intentions of government and management authorities in regard to development of society and about facilities by which the state intends to conduct its policy in life. Analysis of laws and other normative acts enables the tourism enterprise to define possible scopes of actions and acceptable methods of defending of its interests.

Conducting researches of macroenvironmental factors it is very important to remember two moments:

- all macroenvironmental factors of marketing are strongly associated and influence on each other. Therefore their analysis must be conducted not on a separate but in complex;

- the degree of influence of macroenvironmental factors is different on different enterprises and depends on their sizes, territorial location, features of activity, and etc

In addition, a firm must define what firm external factors have most substantial influence on its functioning.

Direct surrounding is represented by those elements of external marketing environment in which a tourism enterprise has direct co-operation. A firm can have substantial influence on character and maintenance of this co-operation. Thus it can actively participate in forming of additional possibilities and prevention of threats to its further existence.

First "among equal" in direct external surroundings of tourism firm are consumers. Their study allows getting a better clear idea of what services in most
degree will be accepted, in what volume of sales, how far it is possible to multiply the circle of targets audiences.

Competitors participating in the incessant rivalry for the preferences of consumers are the next major constituent of direct surrounding. It is very important to know your competitors, because exactly competitors set those criteria which a firm is going to attain or surpass.

Practically no one single tourism enterprise is not able independently to organize a trip, provide clients with all necessary transports vehicles, give habitation, organize the feed, and etc. For this purpose the proper enterprises and organizations ("adjacent") providing shortage links in complex service are usually attracted:

- hospitality facilities;
- transporting firms;
- excursion bureaus and other firms providing services in accompaniment and informative providing of tourists;
- intermediary tourist enterprises;
- public food enterprises and etc

Substantial influence on activity of tourism enterprise has its relationships with contact audiences. They are the groups of persons, organizations, establishments, potentially or really affecting a firm activity.

The main contact audiences surrounding a tourist firm:

- financial establishments (banks, investment funds, insurance companies and other);
- mass media (press, radio, television);
- community (consumer unions, public formings, and also population, for example, habitants of resort area);
- personnel of a firm their attitude toward work mostly depends on opinion about activity of the enterprise.

The tasks of marketing researches consist of receipt of information about the moods reigning in contact audiences and also search of facilities for adjusting of structural collaboration with public.

Thus, a tourism enterprise operates not isolated at the market, but in surroundings and under act of various forces which make the external environment of marketing. There are various relations between the subjects of environment and a firm, they can be controlled and uncontrolled. The task of enterprise is to decline the uncontrolled factors of environment and research of possibilities of the mediated influencing on them.
3. MARKETING RESEARCHES

In the conditions of strong competition every enterprise, regardless of its size and type of activity, it uses the certain instruments of marketing for gaining the successful functioning and satisfaction of market demand.

Organizations working in the field of tourism abroad (hotels, tourism operators, tourism agencies, transporting companies) widely apply market researches and often use such traditional market approaches as market segmentation and positioning of product. Thus scientists studying marketing in tourism, and also practical workers in this sphere try to explore the clients’ requirements and his behaviour.

The process of market research is a connective link between organization and market. It includes collection, analysis and interpretation of information which help managers get to know problems and possibilities of marketing of tourist services and thus make reasonable decision. Obviously, that marketing research has an enormous value at determination of financial solvency of firm in a long-term prospect. With the help of such research a tourist company knows what tourist think, want or feel, and thus gets possibility to define the type of services which can fully satisfy the necessities of clients.

Marketing research is used at all stages of management process, namely: at the choice strategy, development of marketing plan, application of this plan and estimation of its efficiency. This research is based on scientific methods. It helps to determine market descriptions, measure its possibilities, analyse component parts and volumes of sales, and also study trends.

Marketing researches are the wide complex of various researches necessary for making an optimum strategies and conducting of effective operative marketing activity.

The necessities and desires of clients constantly changes. While examining tourist industry it is easy to notice that the concepts about the best types of rest changes as well as fashion into prestige places of rest.

Therefore, any tourist firm must constantly look after all changes which is going on at the market of tourist services Than it will have time to react on each of them. Lagging from more successful firms threatens to the firm by the mistrust of consumers. As a result firm could not only lose some clients but also lost its general image.

In a nutshell, market research is the process of obtaining credible information to answer a specific question, solve a specific problem or as the basis for strategic marketing and/or organizational planning. Within the travel industry market research typically is used to:
• Identify target markets and target audiences (segments)
• Track trends for the overall market or for specific industry sectors
• Identify changes in the market place
• Measure the economic impacts of destination tourism programs or special events
• Explore and develop new themes, concepts, branding, market positioning
• Assess customer perceptions and satisfaction with a destination or specific product

The results from research can be used for a wide variety of applications including:
• To improve programs and services
• To guide media placement
• To drive geographic and segment market decisions
• To guide program funding allocations
• To promote organizational performance or program results
• For organizational development through membership, sponsorships and/or grant programs.
• As a basis to justify or increase public funding support

Marketing researches are simply important for successful work of any firm.

An organization that conducts research can gain credibility by putting numbers to opinions. And when research is distributed or published, it can raise the visibility of the organization and whatever special event or program was studied especially if covered by the media. This attention can raise public awareness and offers an opportunity to generate additional community and funding support for the organization and its activities.

Despite its positive attributes, research is not a panacea. It does not answer all questions, solve all problems, and settle all disputes. Sometimes it raises more questions than it answers.

Some believe that research only confirms what they already know and is a waste of resources. Others ignore the results if they differ from already held concepts and positions.

However, a well executed research study is a useful tool, a means to uncover issues, track new trends, find possible approaches to a problem, identify customer perceptions, or to assess program effectiveness. Undertaking a disciplined research process can provide useful information about the market or organization that otherwise may not have been uncovered.

One more important perspective about the research. Research should not be considered in isolation just to address a specific question or react to a crisis, but as a
key component of a planned strategic marketing program. Good research provides the organization with credible data for more effective decision making and deployment of valuable resources. Thus, a well designed integrated research program is a valuable marketing, organizational and competitive tool.

The market research process includes a number of related steps leading to the results. While not always a linear process, these steps generally include the following in about this order:

1. Identifying the need/problem and formulation of research aims …what do we want to know?
2. Selecting a research professional …who will conduct the research?
3. Selection of information generators
4. Choosing the appropriate methodology…do we mail, phone, intercept or focus group?
5. Conducting the research….who’s going to do the work?
6. Designing the questionnaire…what do we ask?
7. Tabulating and analyzing the results…what’s it all about?
8. Presenting the results...just give me the facts!
9. Implementation…so what does this all mean?

All these stages are associate between each other.

**Identifying the Need**

Identifying the true need and desired outcomes are the most critical phase of market research. Once a study is underway, it can be difficult and costly to make changes midstream.

In considering a research project you may have a good idea of what you need, or you may be told by your administration, funding agency or members to conduct certain research. On the other hand, you may have a vague idea of something you want to know but have no idea as to how to approach it or even what questions to ask.

As a manager you have likely thought, “I sure wish we knew ____ about our visitors and markets.” That is, for example, visitors’ demographic profile, feeder or origin market, travel habits, e.g., length of stay and lodging type, other destinations (products) considered or actually visited (purchased), what influenced the purchase selection decision, how much visitors spend in an area (economic impacts), the influence and return of the investment (ROI) in marketing and advertising programs, etc.

For the successful marketing research it is needable to expose problems and to formulate the research aims. Aims could be:

- searching – used for collecting some preliminary data;
• descriptive – used to foresee description of the certain phenomena, for example, to find out the quantity of consumers of this firm;

• experimental – used to foresee verification of some hypothesis, for example, that the price-cutting tours on 10% will cause the increase of quantity of clients more than on 15%.

**Selecting a research professional**

Marketing researches are mainly used by large firms which can afford to contain the special marketing department. Among the employees of such department are the developers of researches plans, statisticians, sociologists, psychologists, specialists on the design. Small firms can use help of special marketing organization to plan or conduct such research or they can co-operate.

It is appropriate and prudent to contact one or a number of research firms. A good way to find out who to contact is by referral - from your peers, other industry professionals or through the state tourism office. Another’s actual experience working with a firm is often a good way to judge the firm’s ability to meet your needs. On the other hand, having a bad experience with a certain consultant may not necessarily mean that firm won’t be successful for you.

When contacting a firm for the first time, you can initiate a conversation on a general basis and allow the researcher to respond with some thoughts. It may take several discussions among different researchers to arrive at what you believe to be the real need or issue or the best methodology or the optimal budget.

At this point in the process you should try to remain open to a variety of opinions and as the process unfolds, then become more specific until what sounds like a satisfactory approach, budget and outcomes are arrived at mutually.

**The Research Study Process**

The overall research process varies from study to study, yet usually follows the following steps. The process usually includes:

• Determining the research methodology

• Designing the questionnaire

• Hiring interviewers

• Tabulating the survey responses

• Analyzing the data

• Presenting the data

**Selection of information generators**
The choice of information generator is the next stage of marketing research conducting. The information could be of the secondary or primary data.

The secondary data is information which exists already somewhere, it was collected before for other aims. Secondary Research is the research process that uses available data and resources rather than contacting respondents directly. Good for market and economic intelligence, and trend research.

Primary data is information which is collected for the first time for some actual purpose. Primary Research is the process of directly going to respondents to gather data and responses, usually using a predestined questionnaire. Types include phone, on-site, focus group, mail and e-mail surveying. Best used for large samples (except for focus groups).

**Methodology**

Research methodology emerges from defining the specific question or problem and who the respondents are. Generally the research firm will suggest one preferred methodology, or may suggest multiple approaches to get at different types of users and responses. The consultant should discuss with you their reasons for which methodology to select based on mutually understood study criteria and outcomes.

Methodology may be driven by budget and time constraints but the cheapest or quickest method may not be used; in research generally the quickest methodology is more expensive and vice versa. In any event, methodology should best satisfy the study objectives.

There are two general types of primary research, **quantitative** and **qualitative** as follows:

- **A quantitative** approach would be used for results and applications that need to cover a large, representative sample. Such methods include **mail, e-mail, telephone** and **onsite intercept** surveying.
  
  Intercept Interviews/Surveys - another name for on-site interviews. Usually to capture data from respondents actually using the product, service or experience at the time. Usually used for larger samples of 400 – 600 respondents.

  An example of a quantitative study would be surveying on-site visitors currently experiencing the destination or product, those who have visited or used the product, or those who have not yet visited or used.

- **A qualitative** approach would be used for more in-depth information from fewer people, that is, **focus groups**.

  Focus Group - a form of research where a small group of people meet with a facilitator to provide opinions. The participants are “prequalified”, i.e., they fit specific demographic or product user criteria. Focus groups, also known as qualitative
research, are a good approach for testing concepts or developing ideas and especially images. Groups are usually held in specially designed focus group rooms with a two way mirrors and recording capability to allow clients and others to view and have a record of the proceedings.

An example of a qualitative study would be to test ad copy or destination messages in a focus-group setting.

Each of these various methods is described below.

- Typically, a **mail survey** is less expensive than a phone or on-site survey, but mail may be unreliable in terms of drawing a representative sample. By definition these are self-administered, where the respondent completes the survey independently without the involvement of a professional interviewer. This methodology is usually less expensive compared to interviewer administered. So due to self-selecting bias, those who loved or hated the experience or product may be more apt to return surveys while those in the middle may not be as motivated, thus “skewing” the sample. Timing is also a factor as it is difficult to get respondents to return surveys within a specified time period. Offering an incentive (gift) for a return may help, but if you ask for an address to mail a gift to the questionnaire is no longer anonymous.

- A **phone survey** is random, produces a representative sample and is time efficient, but is likely to cost more than a mail survey. While it is harder to get respondents, phone is still an effective way to capture data.

- A **on-site survey** should be done when you need immediacy in evaluating an experience or product. It is a more expensive but a very effective data collection method.

  On-Site Interviews/Surveys - the methodology where interviewers “intercept” qualified respondents on location in order to conduct interviews and complete the survey.

  Now questionnaires can be programmed on to hand-held computers that result in a more accurate and efficient process than with “paper and pencil” surveys. It is almost always better to hire professional interviewers than students or volunteers.

  As obtaining a representative random sample and unbiased responses are of utmost importance for most on-site surveys, experienced and supervised professionals is generally more beneficial to the study.

- **E-mail surveys** are an emerging methodology. They are relative inexpensive and can be sent quickly. Some pitfalls, like a regular mail survey, are respondent self-selection bias and low response rate. In addition, as of yet no on-line representative sample exists because the profile of computer owners does not reflect the overall population. However, as the computer owning
profile is very similar to the traveller profile, this method can produce a relatively representative sample when doing on-line travel research.

- Finally, focus groups, are commonly used for gathering in-depth, conceptual and development oriented opinions and input. The caution here is to be very clear about who should be recruited, as the wrong group profile will yield unusable results with great cost incurred. A focus group is led by a professional moderator who also analyses what took place and presents key findings and conclusions. This person can be helpful and should be consulted in developing the discussion guide used to lead the group. The client can observe the group being conducted. An audio tape, and if contracted, a video of the session can be produced.

**Steps in Conducting the Survey**

**Hiring Interviewers** The researcher is responsible for hiring, contracting and monitoring the interviewing phase. Interviewers can range from using staff, or local college students, to the preferred professional interviewers available through a local research “field service.” Field Service - a research firm that provides interviewers for data gathering for on-site or telephone surveys and may also recruit participants for focus groups. The interviewers working for a field service are expected to be trained, experienced and professional as they have direct contact with the respondent from whom they are seeking information.

Interviewers should be personable and unbiased. Lacking training, interviewers may tend to interview people who they are comfortable approaching, and the critical representative sample will not be achieved. Having a diverse interviewer group is also helpful to avoid interviewer bias. Finally, regular supervision should be conducted during the interviewing process to detect any problems as soon as possible.

**Designing the questionnaire** is usually the next step after determining the methodology. Several factors need to be considered, which if not done properly can skew (bias) the results and render the survey unreliable or invalid. Some of these key points are:

- Questions should flow in a certain order, usually with less personal or less threatening questions asked first. They should be grouped by topic.
- Demographics are usually asked at the end.
- Questions should not be leading but asked in a way that elicits a full range of opinion.
- The number of “open ended” questions should be limited as the responses need to be classified, hand coded by a data entry person, and is harder to quantify.

Open-Ended Question - on a survey the type of question that asks for verbatim response rather than a rating, a yes/no or a multiple choice which are definitive question forms.
• Try to avoid “yes” or “no” questions as the data they provide are not very informative. If you need a yes/no question (often as a screener for another set of questions), provide a follow-up question to get at the deeper information you really want.

• Be reasonable about the length (time) of the survey; put yourself in the respondent’s place and consider how long you would spend answering the questions. Also consider that the validity of responses decreases the longer the survey drags on.

• If you must have a long survey, offer an incentive and make that fact known up-front to the respondent.

A pre-survey briefing session should be held by the consultant for interviewers to review the study’s purposes, the methodology and the actual questionnaire. As a valuable part of the research study team, the client should be invited to join the interviewers in this session.

A pre-test of the questionnaire should be conducted among real respondents to uncover flaws or other problems before programming or printing and distributing in mass quantity.

Expect to develop several drafts until it works right.

The survey responses are tabulated once the data have been collected. A simple survey with a small respondent base can be tabulated in-house even by hand, but doing so limits the amount and types of data that can be analyzed. For more complex tabulation, a local college, a research firm or a “tab house” can do the job. However, they should review the survey prior to it being printed in order to “pre-code” the questions to allow for more efficient data inputting. Prior to tabulating the data, you will need to identify the “cross-tabs” you want, i.e., which subgroups to run the data for. Cross-tabs - specific subgroups of survey respondents used classify, analyze and make comparisons. Examples include age group, gender, doing certain behaviour, product use, income level, etc. For example, male and female, by income group, by first-time vs. past users, by frequent users, etc. These cross-tabs will appear as a banner across the top of each table and from these various profiles can be developed.

Analyzing the data is usually the last major step and that includes reviewing all data tables, making observations about the data (reporting out), and drawing conclusions about what the data says. It is a challenge to assess the many possible ramifications suggested by the data. And the analysis must address the initial reasons the research was conducted, usually included in an Executive Summary and in the Findings sections of the written report.

Presenting the data is usually in a written report that includes an executive summary (key findings), the methodology, the purpose of the study, detailed findings
and either interspersed and/or appended, detailed tables and graphs that visually explain the results. Other forms of presentation include a summary report with less detail and a PowerPoint type format for even a more concise summary and for oral presentation purposes.

For example, the results of a few independent researches help the managers of hotels in development of services for regular business travellers. A company conducted the research, where was a question: «If the conditions of location, prices and cleanness of hotel are equal what other factors are most essential at the decision-making?». The following results were got:

- presence of the restaurant - 32%
- level of service quality - 22%
- room design - 14%
- guests contingent - 11%
- presence of the gym and the rest equipment - 14%
- preceding experience - 10%
- safety - 3%

Thus, the hotel, interested in the increase of number of clients - business travellers and withholding of number of permanent clients - business travellers, having information of this research, can work above the improvement of quality and expansion of range of services on which business travellers pay greater attention.

**Implementation/Application of Results** is usually up to the client but often will include the researcher in interpreting the results. An outgrowth of the research may be selecting geographic markets, guiding media placement, etc. Another important element often overlooked in program development is to build in an on-going assessment mechanism, an area where the researcher can be of assistance.

**Who Should Do the Research – In-House or Outside Research Professional?**

**Conducting All or Part of a Study In-House** As mentioned above, while it is appropriate to contact research professionals to conduct your research, you may decide to conduct your own study. Many visitors’ centres and bureaus may be able to conduct a mail, or e-mail survey to those who have requested destination information, or on-site interviews among visitors actually there. Whether you do part or all of the work, the research process outlined above is similar to conducting the research with an outside professional. The most suitable studies to conduct in-house are those that will not require interviewers, such as a simple mail or e-mail study, or where only a small amount of data needs to be captured. However, for larger studies, you can hire someone just to enter response data or computer tabulates the results into detailed tables.

**Selecting an Outside Research Firm** If you have decided to go outside, you can choose among many qualified and well-suited firms, including those that specialize in
the travel industry. Qualified means someone experienced, who anticipates, understands and meets client needs, and delivers results that are credible, on time and meet the project goals and your budget. Well-suited is more personal and subjective, usually involving how well you think you can work with a research provider and their compatibility with the size and scope of your organization. Suitability includes criteria such as access to staff and management, responsiveness, and professional fee structure. Marketing research practitioners generally do not conduct research for its own sake. Instead, if a research professional is indeed professional, the research conducted on your behalf should be understandable, informative and applicable to the identified need. Ask as many questions as you need to, and if the researcher resists your inquiries or you still find yourself confused or uncomfortable, you probably shouldn’t hire that firm. Part of their job is to speak your language to help you.

**Research Supplier Selection Process** Research Supplier is a professional firm that provides a number of different but related research services. “Full-service” suppliers offer all services under one roof including field services, data tabulation and data analysis. “Specialty” suppliers, may offer one or two of these components and subcontract the other services.

It is appropriate to contact several research professionals to informally discuss your needs. You should always request a written proposal that includes the elements listed below. If you prefer or are required to obtain multiple proposals, you can issue a “RFP”, *request for proposals*, or a “RFQ”, *request for qualifications*, to solicit multiple written proposals.

Request for Proposal (RFP) - a process to solicit written proposals for services from qualified research or other service professionals in order to identify, screen and then select the best firm for your needs.

Request for Qualifications (RFQ) - a process to solicit written qualifications from qualified research or other service professionals to use for future contacts or issuance of a RFP.

You should conduct an objective review of the responses, and thereby identify the best qualified candidates. To make a more informed selection you can request the leading candidates (usually up to five) to make an in-person presentation to you and members of the community (e.g., the board, a committee, other officials, etc.). Even on a cursory level, this process provides insight as to their personalities and how they may interact with you once the project is under way. When issuing an RFP you dictate the proposal’s content, timing for return and the form in which you want responses. You should include why the study is being conducted, your objectives and some background about the situation. Whether or not to include the budget is a subject of much debate, and is discussed separately below. Contents of a qualified RFP issued by an organization seeking a research firm, and following that, the response from the research firm should include at least the following elements:
<table>
<thead>
<tr>
<th>Elements of Client Issued Request for Proposal (RFP)</th>
<th>Elements of Research Firm Response to Request for Proposal (RFP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of organisation conducting the study; key contact names and titles</td>
<td>Statement of understanding of client needs</td>
</tr>
<tr>
<td>Description of reason for research and desired study outcomes</td>
<td>Firm background and experience</td>
</tr>
<tr>
<td>Request for firm background, experience, clients and project undertaken</td>
<td>Similar project conducted, for whom and when; how they relate to the current RFP</td>
</tr>
<tr>
<td>Request for research firm to describe similar projects conducted, for whom and when; how they relate to the current RFP</td>
<td>Research methodology/approach and why</td>
</tr>
<tr>
<td>Desired target timing and deadlines for competition (task and the whole study); other key dates</td>
<td>Tasks to be undertaken to conduct the study</td>
</tr>
<tr>
<td>Desired work product; form (written report, presentation, etc)</td>
<td>Timing/deadlines for completion (task and the whole study)</td>
</tr>
<tr>
<td>Target budget, range or not-to exceed project costs</td>
<td>Who in the firm will conduct which tasks; staff resumes</td>
</tr>
<tr>
<td>Preferences for billing period, expected deliverables</td>
<td>Work product; form (written, presentations, etc)</td>
</tr>
<tr>
<td>Request for References</td>
<td>Cost, total costs, estimates of out-of pocket expenses, and billing rates</td>
</tr>
<tr>
<td>Any other information</td>
<td>Billing method and timing</td>
</tr>
<tr>
<td>References</td>
<td></td>
</tr>
</tbody>
</table>

An RFQ is a request for a firm’s background and experience and not necessarily a response to a specific research project. An RFQ is helpful for identifying pre-qualified firms and contacts for issuing a future RFP or for knowing who to contact about certain types of research.

**Budget Issues**

One of the great unknowns in research is setting the budget, especially for those with no or limited experience seeking research. The other great debate is whether or not to include a budget in a request for proposal. A study can be designed for as little or as much as is available. It is recommended to set a “not-to-exceed” amount or setting a range. By stipulating some parameter it gives the consultant a better idea as to what methodology to use, how many surveys to conduct, etc. Some clients who think they can “get away” with a cheaper study by not stipulating an amount are only fooling themselves. They will get a better quality of response and methodology, and
will establish a better working relationship with the consultant by being upfront about budget.

What to figure? A typical on-site visitor profile or economic impact study can range from about $15,000 - $30,000. A typical telephone study of past visitors or for a conversion study can range from $10,000-25,000. A mail study is very variable but should be from $10,000 to $20,000. An e-mail study can run from about $7,500 to 15,000.

What drives the cost? The interviewing, the length of the survey, data coding and tabulation and the level of analysis, as well as the billing rates of the personnel doing the study. Costs can be cut by reducing the length of the survey, or the level of analysis, or by hiring a firm with lower hourly billing rates.
4. MOTIVATIONAL ASPECTS IN TOURISM

Tourism became a vital necessity and inalienable part of human life. Early or late he feels a necessity to leave in the trip. Aspiration of man to the variety of impressions acquires the clear outlines, when he comes to the decision to conduct spare time at outside home, expecting with the change of places to take off nervous tension and fatigue generated by work.

What does a man follow at the choice of journey, tourism destination and activity character during the trip? What compels him to do so?

One of key moments that allow answering these questions, there is motivation of trip and choice of tourist product.

Tourist motivation can be determined as the motives of man, directed on satisfaction of necessities to rest, depending on his individual physiological and psychological features, systems of looks, values, inclinations, education and etc.

Tourist reasons are the major component elements of the system of tourist activity, which can be examined as determining the components of demand, basis of choice of journey and rest program.

The reasons of man up to a point form his behaviour as a buyer and user of goods and services, especially in tourism.

Understanding of potential tourists’ motives matters enormous at planning, forming and organising the process of realization of tourist product. It enables to make and offer to the market that tourist product which in most degree corresponds to consumers expectations.

There are a lot of motives and reasons which a tourist follows. Tourists always have the whole gamut of incentive reasons from which the only certain one can have substantial meaningfulness and to influence on a mechanism and result of final decision-making. However any reason in a concrete situation under act of certain circumstances is able to influence on the behaviour of consumer in the decision process about the trip and choice of the product.

Tourist motives understanding allows to provide accordance of demand and supply and, as a result, increase of competitiveness of enterprise due to satisfaction of tourists’ necessities in a concrete tourist product.

The research, knowledge and use of tourist motives and reasons, must become the major strategy of tourist enterprise, oriented to determination of market necessities and creation of such product, that reflect the requirements of certain market segments.
The primary difference of tourist reasons predetermines not only the decision about the trip and choice of concrete tourist product but also numerous possibilities of appearance and development of new destinations tourist, and also new forms and types of tourism. Clear knowledge of what exactly induces a man to the trip and choice of concrete journey, is the mortgage of successful advancement of tourist direction.

**Classification of aspects**

Reasons and motives somehow predetermine the tourist’s behaviour as the buyer of tourism product and influence at choice of practically all its component elements. Not all tourist reasons can be drawn up clearly and certain, but they can be systematised.

*The aims of a trip* are basis of primary difference of tourist motives. Among the aims of trip it is possible to select the following:

- rest, leisure, entertainment;
- cognition;
- sport and its accompaniment;
- treatment;
- pilgrimage;
- business aims;
- guest aims.

*The types of rest* allow making conditional classification of tourist motivations at the choice of trip.

1. **Health care.** For realization of this reason trips are foreseen in a cultural-health, medical manner, with the use of health sport, and also exotic trips, for example for persons interested to give up to smoke.

2. **Sport activity.** Trips containing the various sport types.

3. **Teaching.** Trips related to the study of foreign languages and colloquial practice, providing daily classes and different types of rest activity; trips teaching different types of sport; and also professional teaching programs (management, marketing, economy and other).

4. **Self-expression and self-affirmation possibility.** Adventure or extreme trips: tourist hikes, safari, hunting, alpinism and others.

5. **Possibility to be engaged in favourite business (hobby), in the environment of like-minded persons’**. Special trips for motor-car enthusiasts, sporting competitions for sporting fans, championships and Olympiads; trips for pilgrims, collectors, gourmets. For example, «cheese trip» on Switzerland and «beer trip» on Czech.

6. **Business, congress-trips** and other.
7. **Entertainment and necessity in communication with people.** Trips in festive days and rounds with the entertaining-cognitive programs.

8. **Satisfaction of curiosity and increase of culture standard.** This tourist reason will be realized in all trips mentioned above, but most characteristic for cognitive trips (for example, trips on the famous cities, capitals, historical and cultural centres).

**Specific interests of different tourist groups** allow selecting four categories of tourist motives the elements of which determine the choice of tourist:

1. **Natural and climate reasons.** Relief of locality, vegetation, air temperature, and etc are extraordinarily attractive for a tourist. They play substantial part in creation of such tourism forms, as sporting, water, mountain-skier and etc. Reflect psychological and biological necessities of population of the urbanized cities, which searches rest and changing of environment in tourism.

2. **Cultural reasons.** Historical places, museums, art galleries, exhibitions, archaeological monuments, folk handicrafts and etc, make the cultural legacy of a country.

3. **Economic reasons.** Engulf a cost-of-living in tourism destination, cost of a trip, play substantial part in forming of inexpensive package-trips, have substantial influence on the amount of tourists with a middle profit.

4. **Psychological reasons.** Initiate a man to travel, answer the psychological necessities of tourist. It is proved that not many tourists arrive again in those places, where they already were before, except for the cases when tourist is moved by sentimental or strong economic reasons.

It is necessary to conduct the study of motivations on the example of average tourist which makes trips in the period of the annual vacation (complete or partial).

**The aims of a trip** allow classifying motivations as follows:

1. **Rest:**
   - to take off the stress accumulated for certain period of time;
   - to change a situation and natural-climate terms;
   - to visit surroundings of other people;
   - to become acquainted with other culture, way of life of other people;
   - to compare other way of life with yours for self-affirmation or borrowing of innovations;
   - on the certain period of time to visit another new role – to get high level of service and care;
   - to feel excited (certainly with a happy end), then to tell about it friends;
   - to enjoy the unusual feelings;
   - to take part in gambling;
to feel the romantic adventure (within reasonable limits);
• to relax outside home;
• to spend money which regardless of profits a tourist always accumulates on rest.

2. **Cognition:**
• to see sights and nature phenomena, beautiful views and landscape, national parks, etc;
• to become acquainted with culture, science and technique (museums, galleries, cults buildings, architecture, etc);
• to visit environmentally clear or vice versa very muddy places;
• to see an exotic flora and fauna;
• to visit historical places and buildings;
• to make unique pictures or video.

3. **Entertainment:**
• to visit attractions, aqua parks, etc;
• to visit famous theatres, circuses, casino, cabaret, strip show, etc;
• to visit carnivals, festivals, national holidays;
• to visit as an audience or fans large sporting contests games.

4. **Treatment.**
Any rest can have health goals, and treatment can have different functional loading and to be the primary purpose of journey. Depending on the part of medical constituent:
• health maintenance is general purpose of all trips (climate, rest, healthy moral and physical influences);
• treatment as the associated program, i.e. not primary purpose;
• treatment on the order of doctor as the primary purpose of tourist trip (visit of resort, hydropathical, specialized sanatorium clinic and others).

5. **Pilgrimage**
• celebration of cults ceremonies;
• self-perfection and claim of the spiritual mood;
• achievement of internal confessions aims serving in order to ratify in dignity and certain position in community;
• cognition of spiritual «new», receipt of spiritual energy charge.

**Decision-making stages in purchasing of tourist product**
The purchase process of concrete tourist product begins long before performing of act of purchase-sale. On the consumers’ decision about the purchase influence a lot of
different factors of cultural, social, personality and psychological character. A way to
the decision-making about the purchase consists of a few stages:

1) Awareness of need or problem. A consumer realizes the purpose of trip, for
example to remedy a health or to go to the saint places.

2) Information search. A consumer can use such sources: personal (family,
friends), commercial (advertising) and public (mass medias). As a result of
collection of information knowledge rises about producers present at the
tourist market, their suggestions and etc. Consumer uses information, to
make the complete set of variants out of which will be the final choice made.

3) Variants estimation. A consumer estimates variants, examining tourist
suggestion as the certain set of properties (for example, in a hotel it is
situation, specialization, category, cost, service and other). Everybody
considers on his own priorities properties relating directly to the personal
needs and reasons.

4) Purchase decision. Estimation of variants conduces to-ranging of objects in
the complete set of choice, forming intention to accomplish the purchase of
the most preferable variant, taking into account the expected domestic profit,
costs of a trip and benefits from its purchase.

On the final decision-making about the purchase two factors can have influence:
• relation of other people;
• unforeseen situation factors.

In the first case a spouse can insist on the choice of trip with the residence in
more cheap hotel, that will decrease probability of purchase of other variant.

The unforeseen situation factors can arise up suddenly and change intention to
accomplish the concrete purchase.

In addition, customer has certain priorities at the choice of tourism firm. In
obedience to information of blitz-questioning conducted in Moscow by a magazine
«Tourism business», for the question “What is the most essential at the choice of
tourism firm?” There were such answers:

1. Friends’ advices  31,6
2. Prices            26,7
3. License presence  18,1
4. Set of services   15,6
5. Terms and experience at the market 14,8
6. Personal experience with this firm 13,0
7. Specialists’ advices 11,3
8. Goodwill of personnel 8,8
9. Tourism firms’ ratings 4,7
10. Advertising  3,7
11. Mention of tourist firm in reference books  3,4
12. Good office  2,5
13. Comfortable location  2,5
14. Other  5,9

5. Reaction on the purchase. A consumer receive (or does not) satisfaction from acquired tourism product, the degree of which is measured by correlation between expectations and concretely perceived properties of product. Expectations are formed on the basis of the information, which a consumer can receive from the employees of tourist enterprises, friends, from other sources. If descriptions of tourism product are set too high, a consumer can have too high expectations, which, more credible than all, will turn around disappointment. Accordance to expectations gives satisfaction to the user, exceeding of expectations - large satisfaction, disparity to expectations is dissatisfaction. Satisfaction or dissatisfaction from the tourism product can be reflected on the subsequent behaviour of consumer and his tourist motivations.

Main factors of tourist motivation

There is the row of factors, having influence on tourist motives which must be taken into account at the study of product demand and at forming of the service programs. It is used to select the dominant and sides factors of tourist motivation:

1. Age. Motivation of choice of trip largely depends on age and independence in the decision-making or possibility to influence at its choice:

- Children to 2 years. Does not make decisions independently, but mediated have large influence on the parents’ choice of rest type;
- Children of preschool age (to 7 years). Travel with parents (the rare exception - in the organized groups), independently does not make decisions, but can pressure on parents or persons, them accompanying. Conception of rest is oriented on the necessity of child;
- Pupils (to 18 years). Mainly financially dependent, possess the limited independence, more frequently follow on rest in composition groups, differ by high curiosity. Orientation on cognitive and active rest;
- Young people, students (to 25 years). As a rule, have sufficient education, high demand to satisfaction of cognitive needs, active rest, inclined to independence, individual or self-organized tourism, communicative, with the brightly expressed adventure reasons. They are mobile but mostly not rich. They prefer to look a world before the creation of family;
- Tourists 25-35 years. Usually domestic, with very young children, bound by the necessity of fixing of the position in society, by an official career. They
select not enough time and facilities for rest, sending them mainly on strengthening of financial position of the family;

- Adults 35-50 years. Prefer active, less cognitive, more quiet rest, more frequent without children and without a partner. As a rule, with a good income, know a price to the money and entertainments. Basic reason - to get an excellent rest for their money;

- Seniors from 50 years and older. After the rare exception, possess relatively weak physical possibilities, inclined to indispositions. Substantial climatic limitations are shown them. Prefer cognitive rest, as a rule, out of season, and also it is mediated related to treatment. Basic motivation is possibility of quiet rest, exceptional motivation - to «have time to see». Rigorisms on external influences.

2. Education. This factor initiates urges to see the phenomena, sights, cultural events.

At completing of groups the tourism firm should take into account the level of tourists’ education that will allow exposing common interests at the visit of cultural and entertaining centres, will simplify service and accompaniment of groups.

3. Social belonging. Has substantial influence on motivation of choice of rest. The following social groups are selected:

- Workers. Busy at monotonous work, they are subject to aspiration to active rest and make the considerable contingent of tourists. In the developed countries have the expressly stipulated by a labour contract vacation and can plan a tourist journey. A profit, as a rule, suffices, to select part of facilities on tourism;

- Studying and students. Test the large influencing of cognitive facts;

- Seniors. In most countries have privileges and grants. It allows them to accomplish tourist journeys to the «middle» and «low» seasons;

- Farmers and workers of subsidiary economies. For lack of the expressly managed vacation or possibility of selection of time on rest is a group exceptionally unfavourable for tourism. Abroad farmers make a tourist contingent in «middle» and «low» seasons, and also in winter time. Participate actively in the Christmas and new-year rounds.

4. Mentality. It is mainly determined by influence of society in which a man conducts greater part of the time that in same queue depends on the level of education and society position. At the choice of rest type this factor matters very much, especially for tourists older 18 years, in the period of becoming of personality.
5. **Confession.** As a rule, believers tear away the entertaining programs. The representatives of religious groups accomplish trips, which answer their persuasions and satisfy their cognitive and spiritual interests according to the way of life, religion, possibilities of accomplishing of ceremonies and prayers.

6. **Profit** plays significant role in tourism. A tourist chooses the level of tourist service and type of trip comparing his material possibilities and the products’ cost. People with a high income are very demanding to the travel level. People with a low profit rarely travel. The increase of life standard changes priorities. The income of different population categories influences on forming of the planned rest.

7. **Family status** substantially influences on motivation of trip choice. There are such groups of the family belonging:
   - Children and pupils are able to influence on parents in the choice of those countries, where have been their schoolmates;
   - Young people. Free of family and has all pre-conditions for active travelling;
   - Married couples with children or persons accompanying them. Their aim is provide a rest for a child. Relatively limited in possibility of choice of type of rest and entertainments;
   - Married couples, as a rule, dispose by sufficient facilities, possess advantage not to seek out a new partner on the period of trip. Rarer choose cognitive trips, more frequent it is beach rest.

8. **Job.** Its type, character, tension, mediated have influence on forming of motives of choice of trip, because exactly at work a man conducts greater part of time, exposed to the strong influence of job activity type (mental or physical) and labour collective.

9. **Vacation** presence, duration, and also grants to vacation influence on trips motivation and choice of tourist product. Absence of vacation deprives a man possibility to accomplish the protracted trips, abandoning to him only day off trips.

   Researches of the known consultative firm «Horvath UK» confirmed a tendency to reduction by rapid rates of vacationing time, that in the future can be reflected on development of international tourism. Researches exposed the new consumer of tourism services - with higher income level, but with the limited time. It means that tourism organizations are coming to develop new marketing strategy and to create new tourism product for a client who require from tourism industry to give him high quality methods of choice and acquisition of product without a postponement and expectation.

10. **Health.** Physical preparations, immunity, sporting skills, determine the choice of a trip to a great extent. A man never standing on ski will not choose ski-extreme rest, as well as a man suffering by seasickness will not choose marine cruise or
yachting. Dread of height will not allow accomplishing the climb on a mountain peak. A man suffering of some sickness will endeavour to choose the trip enabling treatment, making healthy, acceptance of procedures. Considerable parts of resorts propose such services that by substantial appearance can influence on the decision-making about the trip and purchase of a product.

Invalids and people with the physical failings can make the specific segment of market, if facilities and terms of their reception will correspond to the specific of this segment. Researches confirm that more people with the physical failings prefer to spend free time in the trip.

Families which have people with the physical failings meticulously fit for planning choice of tourist journey, they take into account possible difficulties and specific of rest. Throughout the world there are the resorts counted on the reception of this tourist’s category. For example, in Colorado a mountain-skier resort is created with the special programs for blinds, cripples and etc.

There is the row of the not obviously expressed physical failings which limit tourist activity, but, as a rule, is rarely taken into account by the personnel of tourism sphere (for example, diabetes, phobias). It should be remembered that the high percent of people with the physical failings can create pre-conditions for the origin of urgent situations during the trip.

11. Quantity of tourist group. There are the following tourists groups:
- Individual trip or small group to 10 persons. For the tourists of this group is assumed more satisfaction of their necessities, high degree of independence, low communicability and adaptation to interests of a group.
- A group more than 30 persons. Low guided, with substantial differences in the requirements to rest organization.

Participation in a group trips is characterized by the following motivations:
- suppression of individual requirements for adaptation to general interests;
- suppression of negative moments at the visit of unknown place: ignorance of language, geography, culture and consuetude of the visited country, fear to get lost, be exposed to the attack, to remain unsupported and other;
- possibility to find new acquaintances and friends;
- presence of partner during the trip.

12. Geographical direction. The reason of geographical direction choice can be unclear and greatly depends on a remoteness and availability of tourism destination. The decision in relation to the trip is concentrated round the choice of tourism destination. The choice is determined by estimation of possible entertainment methods, satisfaction of tourist necessities. Geographical direction can attract by location (natural or artificial factors, cultural elements, etc.), events (festival, sporting
games and other), possibilities for certain activity (sport), and also the state of material base and transporting infrastructure, etc.

13. **Seasonality.** Tourist resources because of their geographical position and climatic features possess by a seasonal attractiveness. Nobody will go to India in the period of monsoons rains. In tourist practice an annual cycle is accepted to divide by seasons. There are such seasons:

- «High» is period most favourable for rest in concrete locality in the set time;
- «Middle» is period, when the rest is possible, but with less comfort, as in a «high» season;
- «Low» - relatively unfavourable period for rest in a concrete place in the set time.

A tourist prefers to visit a resort exactly in a «high» season. In the whole world there always is a possibility to find a place with the most favourable terms for rest in any time.

14. **Activity.** Tourism supposes passive and active rest. Motivation of choice of an attractive rest type for a tourist depends on their age, character, way of life, steady principles, influencing of society and other factors, but mostly it depends on health. Active work generates the desire of quiet rest and, vice versa, mental work is necessity of the physical loading, emotional shaking and etc. On necessities of tourist to passive rest also can influence seasonality.

Thus, tourist motives as the substantial element of demand are the object of a number of influencing which can be unconnected straight with tourism, but affect both volume and forms of demand and choice of tourism product and services.

**Travelling barriers**

There are reasons, on which man either does not travel or travel extraordinarily rare. These reasons are barriers to the trip. For great part of population barriers to the trip are:

1. **Tourism product cost.** Usually consumer operates in the conditions of limited amount of money and at drafting of budget forced foremost to take into account other articles of expense (for example, daily necessaries). The idea that the trip is too expensive pleasure can be examined as interpretation of opinion about useless of tourism. But any way, the cost of tourist trip is an objective and principle reason for tourist to stay at home.

2. **Time lack.** Many people can not leave their job or businesses for the sake of travelling.

3. **Health limitations.** A poor health or physical failings some times does not allow the man to abandon the house and compel to give up the trip.

4. **Family life cycle.** The parents of very young children often do not travel
because of their domestic duties. A single (widower), as a rule, does not travel because of partner absence in the trip.

5. **Deficit of interest.** Incuriosity, as well as ignorance of those types of tourist activity and tourist directions which can bring necessary satisfaction from a trip, often are a serious travelling barriers.

6. **Fear and safety.** Travelling supposes the collision with something «new» that often scares a tourist. Wars, disturbances, negative publications in mass medias about concrete locality set in a soul of potential tourist fear and prejudice in relation to concrete tourist direction. Terrorism is a serious barrier, not only retentive but also discreditable tourism.

A strong enough motive to travelling is able to overcome any barriers, although they have certain influence on the choice of rest type and tourism destination.
5. TOURISM MARKET SEGMENTATION

An organization that decides to operate in some market – whether consumer, industrial, re-seller or government – must recognize that it normally cannot equally serve all the customers in that market. These customers may be too numerous, too widely scattered and especially too heterogeneous in their needs and wants. Recognizing that those heterogeneous markets are actually made up of a number of smaller homogeneous submarkets, specialists introduce the concept of market segmentation – the process of dividing the total market into several relatively homogeneous groups with similar product or service interests, with similar needs and desires. From then on, market segmentation became the core concept of fine-tuned target marketing and communication campaigns.

Markets consist of buyers, and buyers differ each from other by different descriptions. They can have different desires, possibilities, residence, attitude toward the purchase and special habits. Each of these parameters can be principle of market segmentation.

Market segmentation in tourism is a very important element at the choice of marketing strategy. Segmentation is the division of market on the homogeneous parts. The members of such groups or segments are relatively similar, but differ from the members of other groups or segments. Thus the elements of marketing complex (product, price, place and promotion) are determined in accordance with the different segments of market.

There are different types of segmentation:

On the Picture 1 you can see a market consisting of six buyers. Every buyer is potentially a separate market with the special necessities and desires. In ideal case a salesman can make the separate program of marketing for each of buyers, as shown on the Picture 2. Every client is a considerable part of business.

It is not profitable for most salespeople to adjust the product to tastes of every separate client. Vice versa, a salesman searches the wide groups of buyers differentiating by character of demand and purchaser conduct. For example, some touroperator working on the entertainment market can discover that the groups of clients with different income have different desires. On the Picture 3 you can see
groups of people 1, 2, 3, devided under their income level.

From the other side, a salesman can discover at the entertainment market, that young and elder tourists differ in their necessities. On the Picture 4 letters A and B means the ages groups of buyers. As a result of segmentation on ages groups there are two segments with three buyers in each.

As a rule, the wholesalers prefer to segment a market simultaneously on ages and income levels, as shown on the Picture 5.

![Pict.3 Segmentation under the income level](image1)
![Pict.4 Segmentation on age groups](image2)
![Pict.5 Segmentation under the ages and income level](image3)

The most popular methods of market segmentation in tourism are following:

**Geographical segmentation.** Tourism market is divided into different geographical units, such as countries, regions, districts or cities. A company makes decision to work in separate geographical regions or in all at once.

For example, Four Seasons Hotel in Washington had a large demand on the local cuisine. That is why they began to make contracts with local farmers about delivery of local food stuffs which was not always present on sale at traditional wholesalers.

**Demographic segmentation** is the division of market on groups on demographic signs, such, as age, sex, income, profession, religion, race and nationality. As a rule, demographic factors are very important during segmentation of clients, because changes in necessities, desires and intensity of consumption are closely associated with demographic variables. In addition, demographic factors are easier to measure than others. Even if at first market segments are determined on other criteria, such, as type of personality or behaviour, demographic parameters must be taken into consideration at estimation of size of target market with the purpose of its effective use.

**Psychographical segmentation** divides consumers by groups on principles of belonging to the certain lifestyle, social class and personality type. People belonging to the same demographic group can have different psychographical features.

**Lifestyle** method of market segmentation is the most important abroad because it has some more advantages.
Today, lifestyle is usually defined as the patterns in which people live and spend their time and money. Also it is defined as ‘patterns of action that differentiate people.

Lifestyle is the manner in which people conduct their lives, including activities, interests and opinions.

Activities are manifest actions (work, hobbies, social events, vacation, entertainment, clubs, community, shopping, sports, etc.). Interest in some objects, events or topics (family, home, job, community, recreation, fashion, food, media, achievements, etc.) is the degree of excitement that accompanies both special and continuing attention to it. Finally, opinions are descriptive beliefs (of oneself, social issues, politics, business, economics, education, products, future, culture, etc.)

Lifestyle segmentation allows providing tourist firms with considerable information for planning, development, positioning, advancement and distributing of tourist product at the market, and also it helps to find of targets audiences for more effective use of money facilities selected on marketing and advancement of tourism product.

Three typical statements could be:
- I often listen to popular music (activity);
- I am very interested in the latest fashion trends (interest);
- A woman’s place is in home (opinion).

People use different products and services mostly because difference in their lifestyles. That is why one of the most important criteria in studying of users’ segments is their lifestyle. The research system has five moments of lifestyle: objective personal criterion; behaviouristic signs; personal relations; motivations and wishes; emotions.

Social class. People place themselves in a social group or class according to their job. Institutions such as operas mainly target people in the higher social classes while beerhouse near-by a factory is oriented to those in lower social classes.

Personality criteria is also important. For example, in the advertising of the Southwest Airlines are represented merry seniors playing in motorsledges, i.e. the company spoke to the active senior people who consider their self young.

In some cases apply other methods of market segmentation, for example, the aims of journey, arrival time, seasonality, distance of trips, duration of stay, purchasing ability and other. However much of them attribute to listed above.

Requirements for effective segmentation

There are a great number of methods of market segmentation but not all of them are identically effective. For example, it would be possible to divide the visitors of restaurants by blonds and dark men. But the hair colour does not influence on the amount of the dishes ordered in restaurants.
Efficiency of segmentation would be achieved, if segments possess the following properties:

- *Measurableness* shows in what degree volume and purchaser ability of segment can be measured.
- *Accessibility* determines in what degree this segment could be influenced and served.
- *Profitableness* testifies the degree of possible profit of segment as a market.
- *Mastering possibility* specifies on a degree to which it is expedient to develop the special programs on bringing in and maintenance of segments. A small airline, for example, allocated seven segments of market, but it has neither the personnel nor facilities, to develop the separate programs of marketing for each of them.
6. TARGET MARKETS

Segmentation shows the potential possibilities of the firm on the market. When the market is segmented it is the time to choose target markets.

Tourism firm is able to use one of such strategies: undifferentiated marketing strategy; differentiated marketing strategy; concentrated marketing strategy:

A. (Aggregation) Undifferentiated Marketing

| Company Marketing Mix | Market |

B. (Single segment) Differentiated Marketing

| Company Mix 1 | Segment 1 |
| Company Mix 2 | Segment 2 |
| Company Mix 3 | Segment 3 |

C. (Multiple segments) Concentrated Marketing

| Company Marketing Mix | Segment 1 |
| | Segment 2 |
| | Segment 3 |

**Undifferentiated marketing**: when a firm produces only one product or product line and promotes it to all customers with a single marketing mix. Sometimes it is also called mass marketing. It is much more common in the past.

While using undifferentiated strategy tourism firm ignore different market segments and propose one product for the whole market. It pay attention and its affords on that common in the consumers needs that unite them and not on that differentiate them. Such firm makes marketing plan able to embrace as much quantity of customers as possible.

There are fewer expenses in undifferentiated strategy. Production of limited products entails low expense level on production, inventarisation and transportation, promotion. Absence of segmentation also defines low expenses level for marketing researches and development of new products.

Today we have a big competition on the tourism market that is why specialists do not recommend using undifferentiated approach. It is very difficult to develop product or trade mark which will fits everyone or at least major part of consumers. When a few firms are directing their efforts on the largest market segment as an inevitable result there will be strong competition. Small firms are not able to compete with giants on the market. They have to fight for their proper niche at the market. Moreover, large segments can be less profitable because of more market expenses,
including possibility of price declining. Realizing this problem a lot of firms take aims at smaller segments, and at niches with differentiated product.

**Differentiated marketing:** when a firm produces numerous products and promotes them with a different marketing mix designed to satisfy smaller segments. Firm tends to raise costs. Firms may be forced to practice differentiated marketing to remain competitive.

As a rule, differentiated marketing gives greater product turnover then undifferentiated marketing. But expenses are also higher. Firm have to develop marketing plans, conduct marketing researches, analyze product turnover, make development plans and advertising for each trade mark and each market segment.

Therefore companies intentional to apply differentiated strategy have to know that increase in product turnover entails increase in expenses.

**Concentrated marketing (niche marketing):** when a firm commits all of its marketing resources to serve a single market segment. This strategy is attractive to small firms with limited resources and to firms offering highly specialized goods and services. Instead of searching a small part of the big market, firm tries to get large part of one or a few small markets.

Using concentrated marketing a firm can reach a strong market position due to better knowledge of customers’ needs of this segment and high reputation. A firm can economise its expenses due to production specialisation, placing and promotion of the product. If the segment is chosen correctly a firm will gain great profitability.

But at the same time, concentrated marketing is a great challenge. Chosen segment can suddenly to grow short. For example, Victoria Station had mostly meat menu. When meat consumption went down a client quantity sharply decreases.

Because of such reasons most companies try to operate on two or a few markets at the same time.

While determining what strategy to choose a company should to take into account some factors:

**Resources** If a firm is limited with the resources the most effective strategy will be concentrated marketing.

**Homogeneity of the product** The most effective strategy for homogeneous products is undifferentiated marketing. Products that differ in design, such as restaurants and hotels more befit for strategy of differentiated marketing.

Also important to take into account the phase of life cycle of the product. When a firm enters a new product to the market, it is reasonable to start only one its version. The most effective marketing type here will be undifferentiated or concentrated marketing.
**Homogeneity of the market** If consumers have the same taste, if they purchase the same quantity of the product and if they have the same reaction on the marketing, than undifferentiated marketing is appropriate.

**Strategies of competitors** If competitors use to segment the market than undifferentiated marketing would be like suicide. If vice versa, competitors use undifferentiated marketing than a firm can obtain advantage above them by applying differentiated or concentrated marketing strategy.

Tourists visit one or another tourist centres, making different voyages. There are such main categories of tourism:

1. *Extreme tourism* engages people who are interested in sport or original extreme tourism. This target market usually includes young and active people.

2. *Cultural or cognitive tourism* is the tourism accomplished with the purpose of study culture and way of living some nationalities. It is the trips carried out with the need of expanding the knowledge.

3. *Ecological tourism* attracts travellers in the untouched, sometimes remote places of world. It is similar with ethnic tourism. The trips accomplished with the purpose of "communication with nature" mainly have geographical character. There are offered pedestrian trips or trips on horses, mountaineering, swimming on a canoe, residence in camp small towns, villages, photographing of wonderful types of nature etc.

4. *Medical tourism* is based on the need of health improvement. Tourists of this target market go to some sanatoriums and use medical features of the nature.

5. *Recreational tourism* is the trips accomplished with the purpose of rest. It includes sunbathing, swimming, social contacts in a quiet situation and participation in the sporting games. Such areas of rest are often disposed on the sea or in the mountains with the wonderful views.

6. *Business tourism* is the trips, undertaken with the purpose of participation in congresses, collections, seminars and other important business events. The trips accomplished with business aims can be combined with other types of tourism resulted higher.

Different tourist centres can attract tourists from the different sectors of market. For example, famous American centre of gambling business Las Vegas, besides maintenance of market of recreational tourism, is known as large centre of congress business.

Main factors determining the attractiveness of tourist region are:
- availability of region;
- nature and climate;
- attitude of local population toward visitors;
- infrastructure of region;
- standard of prices;
- level of the retail shopping;
- sporting, recreational and educational possibilities;
- cultural and social descriptions.

The last factor attracts tourists on the following reasons: work, national clothes, architecture, handicrafts, history, language, religion, education, traditions, rest, painting, music.

Many international travellers are interested in the economic state of one or another country, industry, trade, welfare of people and etc. Tourist companies are able to organize special tours on factories and plants of the country. Such measures in tourist centres move up and are supported from the side of local chamber of commerce, hotels, restaurants or other organizations of sphere of service.

The chambers of commerce can organize group tours for establishment of close contacts with potential markets and bringing in of attention to the commodities. Other interested organisations are shopping centres and large shops which want to sell as many commodities as possible to the tourists.

Agriculture of country can also attract guests. In some countries there are organized special group tours of workers from agricultural industry for the acquaintance with achievements of colleagues from other countries.

Important view of country’s culture is its cuisine. Tourists with pleasure taste national dishes and drinks.

The cultural legacy of one or another region is expressed in its historical monuments, and some tourist centres are directly related to history. Interest to history of region can become the most strong motivational tool for the visit of it and, consequently, to form the considerable segment of market.

Painting, sculpture, architecture, music and dances best of all characterizing the unique cultural view of a country. It can serve as important motivational force for having a special purpose segment.

In tourist centres hotels actively use creation of local artists and sculptors, enabling to the guests to become acquainted with the culture of other country.

Other market segment is formed by religious pilgrims, for example, Moslems going to Mecca, Catholics actively visit Vatican, and most journeys to Israel carry religious character.

Well-educated people, as a rule, want to know, at least, two languages, and interest to the language of other country can serve by motivation for a journey to one or another country. Very noticeable is the market of students making trips for the improvement of their linguistic knowledge.
In many countries universities, institutes and colleges, besides students, attract tourists from different countries, as they are in picturesque places. In addition, campuses and other educational institutes are visited by foreign guests and for participation in conferences and meetings organized by international scientific and educational organizations.

A potential traveller, which are interested in scientific achievements in one or another country and can see museums sciences, planetariums, zoos, aquariums, and also centres researches of space and atomic stations, can form the special segment.

People interested in a policy and decision of political problems, and also lawyers studying socio-economic problems in different countries, make another target market. At the visit of other country they know its political system and try to understand a difference between the country of visit and the own country.
7. POSITIONING OF TOURISM PRODUCT AT THE MARKET

One of the most effective tools in tourism marketing is positioning. The objective of positioning is to create a distinctive place in the minds of potential customers. A position that evokes images of a destination in the customers mind; images that differentiate the destination from the competition and also as a place that can satisfy their needs and wants. Positioning is a communications strategy that is the natural follow-through of market segmentation and target marketing. Since market segmentation is based on the notion that different tourism destinations appeal to different types of tourists, target market segments must be selected before tourism marketers can begin to entice these potential customers. An effective positioning strategy provides a competitive edge to a destination that is trying to convey its attractiveness to the target market.

Positioning is more than just image creation. This important form of market communication helps to distinguish tourism destinations from similar destinations so that customers can choose the one that is the most attractive. Thus, true positioning differentiates a destination from its competitors on attributes that are meaningful to customers and gives it a competitive edge. However, this is a complex process that requires careful analysis of the attributes of destinations and the needs of the target markets.

Market positioning is the ability to cost effectively matches your products, services and amenities with the expectations of your principal target markets so that these are adequately and consistently met.

A principal result of successful positioning is achieving high levels of repeat business.

Why is Market Positioning Important?

• Without identifying what visitors you would like to service, you risk not being acceptable to a sufficiently high volume of any.

• Without positioning there is a heightened risk of incompatible market segments being accommodated simultaneously: a potentially disastrous situation for a small hotel, e.g., honeymooners vs. meeting delegates, couples vs. families, ‘action’ vs. ‘privacy’ seekers.

• By positioning, you are better able to determine how many of each type of visitor you need to achieve profitability and therefore have a measure of control over your decision making and market planning.

• Effective positioning minimises the risk of not adequately satisfying particular market segment needs, by being more compatible with visitor expectations and in most instances, matching these.
**Effective positioning should result in higher levels of repeat patronage: a “must” for effective marketing and profitability.**

According to the basic principles of marketing, products and services are created to solve customer "problems" (i.e., to satisfy needs and wants) and provide benefits. Thus, to be effective, positioning must promise the benefit the customer will receive, create the expectation, and it offers a solution to the customer's problem. If at all possible, the solution should be different from and better than the competition's solution set, especially if the competitors are already offering a similar solution.

Positioning should be a single-minded concept, an umbrella from which everything ekes in the organization flows. Properly targeted, single-minded positioning affects everything a destination does or stands for, not only advertising, but also all of its promotions. Positioning also affects policies and procedures, employee attitudes, customer relations, complaint handling, and the myriad of other details that combine to make the tourism experience. Tourism services compete on more than just image, differentiation, and benefits offered. There must be a consistency among the various offerings and it is the positioning statement that guides this consistency. Likewise, although positioning can be applied for an entire country, a given area, or a specific city, tourism officials should develop a consistent message if the country plans to use one market to generate business for another. There are two tests of effective positioning. First, the position must be believable in the tourist's mind. Second, the destination must deliver that promise on a consistent basis.

**Positioning Intangibles**

One of the biggest challenges faced by tourism marketers is that the product is largely intangible. Some would argue otherwise, because what is more important than the hotel room, the meal, the beach, the ocean, and the mountains? These are all tangible aspects of the tourism destination. However, these tangibles are what are being "sold", but not what is being "marketed". If we were selling beaches or mountains, what difference would it make where the tourist went, assuming a comparable level of quality?

What we are marketing, of course, are intangibles. The tangibles are essential and necessary but as soon as they reach a certain level of acceptance, they become secondary. Because they are so difficult to differentiate, to be competitive, the intangibles have to be marketed. Even as tangibles, mountains and beaches have a measure of intangibility because they are experienced rather than possessed.

If tourism products are mostly intangible, they have to be marketed with tangible evidence. This is what is referred to as "tangibilizing the intangible." However, this is a complicated process. By emphasizing the concrete elements one may fail to differentiate oneself from the competition, and since the intangible elements are abstract, by emphasizing the abstract one compounds the intangibility. Thus, tourism
destination positioning should focus on enhancing and differentiating abstract realities by manipulating the tangible clues.

Unfortunately, being aware of this need does not ease the problem. It is still difficult to find meaningful tangible evidence that supports intangible constructs. What must be done is to create a "position" in the tourist's mind. That is why positioning relies heavily on target marketing. The mental constructs held by the target market must be known, as well as the tangible evidence that sustains them. Positioning, then, is a relative term. It is not simply how the destination is perceived, but how the perceived image performs in relation to competing images. It is the customer's mental perception which may, or may not, differ from the actual physical characteristics. It is most important when, the product is an intangible and there is little difference among the competition regarding the physical characteristics.

**POSITIONING PROCESS**

The positioning process consists of the various steps needed to develop an effective positioning strategy. This process must be continuous to keep up with changes in the environment including the changing needs of the customer and the competitors’ tactics. Developing a positioning strategy for a destination in the United States to attract visitors from Japan will be used as a test case to illustrate the steps in the positioning process.

**Market Positioning**

Market positioning is the first step and is defined as the process of identifying and selecting markets or segments that represent business potential, to determine the criteria for competitive success. This must be based on a thorough knowledge of the needs, wants, and perceptions of the target market, along with the benefits offered by the destination. To do this, a few crucial questions must be answered. These are:

1. What is important to the target market?
2. How does the target market perceive the destination?
3. How does the target market perceive the competition?
4. What attributes should a destination use to differentiate itself to make the best use of its limited resources?

The reality of the matter is that if the target market doesn't perceive the image, the image does not exist. If the target market does not believe that what the destination has to offer is a benefit, it isn't a benefit. If the target market doesn't believe that the benefit can be delivered, promises are meaningless. If the benefit isn't important to the target market, it isn't important. If the benefit is not perceived as being different from that of the competition, then differentiation has not succeeded. In short, images, benefits, and differentiation are solely the perception of the tourist, not the perceptions of tourism officials or the tourism marketer.
According to the former United States Travel and Tourism Administration, 3.2 million Japanese inbound travellers, who present a solid market for tourism destinations in the United States, generated $10.1 billion in tourism revenue for the U.S. in 2000. The following shows the top ten ranked activities identified by Japanese visitors:

1. Sightseeing in cities
2. Shopping
3. Dining out
4. Guided tours
5. Visiting landmarks
6. Taking pictures
7. Beach activities
8. Visiting theme parks
9. Swimming

The three highest ranked activities (Sightseeing in Cities, Shopping, and Dining out in Restaurants) seem to provide an advantage to reasonably large cities where these are readily available. In addition, Japanese persons who are planning to travel to the U.S., initially, do not have a specific destination to visit. Instead, they search for a trip that has several attributes similar to those listed below:

1. Some place where other people went
2. Reasonable price.
3. As many places as possible to cover.
4. Minimum contact with local community.
5. Perfect Japanese-like service.
6. Good food.
7. Absolutely free.

Combining these attributes with the top 10 activities listed above, one can an indication of the needs of Japanese visitors. During the trip they like to go to places that have been previously visited by Japanese visitors and where they have opportunities for sightseeing, shopping, and dining. They are very concerned about personal safety, not interested in associating with the local community, and like to receive Japanese-style services.

Market positioning research also requires an evaluation of the image that customers have of a tourism destination. This can be used to identify the vital elements which comprise the benefits. The beauty of a destination, the architecture of a palace, and the historic artefacts in a museum are examples of attributes that may produce a benefit, or may be a tangible representation of an intangible benefit, but are not themselves the benefit. The benefit itself is what the attributes do for the visitor, for instance, a sensation of grandeur, an aura of prestige, or the gaining of knowledge.
The credibility of these benefits may diminish rapidly if expectations are not fulfilled. Architecture is soon forgotten if the tour bus breaks down on the return trip. The impression of grandeur loses credibility if visitors feel that their personal safety is threatened. It is the fulfilment of expectations or the inability to that creates the perception of deliverability for the tourist. Benefits, like positioning, exist in the mind of the customer and are determined only by asking the customer. Only after this information is obtained, can a destination match its strengths to the visitors' needs and the benefits sought. This knowledge will also provide a basis for the development of a credible differentiation strategy.

**Psychological Positioning**

This step utilizes communications to convey a destination's identity and image to the target market. It converts customer needs into images and positions a destination in the visitors’ minds.

Psychological positioning is a strategy employed to create a unique product image with the objective of creating interest and attracting visitors. Since it exists solely in the mind of the visitor, it can occur automatically without any effort on the part of the marketer and any kind of positioning may result. Two very dissimilar destinations may be perceived as the same; two similar destinations may be perceived as different. What the marketer hopes to do is to control the positioning, not just let it happen. Moreover, failure to select a position in the marketplace, to achieve, and to hold that position may lead to various consequences, all undesirable, as pointed out earlier. There are two kinds of psychological positioning in marketing: objective positioning and subjective positioning. Each has its appropriate place and usage:

**Objective Positioning** is concerned, almost entirely, with the objective attributes of the physical product. It means creating an image about the destination that reflects its physical characteristics and functional features. It is usually concerned with what actually is, what exists. Objective positioning not always needs to be concrete.

Objective positioning can be very important and is often used in the tourism industry. If a destination has some unique feature, that feature may be used to objectively position the destination, to create an image, and to differentiate it from the competition.

Less successful objective positioning occurs when the feature is not unique. This is why many destination promotions with pictures of beaches fail to create a distinct image or successfully differentiate the product. Other unsuccessful approaches may include a picture of two people looking at a mountain that looks like any other mountain or lying on a beach that looks like any other beach. One of the first rules of effective positioning is uniqueness.

**Subjective Positioning** is concerned with subjective attributes of the destination. Subjective positioning is the image, not of the physical aspects of the destination, but
other attributes perceived by the tourist, (i.e., they do not necessarily belong to the destination but to the tourist's mental perception). These perceptions and the resulting images may not necessarily reflect the true state of the destination's physical characteristics. They may simply exist in the tourist's mind and not all tourists' imaging agrees with a particular perception or image. What the marketer hopes is that the people in the target market will agree on a favourable image whether or not the image is true. This is the test of effective subjective positioning.

**Positioning Approaches**

This is the final step in the positioning process, and there are several different approaches to positioning any tourism destination. While psychological positioning creates an image, this positioning approach completes the picture, using visual and words, to reinforce what the destination does best and what benefits are offered. Tourism marketers may decide to select the most appropriate of the following approaches, depending on the information gathered during market and psychological positioning.

Positioning by attribute, feature or customer benefit. For this strategy, emphasis is placed on the benefits of the particular features or attributes of the destination. For example, Thailand promotes the friendliness of its people with the statement "The world meets in the land of smiles."

**Positioning by Price Value**

International destinations are not usually positioned on the basis of price because lower prices may be perceived as connoting lower quality. However, value offered to visitors can be effectively utilized as exemplified by Malaysia which claims "Malaysia gives more natural value." With this positioning statement Malaysia is appealing not only to the sense of value (more for the money) but also to its natural attractions.

**Positioning with respect to use or application**

Here a destination is positioned based on the reasons for visiting it. Bermuda positions itself to the American meetings market with "Sometimes you have to leave the country to get any work done" which promises productive meetings in a relaxed environment. Cancun, Mexico is positioned as "The meeting place for sun worshipers."

**Positioning according to the users or class of users**

In this case, positioning features the people who should visit the destination. Hong Kong appeals to the incentive travel market with the statement 'When they've reached the top, send them to the peak," referring to Victoria Peak, a major tourist site in Hong Kong: Fisher Island, a luxury residential development in Florida, positions itself as the place "where people who run things can stop running."
Positioning with respect to a product class

This technique is often used to associate a destination with experiences that are extraordinary and/or unique. For example, the Principality of Monaco is positioned as "The fairy tale that does not end at midnight," or holding a convention in Thailand is "Smooth as silk where the sky's the limit", or "If you're looking for an ideal meeting place, here's one that's close to heaven" for Israel.

Positioning vis-à-vis the competition

This approach is used when it is necessary to meet the competition head-on; to bring out differences between destinations. This approach is not used frequently in international tourism destination marketing since it may involve negative statements about another country or region. However, it is regularly employed in product and services marketing. For example, Visa credit cards compete with American Express by showing examples of places from around the world that do not accept American Express and only Visa cards are accepted. Ritz-Carlton Hotels is a little more subtle when they say, “After a day of competition, you deserve a hotel that has none”.

Positioning is the ultimate weapon in niche marketing. Stripped of all its trappings, positioning analysis answers the following questions:

1. What position does a destination own now? (In the mind of the target market.)
2. What position does the destination want to own? (Look for positions or holes in the marketplace.)
3. Who must the destination out position? (Manipulate what's already in the mind.)
4. How can it be done? (Select the best approach that will work for the target market.)

Positioning is a valuable weapon for tourism marketers. To position successfully requires recognizing the marketplace, the competition, and tourists' perceptions. Positioning analysis on a target market basis provides the tools to identify opportunities for creating the desired image that differentiates a destination from its competitors and for serving the target market better than anyone else.

How to Achieve Effective Positioning:

Preparatory Steps

There are several. These reflect essential elements of a market analysis, with accompanying financial estimates:
• Identifying what specific market segments are available seasonally, and their geographic origins.

• Becoming familiar with the expectations of each of the prospective market segments you intend targeting.

• Determining what “mix” of these is economically necessary (and desirable) for you to penetrate.

• Realistically assessing the market strengths (and limitations) of your product, services and amenities.

Knowing what competitive hotels the visitors represented by these market segments are presently using and assessing their strengths and limitations relative to yours.

On the basis of the conducted analysis a tourist company can apply some strategies of positioning, namely, strategy of differentiation of product, strategy of finding of the niche at the market, strategy of small costs and other. For the improvement of situation a company can adapt by modification of product, change of strategy of pricing or methods of advancement and distribution channels, by forming of competition position of product and subsequent detailed marketing complex.

Western specialists are positioning tourist product mainly by following methods:

1. on the basis of specific attributes of product - is simple enough. Offered product is compared to the competition product which often is a leader at the market, with the purpose of attracting tourists to the product;

2. on the basis of utility of tourist product for clients - is substantially related to the different lines of product and is very effective (comparison carries recommendation character);

3. by the categories of users - a product contacts with a lifestyle user;

4. by the denial of other tourist product - uses comparison of products and their utility in two basic forms;

5. by disconnection of classes of tourist product - is effective at advancement of new product;

6. by hybrid strategy - shift unites a few methods indicated higher.

Thus, market segmentation and positioning of product at the market is a powerful tool for gaining of confession at the tourist market, increase of competitiveness and understanding of consumers. While researching the necessities of target market the companies can define possibilities of the desired image creation which will distinguish them from competitors.
Industry Examples

Four Seasons Hotels and Resorts successfully positions itself towards the narrow luxury market segment.

Holiday Inns have many years of exposure to the mid-range price business and family traveller, promising “no surprises” as a recent year’s slogan.

Choice Hotels International with its multi-brand approach, expressly position themselves to divergent target market segments: a result of the brand name choice each is deemed to be compatible with (Quality Inn, Comfort Inn Clarion Inn, Sleep Inn, Econo Lodge, Roadway Inn, MainStay Suites).
8. STRATEGIC MARKETING PLANNING

One of the primary marketing purposes is establishment maximally possible regularity and proportion in activity of tourism enterprise. The main task is to decrease vagueness and risk degree, and also to provide resources concentration on the chosen priority directions of development. Achievement of this task is impossible without the carefully thought out and all-embracing planning.

The strategic marketing planning is the development process of specific strategies, aimed on achievement a firm’s purposes on the basis of maintenance of strategic accordance between them, its potential possibilities and chances in the marketing area.

Sense and features of the strategic marketing planning consist in:

- supports purposeful, directed into the future appearance of thought and acts;
- co-ordinates the decisions and actions in area of marketing;
- restraints aspiration to maximization of current income in harm to the decision of long-term tasks;
- in a greater degree orients on the foresight of future changes of external environment, than on reacting on already existing changes;
- allows to set distributing priorities always in relation to the limited resources, to set concrete aims and to concentrate all efforts on their achievement;
- serves for informing of employees about aims and necessary resources and is pre-condition of structural criticism;
- enables to develop effective marketing programs;
- creates pre-conditions for estimation and control of results.

Within the framework of the strategic marketing planning there is the row of levels:

- Situation analysis;
- Planning of aims of enterprise;
- Development of alternative strategies;
- Strategy choice and estimation;
- Development of the marketing program;
- Marketing budget.

**Situation analysis**

Analysis may simply be a matter of presenting a reasoned judgement about an issue with justification of how a firm came to that position and citing what data or information supports this.

More sophisticated analysis may help to make better business and management decisions, but this can also be time-consuming and costly, so compromises may have
to be made. In any case a firm should clearly state how it have reached its current understanding of the situation.

There are a lot of the methods of analysis. Some of them, such as market analysis, are essential components for business plans. The aim of using any analytical technique is to better understand factors at play in what might be a very complex situation. Analysis will also help to further identify and prioritise fundamental issues.

Key analytical methods may include, but are not limited to the following:

- market analysis
- heritage conservation analysis
- situational analysis
- SWOT analysis
- cost–benefit analysis
- priority analysis.

A **market analysis** is an analytical summary of how a region, place or product fits into the marketplace. It takes into account the saleability or profitability of a product or service, based on information about the product and the potential market.

Market analysis may include an assessment of how a region, place or tourism product compares with existing competition. Are there others around competing for a similar market? What are their strengths? What are yours? Is the market big enough for people to share? How can a product be presented in the marketplace to maximise the fit between what a firm can offer and what people want?

Basically a market analysis should assess the supply and demand for tourism product, accommodation, transport and associated services relating to proper situation. This type of analysis helps in positioning a product intelligently in the marketplace.

A tourism enterprise can estimate the market potential for a product using information on sales volumes for similar products or in similar regions. Industry statistics may also be available from a state or territory tourism organisation.

Market analysis often includes a forecast of where the market is going. Trends over time may indicate how a product or service may fare in the future. In the summary of a market analysis a firm should explain the potential for future development opportunities based on market and trend information.

**Heritage conservation analysis** is determining of heritage values of tourism destination. One important type of conservation analysis is a condition analysis. This method uses trained heritage conservation experts to look closely at buildings, rural sites or natural features and assess their physical condition, and their capacity to withstand visitors or other possible indirect impacts.
Situational analysis is a description of the context in which tourism is currently occurring. It includes the main determining factors such as the seasonal or geographic flow patterns and the functional relationships at play. Understanding the situation is the first step in designing the response.

A situational analysis involves analysing needs and assets, understanding what works well and what doesn’t and the capacity of those involved. Including others in situational analysis helps to build a better understanding of the context or situation.

SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) is a simple and useful part of many types of strategic plans, including business plans.

In this process a tourism firm will need to consider the present strengths and weaknesses of a situation and future possibilities for opportunities and threats. It is important to remember, that the weaknesses and threats can become strengths and opportunities if addressed.

This analysis will help to get an overview of key issues, and will help to articulate issues that may not have come out in other ways.

Possible SWOT analysis questions:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you have a popular tourism destination?</td>
<td>Is there an opportunity to promote your natural and cultural assets to tourists?</td>
</tr>
<tr>
<td>What aspects of the environment or heritage are better managed?</td>
<td>Are there people in the community interested in working in tourism and heritage management?</td>
</tr>
<tr>
<td>Do you have knowledgeable people working in tourism and heritage management?</td>
<td>Could tourism utilise underused infrastructure?</td>
</tr>
<tr>
<td>What are the strengths of your staff or the people involved?</td>
<td>What opportunities are there for partnership and collaboration?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are current approaches to interpretation looking a little old, or in need of revision?</td>
<td>What threats are there to the heritage values of the place or region?</td>
</tr>
<tr>
<td>Are there physical factors of the place or region which make visitor management difficult?</td>
<td>What threats are there to the physical condition of heritage places?</td>
</tr>
<tr>
<td>Are there particular factors which present problems for marketing?</td>
<td>What threats are there to the livelihood or ongoing economic or social viability of the local community?</td>
</tr>
<tr>
<td>What does evaluation and feedback indicate could be done better?</td>
<td>What threats are there to the viability of the business?</td>
</tr>
<tr>
<td>Is there a lack of training or capacity?</td>
<td>What threats are apparent from an analysis of potential risks?</td>
</tr>
</tbody>
</table>
Cost-benefit analysis is a relatively simple and widely used technique. As its name suggests, simply add up the value of the benefits of a particular approach or idea and then subtract its associated costs. Costs are either one-off or ongoing. Benefits generally accumulate over time.

Costs and benefits can be financial, environmental and social. Putting a financial value on intangible costs and benefits can be more challenging and highly subjective. Cost–benefit analysis is linked to the concept of the 'triple bottom line' which is used as a framework for measuring and reporting performance against three key areas – economic, social and environmental.

Cost–benefit analysis can be done formally, using quantified financial measurement, or informally. A simple way to do this is to list in a table all of the expected costs and benefits.

Some cost–benefit analysis questions that could be asked in relation to a region, place or project:

<table>
<thead>
<tr>
<th>Costs</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will increased exposure and interest in the site lead to greater risk of vandalism and damage to the place?</td>
<td>Will development of managed accommodation replace ad, poorly managed camping on adjacent pastoral areas?</td>
</tr>
<tr>
<td>Will there be increased road traffic and increased maintenance costs?</td>
<td>Will the special values of an area be more effectively presented through the establishment of a facility to host interpretative information and orient visitors?</td>
</tr>
<tr>
<td>Will establishing best practice environmental management approaches be an additional cost to developers?</td>
<td>Will people stay longer in the region if a key new facility/destination is added?</td>
</tr>
<tr>
<td>Can best practice environmental management be used as a marketing and promotion tool?</td>
<td></td>
</tr>
</tbody>
</table>

Priority analysis Any firm can determine priorities in many different ways, but one simple way is to look at the importance and urgency of the issues. Setting issues out on a chart, such as the one below, can assist:
Consider each issue and its place on the chart. Issues that are judged to be both very important and urgent will obviously need to be addressed as a top priority. The priorities for issues which fall elsewhere on the chart will depend on the issue and context. The following questions may help you consider priorities, and place issues on the chart:

- are there options or actions that address important needs or gaps?
- which options or actions advance and support set priorities or responsibilities?
- is there a particular action that, if not taken, would result in negative consequences?
- what opportunities present themselves that should be pursued?

**Planning of aims of enterprise**

Marketing aims must be characterized by:

- Specification and measurable;
- Attainability;
- Orientation in time;
- Electoral;
- Employees’ participation in aims raising.

**Specification and measurableness of aims** supposes establishment of exact tasks in different activity aspects. Aims must be, as far as possible quantitative expressed. It is needed for realization of verification of their implementation. For example, a purpose «to multiply the occupied market share» is determined not really correctly. It is necessary to specify on what size and during what period of time a market share have to be multiplied. Aims also can foresee the increase of firm’s prestige, perfection of management structure and etc.

**Attainability of aims** is a principle requirement at planning. Aims must be executable and to prompt actions direction. They must assume division on private tasks which implementation can be charged to the concrete employees.

Establishment of aims without taking into account the real possibilities of a firm can have the most sorrowful consequences.

**The orientation in time** determines correlation of aims of different temporal horizon (long-term, medium-term, short-term). It will allow to know not only a result but also terms of its achievement. First of all a firm creates long-term aims (on 5 and more years ahead). In their development are produced medium-term and short-term aims providing implementation of the first one. For development of the short-term aims it is necessary to pay a special care. Usually they are set on a year and allow carrying out the current control at work of a firm. Aims must be mutually connected and not to contradict with each other.
It is necessary to be *electoral* in the aims choice. From the great number of tasks standing before an enterprise, it is needed to be able to select most substantial aims. There must be certain priorities of aims intended.

At determination of aims of enterprise it is necessary to spare the special attention to their ability to reflect the purposes of its employees, strengthened their personal interest in success of a common cause. Otherwise there could be loss of such important factor as personnel motivation. If a worker will not be sure in that this purpose is unattainable his work will not be effective. Therefore every employee must well know the aims of the enterprise, and if possible to be brought over participation in their raising.

The typical aims of tourism enterprise can be incorporated in the following groups:

- economic;
- «egoistical»;
- social.

*Economic* aims can be increase of sale volumes, income, market share, competitiveness, exposure of new market segments, achievement of leadership at the market, improvement of sale, rationalization of product, warning of becoming some types of services old-fashioned and etc.

«Egoistical» aims include the increase of prestige, fame, image of tourism enterprise.

*Social* aims are examined from point of services development counted on the population with the low income level. These aims also can be expressed in products development which is instrumental in the guard of environment, assist to the certain improvement of social terms, positively influence on employment of population and etc.

**Alternative strategies development**

For development of alternative strategies it is expedient to use the models approved by marketing practice. Within the framework of these models a tourism enterprise can estimate its possibilities, products, markets, competition, consumers and directions of activity. On the basis of the got results efforts and resources of tourism enterprise are distributed and the proper marketing strategies are developed.

First of all while choosing an alternative strategy a matrix “product-market” can be used.

<table>
<thead>
<tr>
<th>Market \ Product</th>
<th>Existing</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing</td>
<td>Deep market penetration</td>
<td>Product development</td>
</tr>
<tr>
<td>New</td>
<td>Market development</td>
<td>Diversification</td>
</tr>
</tbody>
</table>

This matrix creates four fields that characterize a firm location depending on two factors combination:
Strategy of deep market penetration is recommended when a firm works with the tourism product already known enough at the market. It is effective when a market grows or yet not saturated. Strategy is directed on the increase of sale volumes by the intensive advertising and various forms of sales promotion. It is also possible to make an effort to multiply a market capacity due to the price-cutting to the level acceptable for great masses of clients.

Strategy of product development is recommended when a firm working at the known market offers new tourism products. This strategy is effective when new products are offered to the well known clients loyal in relation to an enterprise. The traditional methods of sale are used. However supporting marketing measures are needed, in particular active advertising, increased actions on advancement of a new product to the market, different methods of sales promotion.

Strategy of market development must give an effect due to the exposures of new market segments, where demand would be sufficient for the sale of existent products and receipt of the planned income.

Diversification strategy is used at a necessity of expansion of enterprise activity sphere. It shows up in suggestion of new tourism products for new markets.

The choice of one or another strategy depends on the resources of enterprise and its readiness to the risk. If a firm has large resources, but does not wish to risk, it can use strategy of product development. If there are not enough resources, it is possible to choose strategy of market development.

Depending on a market share there could be such strategies:

Attacking strategy (offensive) offers active, aggressive position of firm at the market and pursues a purpose to conquer and extend a market share. It is considered that at every goods market or market of services there is the so-called optimum market share which provides necessary income for effective activity and existence of firm. If the share of a firm goes down below an optimum level, gets up a dilemma: either to take measures to its expansion or to get away from a market.

The use of attacking strategy is beneficially in a few cases:

- if the market share is below than a necessary minimum;
- introduction to the market of new product;
- when firms-competitors lose their positions and appears a real possibility at relatively small expenses to increase market share.

Defensive, or retaining strategy supposes saving by the firm of present market share and withholding of the market positions. It can be used:

- at satisfactory position of firm;
- in the case of facilities lack for conducting of attacking strategy;
- in situation where a firm fears to carry out attacking strategy because of possible
active returns measures from the side of competitors.

Defensive strategy is often applied by large firms at the known for them markets. However such strategy type hides some danger. It claims most intent attention from the side of enterprise conducting it to actions of firms-competitors.

*Retreat strategy*, as a rule, is forced, but not consciously selectable.

Depending on competition there could be such strategies:

*Mass marketing strategy* supposes achievement of competitive advantages on costs. Using this strategy a firm is oriented on the wide consumer circle. Attention and efforts is concentrated not on how differs the necessities of separate groups of consumers (market segments) but on that is in these necessities of general. With this purpose are offered products that can be positively perceived by the maximally wide client circle.

The basic idea of *differentiated marketing strategy* consists in that a tourism enterprise offers unique products different from their competitors’ products. It allows to satisfy the queries of different groups of clients and to work on plenty enough of segments. For each of them the proper suggestion is formed.

*Concentrated marketing strategy* assumes that a firm concentrates the efforts on one or a few not numerous market segments and offers products calculating on satisfaction of necessities exactly these groups of clients. Leadership in a specific segment is achieved through low expenses and prices or uniqueness of suggestion or both.

Concentrated marketing strategy is pretty attractive for firms with the limited resources, small enterprises, when a firm prefers to concentrate the efforts on the large share of one or a few market segments. A firm provides durable market position in the chosen segments because it has the most detailed information about the requirements of these segments, perfectly knows the features of queries and consumers. It succeeds to obtain a certain economy in many spheres of the activity due to narrow specialization and work orientation. However such strategy is pretty vulnerable and risky.

**Strategy choice and estimation**

First of all at the choice of marketing strategy following key factors must be taken into account:

The *competitive advantages* of a firm, its strong sides can play deciding role at the choice of marketing strategy. So, leading enterprises must aspire to the maximal use of the possibilities determined by their position at the market. Weak firms should choose those strategies which can result in the improvement of their place at the market.

The *aims of a firm* give an uniqueness and originality to the strategy choice. Aims reflect what a firm aspires to and on what its general strategy are directed. General strategy is closely connected with the marketing strategy.
The **interests and relations of firm’s leaders** play great part at the choice of marketing strategy. Leaders can be inclined to the risk or, vice versa, try to avoid it. Exactly this can be deciding at the choice of strategy. The substantial influencing is also rendered by the personal likings or antipathies of enterprise’s leaders.

The **financial resources of enterprise** are very important in the strategy choice. Any changes in the firm require large financial costs, for example, mastering of new market segments, development of new tourism products.

At the choice of marketing strategy **qualification of personnel** is a strong restrictive factor.

The **obligations of enterprise** under previous strategies create some inertia in its development. It is impossible fully to give up all previous obligations in connection with transition to new strategies.

In all cases at the strategy choice a **temporal factor** must be necessarily taken into consideration. Any possibilities and threats for a firm or the planned changes always have the set temporal borders. Enterprise is able to carry out strategy only when appears such possibility.

Estimation of the chosen strategy is made on the criteria of its accordance to:

- aims of enterprise;
- condition and requirements of external marketing environment;
- potential and possibilities of enterprise;
- risk degrees.

**Development of the marketing program**

For the chosen strategy the marketing program is developed which gives answers to the questions:

- What will be done?
- When?
- Where?
- By whom?
- What facilities are needed for this purpose?

On the stage of the program development the question is mainly about the choice, value and forms of marketing elements, about association them in the most optimum complex, and also about distributing of financial facilities within the framework of budget of marketing.

The structure of the marketing programs can be different. However, as a rule, their essence is typical. At the beginning of the program are highlighted the results of enterprise’s activity for the previous period. Then the short analysis and prognosis for selected target market is brought.
Than is specified a primary purpose or aims of a firm on the subsequent planned activity period, and also main global directions of the chosen marketing strategy.

Most part of the marketing program is occupied by description of realization tools and methods of the strategic aims, i.e. set of marketing measures on realization of concrete strategies of marketing complex:

- Product strategy;
- Price strategy;
- Place strategy;
- Promotion strategy.

But in such special industry as tourism, the marketing mix has been expanded from 4 sometimes to 11 P’s. These additional Ps has been created to encompass a larger picture of marketing and all of its elements. Except for product, price, place and promotion, there also are:

- People;
- Prospects;
- Packaging;
- Partnerships;
- Programs;
- Post-sale.

**People** – all those involved in selling and delivering the product.

**Prospects** – travel markets. To whom organisations are trying to sell, the potential clients who might visit proper destination.

**Packaging** – combining products to produce more benefits than an individual product could provide. A package may include a wide variety of services such as lodging, meals, entrance fees to attractions, entertainment, transportation costs (air, auto, train, cab or bus), guide services, or other similar activities.

**Partnerships** – joint efforts. Also, partnerships are behind-the-scene relationships formed when products are packaged. For example, a certain hotel may be partnered with area golf courses, so therefore customers of the hotel might be offered a discount golf package. Also, the golf course might refer customers to that hotel property. This type of partnership benefits both the golf course and the hotel.

**Programs** – (special activities for guests) all the activities involved to get a customer from where he is to where he wants to be. Usually companies will have different programs for each market they are trying to attract. Programming includes company’s media and advertising campaign, special events, price deals offered to encourage a tourist to choose their destination, etc.

**Post-sale** – follow-up after the exchange is made.
Example: A hotel sends out a “thank you” note to guests for choosing their hotel and to ask about their “experience” with hotel accommodations and services.

The eleven P’s are altered individually or in combination for the purpose of selling more products. Sometimes, when one P is changed, it affects another P, as in the case that a newly created package (hotel, champagne and evening boat cruise) attracts a new market of prospects – honeymooners.

Although each ‘P’ is important individually, it is the way that they are combined, or mixed, which is crucial. Like good cooking, successful marketing mixes the ingredients together in the right proportions.

In the most marketing plans are specified contents and marketing researches plan, method of the informative providing, determined necessities in resources (money, material, labours and other).

Preliminary estimation of program efficiency is given in the end of the program, measures on the control after motion of its implementation are foreseen, and also a calculation over of marketing budget is brought.

Communication complex consist of such elements:
- advertising;
- sales promotion;
- public relations;
- personal sales.

**Marketing budget**

The different methods of budget forming are used in marketing practice. However obviously, none of them are universal and blameless. The most widely spread methods of determining marketing budgets are:

*Financing «from possibilities»* is carried out on principle «how much can you give». At this approach on marketing usually will be spent only those facilities which will stay after satisfaction of other spheres of enterprise’s activity. This method is used by many firms, although its imperfection is obvious.

*The «fixed percent» method* is based on deduction of certain part from the previous or supposed sales volume. For example, 3 % from the volume of the last year sales. This method is simple enough and is often used in practice. However it is the least logical, because it put the reason (marketing) to dependence on consequence (sales volume). During the orientation on the results of the completed period marketing development becomes possible only on condition of its previous successes.

*The «accordance to the competitor» method* supposes the account of practice and expenses level on marketing of competitive firms with the amendment on correlation in forces and market share. For its realization are needed the row of terms. At first, it is necessary to choose a competitor near on resources, interests and market position.
Secondly, it is required even approximately to define the sizes of their marketing budget, but it is very difficult.

There is no guarantee that selected by a firm for the imitation competitor acts wisely enough, rationally forms the budget.

*The method of maximal costs* assumes that it is necessary to expend as many as possible facilities on marketing. The weakness of this method is in neglecting by the methods of costs optimization. Moreover, taking into account a considerable temporal interval between realization of expenses on marketing and achievement of results this method can quickly bring a firm over serious financial difficulties and, as a result, to departure from marketing conception.

*A method on the basis of aims and tasks* requires the exact system of clearly formulated aims and tasks. Essence of this method is to count the expenses, which be spent within separate marketing measures providing achievement of the proper aims. Therefore quite often in such cases is required the revision of the put aims. In general realization of such calculations at the use of this method appears difficult enough and takes time. Maybe, therefore not many firms use it.

All of those methods have some failings that is why the most effective budget would be made on the basis of the integrated approach with the use of separate elements of all considered receptions.

Determining a budget, is needed not only to count up general charges but also to distribute them to basic directions of marketing activity (marketing researches, development of products, advertising, sales promotion, and etc).
9. TOURISM PRODUCT RESEARCH AND DEVELOPMENT

The product in tourism industry is the experience purchased by the visitor.

To receive some profit, organisations have to offer a product that current or potential customers want.

An attractive tourism product determines the success of the whole commercial activity at the tourism market. Term a "product" reflects quality or essence of concrete and abstract things (for example, food, prepared by the restaurant cook or guide service acquainting a tourist with some place or museum). But a tourism product simultaneously is the aggregate of very difficult heterogeneous elements:

- natural resources (air, water, sun, landscape, etc), historical, cultural, architectural sights which can attract a tourist and to initiate him to travel;
- equipment (tourists placing facilities, restaurants, equipment for rest, sport activity, etc), it is not a factor influencing on motivation of trip itself, but at its absence there are the numerous obstacles to the possible trip;
- movement possibilities, in a certain measure it depends on a fashion of the different types of transport used by tourists. Such possibilities are estimated from the point of their economic availability, and not from the point of their quickness.

A tourism product is the result of many enterprises efforts. Marketing in tourism is aimed on the study of this combined product of different activity spheres. Here are also informational connections which are necessary for the search of compromise between the best satisfaction of queries of customers and receipt of greater income by producers.

At the tourism product analysis it is necessary to have a clear knowledge of consumer needs. In fact, till the certain moment a tourism product does not have for an user absolutely no value. People purchase at the market not the commodities, but their functional ability to satisfy a certain human necessity.

A tourism product is any service satisfying the needs of tourists during the trips and has to be paid by them.

The quality of tourism product is determined by:

- active work on a selection and organization of trips on the customers request;
- courtesy of service, which is expressed in cordiality of employees of tourist firm, their attention to the request of every client, patience, at the trip discussion;
- accordance of the offered trip to its real contents
- concordance of all component parts of complex service.
Structure of product levels

There are four product levels: basic product, associated product, additional product, augmented product.

1. **Basic product** is a product answering following question: What a consumer actually purchases? Any product is a combination of different services for the decision of consumer needs. Specialists on marketing must understand, what is a basic benefit for the users of each product and to sell not property of a product but these benefits exactly.

2. **Associated or cooperant products** are services or goods, necessary for the consumers in order to use a basic product. For example, a first class hotel besides the rooms during registration of arrival and departure must also offer telephone in rooms, restaurant, services of laundry and dry-cleaning. Economic class hotels with limited service associated services can limit only to registration of arrival and departure and public call-boxes.

3. **Additional or supporting products** are the products giving an additional benefit to the basic products and helping to distinguish this product from competitive one. Basic product needs associated products but not additional one. Additional products in a hotel are business centres or health halls with the full service. Some times it is difficult to distinguish associated and additional products. What is associated product at one market could be additional at another one. For example, family living in a hotel don’t need restaurant or laundry, but business tourists expect on it.

4. **Augmented product** includes product accessibility, its general atmosphere, kind personnel communication with a client, their participation in the service process and consumers’ relationships. Such factors together with basic, associated and additional products create augmented product.

Structure of product levels:
From the managerial point of view, basic product is the main business centre. It is the reason of its existence. Associated products are important for providing the basic product at the target market. Additional products can help while positioning the product.

Marketing activity on research of the product life cycle can be very profitable at determination of market possibilities of a tourism enterprise.

Under the “product” we understand not only physical features of the good or service but also planning and development of new product or service.

Only those tourist companies which set formal procedures for development can successfully develop new product in industry of tourism. More precisely they are large corporations which have the systems programs of development of tourist product.

**Development of new product** takes place in a few stages:

1. At first companies formulate strategy of development of tourist product, which includes the innovation of product (establishment of type of required product, modification of already existent products, and also allocation of resources for creation of product).

2. The stage of generation of ideas begins after determination of strategy. Many firms for this purpose use such instruments, as brainstorming, matrices of search, morphological analysis and other. Then ideas grow into conceptions which pass the discussion at targets audiences and become firmly established.

3. Next stage of product designing is business-analysis, when the primary and repeated sales are forecast, prices and imaginary profit are planned. Than is created a product which passes the preliminary test on durability. This stage is expensive, requiring time and efforts.

4. If a new tourist product is not rejected in a strategic plan, the stage of commercialization of new tourist product comes in activity of firm (introduction to the market). Some tourist companies attract venture enterprises, create the departments of new product or hold in the state managers on new products which estimate and take into account the reaction and returns actions from the side of competitors.

Between the generation of ideas and stage of embodiment them in life and placing of tourist product at the market often passes a few years. And it means that the changes in economic, political and other terms can transform a market and the same attractiveness of the developed product.

Important part of planning a new product and creation of marketing strategy in industry of tourism is creation of brand. It is very popular to set brands for widely used products.
Brand is a name, term, sign, logo, picture or their combination, which is intended for authentication of product of proper seller and to distinguish it from other competitors’ analogue products.

The brand name is the part of a brand which could be written by words and red. For example, Disneyland, Hilton. It is one of the product features.

It is important to remember that a brand name suits the product and sums up the product features. Many organisations combine their brand name with a logo to make it instantly recognisable.

Brand is knowable, but not pronouncing trade mark, sign, image, distinguishing colouring or special font.

Trade mark is a brand or a part of, which is legally protected. It guaranty unique right of a seller to use this name.

Next five terms are instrumental in the decision-making about a trade mark:

- Brand and brand mark makes product easily recognisable.
- Product is accepted as better quality.
- Quality and product standards should be easily supported.
- Demand of this product is large enough and can provide a regional, national or international network.
- Relative economy.

The trade marks in industry of tourism are actively created by hotels chains, airlines and tourism operators. Often the same large companies due to different trade marks serve the different segments of market. For example, the hotel chain of "Holiday Inn" applies six trade marks. The real brand developed at the beginning of 50th for maintenance all market was originally named "Holiday Inn Hotel". In the middle of 70th was created conception of "Residence Inn", which was specialized on the grant of services to the businessmen in a long period. At the beginning of 80th the brand of "HI Crown Plaza" was created to serve businessmen, meetings and collections. At that time was also developed such trade marks as "Hampton Inns", "Embassy Suite" and "Granada Royal". The first intended to all - tourists, and businessmen, however the range of services was limited, because hotels were located in the areas saturated by tourists. To "Embassy Suite" serves successful businessmen in week-days, and "Granada Royal" - persons on vacation with the level of service similar by previous conception.

Other hotel chain of "Radisson" applies five trade marks. "Radisson Hotel" gives the complete set of services for people above the average class, placing the hotels in auctions areas. "Radisson Inn" serves businessmen and short meetings, it takes place in cities-satellites. "Radisson Resorts" is intended for rest and meetings and is mainly disposed in picturesque localities. "Radisson Plaza Hotel" serves successful
businessmen and holiday-makers, offering the wide circle of services, take place in the centre of cities or suburbs. And finally, "Radisson Suites Hotel" provides different services to the businessmen on a long period, and also offers festive breakfasts, cocktail-meetings. As a rule, it is located in districts, where a lot of offices.

**Product life cycle conception** Even if the product possesses some magnificent consumer properties, soon or later it is ousted from a market by other more accomplished products. Only presence of necessities is constant somehow, but facilities of their satisfaction are changing all the time. Every product offered to the market has its certain life cycle.

A tourism product in its development passes the row of successive stages which are characterized by vibrations of sales volumes and income.

Product life cycle:

A moment when a tourism enterprise offered a new product to its target market is considered the beginning of **introduction stage**. The slow rate of product sale is the main characteristic of this stage, and, as a result, completes absence or insignificant income.

As a rule, the personnel of a firm experiences considerable difficulties with the use of new product, and infrastructure is not enough adapted to the consumer needs. On the stage of introduction expenses on marketing are inevitable, that related to considerable efforts on creation of wide knowledge about a product.

At the same time the main advantage for a firm on this stage is practically complete absence of competition.

Duration of the product introduction to the market can be varied in wide limits and is determined by quality of the product, its accordance to the needs of consumers, correctly chosen marketing strategy and its successive realization.
The **growth stage** is characterized by the rapid increase of sale volumes, and, as a result, income increase. Although expenses on marketing are still at high level, but their part in the general costs of a firm goes down substantially.

The growth stage is related to the considerable strengthening of competition, and basic marketing efforts of a tourism enterprise are directed on forming at the consumers of conviction in product quality and further expansion of a market. Those firms that began to develop this product earlier now have considerable competitive advantages. The point is that «being late» enterprises probably will try to improve and yet more develop the entered product, aiming to press leaders.

On the growth stage tourism enterprise aim to extend the sale sphere of the product and to get to the new market segments. It allows to maximize an income and to attract new clients. Consequently, the growth stage is very advantageous to the firm, and its extension is a major marketing task.

The **maturity stage** is characterized by deceleration of sale growth and its stabilizing. It can be explained by such factors:

- change of the customers’ needs;
- introduction into the market of new, more accomplished products;
- strengthening of competition;
- a product can appear to be not enough cost-effective for a firm because of appearance of new possibilities of more effective capital investment.

On this stage the quantity of users practically does not broaden.

The income volume on the maturity stage begins to go down, but is still high enough. Therefore a tourism enterprise, as well as on the growth stage, is interested in its maximal extension. On the maturity stage basic efforts of the firm are directed on holding of the market stake, increase of this product on facilities of its perfection, modification of marketing complex, and even possibly its new positioning at the market. If it does not take place, a product can lose the market positions and to appear on the stage of decline.

The decline stage means the offensive of that moment, when a tourism sphere begins to oversupply with this product. There is the steady falling of the sale volumes, even decline. Transition of the tourism product into the decline stage can be conditioned by a number of reasons. At first, this market entry new products. Secondly, disappearance of necessity which this product corresponded to. As a result of competition pressure weakening at a tourism enterprise a necessity of high expenses on marketing falls off, and even allows to increase a price. However this will not be the certificate about advantage of this product for an enterprise, as volume of realization on the decline stage extraordinarily low. Therefore correct policy on perfection and diversification of product, and also on development of sale allows
adapting oneself to the new necessities. In particular, the proper policy on the revival of demand often gives the second wind to some resorts areas and rest hotels.

Thus, it is necessary to analyse carefully both products bringing during a few years little income and those that is well known at the market but for the revival of sale it is required to change their image. These products «collect power» and are able to become substantial again.

In addition, specialization of tourist organizations develops as far as diversification of demand. Basic products become more original and less interchangeable. It entails easier keeping of a specific clientele.

Thus, existence of tourism product life cycle means that a firm faces three large problems:

- new product development. A firm must in good time find new products for replacement of those in the decline stage.
- strategic approach to the tourism product life cycle stages. A firm must be able effectively organize work with existent products on each life cycle stage.
- optimization of the structure of offered products from the point of belonging them to the different life cycle stages.
10. PRICING TOURISM PRODUCTS AND SERVICES

One of the purposes of a tourism firm is to conquer and extend a tourist market and multiply an income. A considerable role in this aim is occupied by a favourable price. From a good price depends profitability, economic stability of a firm, and also many other performance indicators of a firm.

"A cost is the agreement, and a price is a policy". There is no single determination of the essence of a price.

The accomplished economic theory examines a price as a result of functional co-operation of complex of price creative factors".

Price in the sphere of tourism is not only refers to money cost, but to time and opportunity cost, as well.

Price is very important variable in the marketing mix. It has to satisfy customers and helps enterprise to receive good income. If the organisations want to succeed, they have to offer the product at a price that the customer will pay.

The appointed price must correspond to the value of suggestion, otherwise customers will buy products of competitors.

Price influence greatly on other variables of the marketing mix.

With the purpose of conducting a right price there is a need to analyse great amount of different factors. At establishment of price is foremost taken into account character of competition at this tourist market and analysis of price policy of other competitors.

Essence of a price shows in the following functions:

• Distributive;
• Stimulant;
• Orientation.

The distributive function of price is expressed in that gross domestic product and profit of managing subjects, created by prices, is redistributed between enterprises and national economy complex.

The stimulant function is expressed in the following: prices economically develop production and consumption of some products and restrain production and consumption of others, and also stimulate upgrading products, mastering of new products types and materials, provide high profitability of new products as compared to before produced.

The orientation function shows up in that a price gives necessary information both for the recipient of products and for their sellers.
In the case of market requirements changes a firm is not always able to change marketing strategy in the earliest terms (to improve tourism product, extend a market network). But a firm can operatively react on the changes in a marketing environment by a price changing.

Thus, a price allows a firm to exist at the market in the conditions of a strong competition from the side of plenty tour operators and agencies.

Pursuing a certain pricing policy, a firm actively affects both sale volumes and income.

A price is one of the elements of marketing complex, therefore while developing a price, a firm have to take into account the choice of strategies in relation to other elements of marketing complex. For example, a price depends on quality of a product, expenses on its advancement, from the stage of a product life cycle.

Factors influencing on a price:

- **Internal factors:**
  - aims of organization and marketing;
  - marketing complex strategies;
  - expenses, price policy.

- **External factors:**
  - market type;
  - estimation of correlation between a price and a product success, carried out by an user;
  - competition;
  - economic situation;
  - possible mediators’ reaction.

Aims of pricing could be:

- Survival;
- Maximization of current income;
- Maximization of a market share;
- Leadership in a product quality.

In the basis of determination of base prices can be fixed costs, consumers’ opinion, and competitors’ prices.

Strong influence on a price policy is rendered by competitors and their possible reaction on the prices change at the market. Study of competitors’ costs is important element of activity in area of pricing.

Factors influencing on setting of prices:

1. Structure of expenses (a price must be higher, than expenses of tourism firm);
2. Competition of prices;
3. Prices which buyers are ready to accept;
4. Aims of tourism organisations (maximization).

The change of price strongly influences on the volume of sales.

Relatively low price attract additional customers, but extraordinarily high price on occasion can have the same effect. Users perceive more expensive services as more high-quality. Potential tourists react on the change of price quicker, than on the changes of given services.

Pricing includes not only establishment of a price but also method of payment, types of discounts, policy of prices change, prices determination on additional services.

Seasonal vibrations of demand in tourism are very substantial, therefore prices also change depending on a season, day of week.

Package pricing have its special features. While combining some products there is a possibility to offer it with diminished price.

Pricing strategy must be closely connected with the aims of a firm and to have common direction of its development. It could be receipt of maximal profit, forming of the clients’ circle, ousting of competitors.

Collaboration with foreign partners is mutually beneficial for both sides. It gives the possibility to receive some privileges and discounts, commission increase for tourism agencies, diminishing of pre-pays.

Tourism agency is not able to work straight with a hotel, because a hotel does not provide visa support. Tourism firms frequently are the main suppliers of clients for hotels enterprises, that is how they release hotels from charges on advertising.

In replacement for it firms use large discounts from ordinary hotel prices, that allows to form confidential prices, on complex service, which considerably below than different tariffs on hotels services.

**Creation of tourism product cost**

In international practice there are two methods of suggestion a price for tour operator:

1. A firm sets a commission price covering cost of all concerted and added in a package services. In this case it is not accepted to try to get from the firm of complex price lay-out on its separate elements.

2. A firm offers the list of services with the prices on each their kind.

The selling price of a trip includes:

- a cost of products and services, raw material (for preparation of food and other);
current outlays on production, realization, organization of consumption of tourism services (prime price of tourism services);
indirect taxes (on some tourism services types);
benefit of tour operator;
discounts for the some tourists groups on the separate tourism services types;
raise or discount (commission) for benefit of tourism agency.

Prices on a tourist product must correspond to demand and advertising and to be oriented to the certain consumer groups. Price abatement conduces to growth of demand on a tourism product; the improvement of advertising can be instrumental in the increase of prices on a tourism product. The prices level influences on the volume of tourism product realization.

A pricing policy in industry of tourism is determined by different factors, therefore the range of choice of the applied methods is wide. Some of them:

**Expenses plus.** It is the method of pricing, which consists in addition of certain percent on the expenses with the purpose of income receipt after coverage of expenses on creation of product and its presentation to the market. This method is relatively simple, however has failings, especially in the field of hotel business from high permanent expenses. It does not take into account demand, and also prices offered at the market by competitors.

**Profitability norm.** This method is related to the financial analysis. It determines how effectively tourist firm operates for successful returning of investments. Unlike a previous method which is based on the expenses of business, this method comes from income level, generated by investing of capital. At the same time it does not take into account many factors, influencing on pricing, including volumes of sales.

**Reverse pricing.** Is the method based on the market price of product and planned income. With this method companies try to get an income by declining of expenses components of product, simultaneously regulating quality and variety of services. However in order not to lose clients, companies often conduct careful research of tourists needs, taking into account competition at the market. For example, a tourist firm can lease part of apartments in the wing of hotel without a view on a sea, to reduce expenses.

**Discriminatory pricing.** This method is also called the flexible pricing. It takes market demand into account, offers the price changes depending on time, place, type of product or volume of sales.

Tourist companies practice segmentation of market and offer different prices for different segments depending on possibility to pay this price. For example, students and seniors get discounts in the places of residence or on a transport. Example of discrimination at time is practice at which hotels and transporting companies often
reduce prices before peak season. It helps to attract customers and to cover the expenses related with maintenance of service level and saving of skilled personnel.

Prices are discriminated at place, for example when the cost of identical numbers in hotel is different depending on view from a window.

Another example of discriminatory price is discriminations at volume. It is discount for hotel rooms to tourism operators on condition that they must promise to offer good level of service for tourists. Otherwise discounts are abolished. This method is substantially oriented to the market and claims permanent attention to the factor of market.

*Pricing of penetration to the market* is practiced by companies which want to be inculcated to the market and here set prices below than markets. Usually this method is used by tourism operators, when making relationships with new tourist centers, hoping on that in time they will be able to increase prices, when already having the sufficient number of clients. Large restaurants also actively use this method. A method provides an economy from a scale both in the process of creation of product and in the process of marketing.

«Creams removal". This method of pricing is used, when at the market is reduction of suggestion and demand does not depend on the increase of price. It supposes establishment of high prices on the product. It is real, if a new product is offered and competition is absent.

**Pricing in practice**

The real world which the commercial recreation/tourism business faces is far more complex than the highly simplified theoretical economic models.

However, these models can help to deal better with real-world pricing problems and are a firm foundation upon which to build a more comprehensive tourism/recreation pricing strategy. When economists establish the price-quantity relationship which they refer to as demand, they mean it to apply to a single product which consumers perceive as being identical. Billions of dollars are spent each year on advertising with the single purpose of convincing consumers that apparently identical products in fact possess important differences. These advertising dollars aren't wasted. The boom in sales of certain designer jeans, headache remedies, soft drinks, and fast foods reflect consumer perceptions of differences among the products available to them, whether or not these differences actually exist.

Even without the influence of advertising, consumers' perceptions of products and services in the tourism and recreation industry do differ greatly. These differences in perceptions are extremely important to a business's pricing strategy. In essence, these perceptions define the competition. From a prospective consumer’s perception, for example, the competition for a modern campground along a major highway may be nearby budget motels, rather than less-developed campgrounds on the same route. In
such a setting, the modern campground owner might be able to price a night of camping considerably higher - near the level of nearby budget motels - than would be feasible if the competition was exclusively other campgrounds. Thus, a first step in developing a pricing strategy is to establish from the consumer's perspective what other products in your market compete most directly with your offering. Be sure to include all significant attributes of your product such as: location, facilities and services you offer, and significant attractions in the vicinity of your business.

Many tourism/recreation businesses offer multiple products and/or services to the consumer. A marina, for example, may rent boat slips, sell boats, fuel, and equipment, offer maintenance and storage services, and even operate a grocery/beverage outlet. In establishing a pricing strategy, the marina must not only focus on demand, production costs, and its competitors' prices, but also must consider the impact of slip rental prices on the attractiveness of its other products and services. The objective is to maximize profit across its entire product line. This might be achieved by charging slip rental fees below the competition and even below the break-even price. Grocery stores commonly employ such a pricing strategy for turkeys at holiday seasons, since all but the most conscientious shoppers are likely to purchase the rest of the ingredients for the holiday meal wherever the best price on turkeys is offered. Restaurants with bars will often discount food prices in order to attract customers who will purchase drinks, which are a high profit product. Impact across a firm's product line is an important consideration in establishing pieces for an individual product offering.

Demand for tourism/recreation varies with the season and the day of the week. In some cases, demand may also vary across product offerings. For example, rooms with a scenic view or campsites near the water are in greater demand than others which a business may have to offer. These differences can be exploited, since greater demand provides an opportunity to charge higher prices. Variations in demand also suggest that lowering prices during non-peak periods can yield added revenue. As long as the price discounts offered aren't excessive (i.e. the established price covers all variable costs), offering reduced rates can actually enhance a firm's profit. To the extent that differences in demand can be identified, differential pricing should be an ingredient in a firm's overall pricing strategy.

Pricing is often employed to attract new customers, to maintain good customer relations, to help a new business to become known, and to "wage war" on competition. The latter seldom makes sense for small businesses, especially those with limited capital or lines of credit. Offering price discounts, however, can be effective in the other instances noted and is often feasible even for small businesses. For example, offering a price discount on occasion may yield more business than allocating an equivalent sum for advertising. On the other hand, a business in the hospitality industry must avoid the appearance of price gouging or risk loss of customers over the long haul.
11. PLACE: DELIVERY CHANNELS OF TOURISM PRODUCTS AND SERVICES

Place is where the product is delivered or created or where the information about the product is distributed. Successful organisations have to be sure the customer can purchase the product in a particular place that is accessible.

Under a place it is implied the decision-making in choosing the suitable methods of product distribution. Other words, which channels and what distributing methods can be used for creating the easiest access for customers to tourist products.

Delivery channels are a complex of independent organizations, involved in the process of producing products or services. It is attainable to individual consumer or enterprisers of the tourism sphere. Development of the delivery system begins with the choice of participants of the delivery channel.

Functions of distribution channels

Distribution channel moves products from producers to consumers. It overcomes all barriers of time, location and privacy. Participants of marketing channel execute following key functions:

- Information – collect and present results of marketing researches and information concerning marketing environment.
- Advancement – creation and distribution of convincing advertising information about product.
- Contact – finding of possible buyers and setting with them proper relations.
- Adaptation – forming and adaptation of supply to consumers’ needs.
- Negotiations – conducting negotiations about price and other supply points with the purpose to pass owners rights.
- Physical distributing – transportation and storage of the product.
- Financing – product purchase and other expanses.
- Risk acceptance – adopt of financial risks, for example, because of impossibility to sell products with the full profit.

As a rule those functions have such tree features: use limited recourses, work effectively on the basis of specialization and are able to move from one participant of distribution channel to another.

It is very complicated task to choose suitable mediators which connect tourism consumers with producers of tourism service (airlines, hotels, car rental firms, etc). The decision about use of distribution channels influence on other elements of
marketing mix. In correctly created marketing mix all of the elements have to be compatible with each other.

The process of choosing the delivery channels of tourism products and services should include:

- product analysis;
- characteristic and determination of market size;
- sale volumes, expenses and profits analysis of the delivery channels;
- determination of assistance which it is possible to expect from the sales in this delivery channel;
- determination of help which have to be given to this channel in delivering of the products and services;
- determination of the retailers’ quantity.

Suppliers can greatly influence on where, when and how people travel. In some extent they even control what business percent receive airlines, hotels, cruise company or car rental firm.

The tourist services economy depends on the capacity of the companies to adapt their offer to the changes of the market in extremely short periods of time. This means that the capacity of providing constantly updated information to the parties involved is an essential requirement for the value chain in the tourism business. In this way, the added value of the tourist services derives mainly from the efficient combination of the updated information which leads the processes related to the business in this value chain. Given the suppliers’ autonomy, one-to-one interactions between suppliers and agencies are required to carry out the business processes in the system of value.

The process of selling services from suppliers to customers consists of the following progression. The tour operators contact quotas/places from the tourist services suppliers. These places include transport from origin to destination and vice-versa, as well as accommodation and other complementary services upon destination (transfers, car rental, excursions, etc). The processes of purchase and structuring the services in destination carried out by the recipient agencies of the tour operators, who also take care of the customers during their stay in destination.

Their products are offered to the clients as a package with specific accommodation class and length of stay or as a whole tour with the option of variations. The travel agencies sell the products of the tour operators and deliver the travel documents to the customer. These documents (tickets, vouchers, etc) are to confirm the right of the bearer to make use of a service upon destination and they are usually made out to a particular person. The tour operator informs the recipient agencies and/or the suppliers about the services that have been booked. For example,
the hotel get rooming-lists with the information on the customers they will accommodate, the type of room requested, the provision of meals, etc.

The value chain from the point of view of the services delivered:

![Value Chain Diagram]

Benefits offered by the travel agencies and the tour operators:

<table>
<thead>
<tr>
<th>Travel Agencies</th>
<th>Tour Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proximity to the user</td>
<td>Selection</td>
</tr>
<tr>
<td>Personal Treatment</td>
<td>Creation of packages</td>
</tr>
<tr>
<td>Ticketing</td>
<td>Economies of scale</td>
</tr>
<tr>
<td>Specialization</td>
<td>Knowledge</td>
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**Distribution channels level**

Channels of distribution can have different amount of levels. Channel level is a level on which certain work is executed on delivery of product from producer to consumer.

Distributional channels for individual users.

1. Producer → Consumer
2. Producer → Retailer → Consumer
3. Producer → Large wholesaler → Retailer → Consumer
4. Producer → Large wholesaler → Small wholesaler → Retailer → Consumer

Channel 1 is called direct marketing channel, has no mediators level. It is represented by producer and consumer. Channel 2 contains one mediator level. Channel 3 contains two levels. On the producers’ markets usually they are wholesaler and retailer. This channel type is usually used by small producers. Channel 4 consists of four levels. From the point of producers’ view, more number of mediators in the
channel means less control of distribution system and creates additional complications.

Tourist services suppliers

Holiday accommodation

• Hotel accommodation
  - Beach Hotel
  - Mountain Hotel
  - Spa Hotel
  - City Hotel
  - Congress, Convention, Banquet, Events, etc Hotel

• Non-hotel accommodation
  - Tourist apartments, bungalows, villas and rental holiday homes
  - Tourist camps
  - Rural accommodation
  - Holiday resorts
  - Timesharing

Catering

• Restaurant
• Cafe
• Bar

Travel agencies

• Final service suppliers in the tourist industry:
  Accommodation business (hotel, motel, apartment, hostel, rural tourism);
  Transport business (air, sea, land transport);
  Complementary offer business (vehicle rental, catering, leisure, theme parks).

• Intermediaries in the tourism industry:
  Travel agencies and tourism operators
  Tourism Information Offices
  Global Distribution Systems
  Central Booking Offices

Service Intermediaries

We call intermediaries those tourist companies which offer a trading service (organisation, advice and mediation) between the supplier or service provider and the client or user.

Here are the most relevant intermediaries in the tourism sector:
Travel agencies

Travel agencies are considered the main group within the intermediaries’ category.

They are service trade companies who organise and sell both combined services or package holidays and single products. They have three basic functions:

- **Advice:** This is a free benefit for the client which consists of informing him and giving his advice about all the travel options that may be of interest to him, with the aim of making it easier for the customer to make a decision on what is the most suitable service according to his possibilities and needs, as well as answering the customers’ requests about a specific tourist service.

- **Organisation:** This consists of the preparation and technical organisation of combined trips, both those out on offer and those requested by the customers, as well as carrying out the arrangements needed when single services are sold.

- **Mediation:** This consists of getting the service suppliers in touch with potential customers, increasing the retail sales points of the service providers.

Depending on the volume they deal with, travel agencies can be classified in three different categories:

- **Wholesale travel agencies** or tour operators design, create and organise combined services or package holidays to be sold to the public through the retail travel agencies, in no case being able to sell the products themselves directly to the customer.

- **Wholesale-retail travel agencies** can simultaneously carry out the activities of a wholesale travel agent and a retail travel agent, because they hold a double license and they have made an initial outlay and deposit in accordance with current legislation.

- **Retail travel agencies** design, create and organise combined services or package holidays to be sold to the public by them, being unable to offer their products to other agencies. At the same time they can sell package holidays from wholesale travel agencies. Likewise, they book and sell single products (tickets, accommodation, etc.)

Depending on their basic function, we can make a distinction between recipient, issuing-recipient, and issuing travel agencies.

- **Issuing travel agencies** basically focus in the organisation of trips or single products (hotel reservations, transport, etc), according to the demand or upon request, and they issue these to the contracted destination locations.

- **Issuing-recipient travel agencies** simultaneously carry out both services characteristics of an issuing travel agency and services characteristic of a recipient travel agency.

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Recipient travel agencies are specialised in receiving and assisting tourist coming on trips organised by the national or foreign (issuing) travel agencies, for which they work as correspondents.

**Place, as business location**

One of the most important aspect in distribution and sale of services is the business location. Comfortable location matters very much for income level. Retailers will say that there are tree secrets of successful trade – “location, location and location”. There is no one effective formula for good location. Good location for one enterprise will differ from good location for another. Location depends on marketing strategy of a firm. Each firm has its own characteristic complex for evaluation of location. Usually there are four stages of location choice:

1. Determined by understanding of marketing strategy and target market of the company. For example, motels La Quinta are oriented on commercial travellers and other middle class customers on their own cars. That is why those hotels usually situated along highways. They are situated close enough to business centre, but far enough to economize costs on area.

2. Regional analysis includes the selection of geographical market. The restaurant chain can plan expansion of sales and get in new market in a big city. First of all they have to find new region which will support at least five new branches. A firm has to be sure that a region has sufficient and steady demand. The most attractive region is quickly developing with diversified economic structure.

3. Territory choice within the limits of internal region. If a restaurant chain decided to open five restaurants in the capital district, it have to choose good areas its restaurants’ location. Leaders of the chain have to analyze demographical and psychographical characteristics of the district, evaluate competitor conditions and development potential and to choose five the most attractive districts.

4. Choice of concrete areas. Key considering at the analysis of area compatibility of different business spheres. Restaurant or hotel will seek for potential demand sources. For hotels it could be main office complexes, airports, business complexes, etc. Restaurant will seek for location of dwelling complexes, business centres or motels which do not offer feed or drinks.

Evaluation of area location includes a term of attainability. Another aspect is desired environment.

So, location is a key aspect for tourism enterprise, mostly for hotel or restaurant. Place have to be suitable not only in this moment but to stay comfortable for the whole business activity.
12. PACKAGING: A TOURISM MARKETING TOOL

Time is a valuable commodity for today's travellers. Dual-income families find it difficult to schedule vacation time; family members often have jobs or activities that conflict; or an individual's job makes long vacations impractical. As a result, more families and individuals are taking long weekend or holiday vacations, or extending business trips into short getaway vacations. Packaging is a popular technique used for attracting these customers, because packages make travel easier and more convenient.

In the hospitality and tourism industry, "packaging" is the process of combining two or more related and complementary offerings into a single-price offering. A package may include a wide variety of services such as lodging, meals, entrance fees to attractions, entertainment, transportation costs (air, auto, train, cab or bus), guide services, or other similar activities.

Travel packages have become increasingly popular over the years. They are attractive because they benefit both the customer and participating businesses; packaging provides convenience and value to the customer, and added revenue for participating businesses.

Benefits to the Customer

Packaging can be an effective marketing tool to provide several customer benefits. These may include:

- Ability to budget for trips. Packages include most of the components a customer must pay for during a trip. The customer pays at one time and has a good idea of the trip's total cost.

- Increased convenience. Trips can be time consuming and difficult to arrange. Several telephone calls and letters may be required to arrange for tickets, accommodations, reservations, and other components of a trip. A package allows a customer to arrange many components of a trip with one call or letter and one payment, saving the customer time and aggravation.

- Greater economy. Businesses that package can frequently purchase tickets, meals, and other package components at wholesale prices. The business can add in the cost of packaging and still provide a competitive price to the customer. Thus, the cost to the customer is usually more economical than purchasing the package components individually.

- Popular programs and activities. Visitors and travellers are often unfamiliar with many of the activities and attractions in an area: a package can help customers find them easily.
• Specialized interests. Packaging provides a unique opportunity to design components of a package for specialized interests. These so-called "benefit bundles" can include a package component not readily available to individual customers. For example, a package weekend may feature a cooking demonstration by a well-known chef or a lecture by a well-known author.

**Benefits to Participating Businesses**

Packaging can be used by businesses to help improve profitability and build customer volume. Examples include:

• Improved profitability. During peak or high-demand periods, use packaging to add value to an existing product. Purchasers may be required to stay a prescribed period or purchase a combination of goods and services. Packaging may also allow a business to price its product at a premium by adding special goods and services.

• Smooth business patterns. Use packaging during low demand periods to add attractive features to the business's service or product, thus generating additional business. Other businesses may also be willing, to discount their services during this time. Adding these services to the existing product mix may generate new business.

• Joint marketing opportunities. Packaging can allow the business to reduce marketing costs or start a new program one could not normally afford by joining with one or more businesses to conduct a marketing or advertising program. This strategy can be especially effective if the businesses involved have similar customers.

• Improved target marketing. Packaging can be an effective tool to tailor tourism and travel products for specific target markets. Examples can be ski, sports, or theatres weekends. Good market research is needed so an appropriate mix of tourism and travel services will meet the needs and desires of a target group of customers.

• Greater holiday weekend business. Packaging can be used to highlight special holiday weekends by developing services appropriate to the theme of the weekend. New Year's, Valentine's Day, or Mother's Day is just a few of the holidays that can be used to develop special programs for parties, couples, or family gifts.

• Unique recurring events. Businesses can create their own events that can occur throughout the year. Events could be tournaments such as chess or bridge or crime re-enactments that let guests do the detective work. Events of this type will require imagination and inventiveness to take advantage of the wide
variety of activities that take place in the community. This technique is often called "programming."

- Redirected traffic to lesser-known attractions. Directing visitors to often overlooked attractions can help in two ways: heavily visited attractions may be offered some relief, while newly discovered attractions may thrive and prosper.

Businesses can use many different strategies in designing a package product. Success will depend on good market research, an understanding of existing customers, research, an understanding of existing customers, and a good knowledge of the community and its activities.

**Items to Consider in Developing a Package**

Before developing a tourism packaging program, the business should devise a marketing plan through practical marketing research. The business owner should ask him/herself the following questions:

- Are you willing to do market research to determine who your customers are and what they want?
- What are the potential attractions, businesses, or marketing service firms that could provide a part of the package? Meet with the managers of these businesses and public attractions to discuss their interests and ideas.
- What are potential marketing and promotional networks that will help spread the word about your product? Convention and visitors’ bureaus, chambers of commerce, retail travel agents, clubs and organizations, state offices of tourism, and other attractions or travel businesses all have the potential to play an important role in merchandising your package.
- Will the physical appearance and service skills of your business match the target audience?
- Does your business have the ability to manage and service the customers you generate through your packaging program?
- Are you prepared for a risk? Because you will be including customer service activities that are not under your direct control, you will be required to develop formal, written agreements between the cooperating businesses.

**Elements of a Successful Package**

Putting together a successful package is not easy. However, by following the suggestions listed below, the chances of success will be greater.

- Include attractions or demand generators. Every package needs one or more core attractions. These could be tickets to a special event, specialized programming, or reduced prices.
• Provide value to the customer. Many travellers buy packages because they perceive they will receive greater value for the travel dollars they spend. For some, this translates into a package that costs less than the sum of the regular prices of individual elements. Almost everybody is interested in getting something for nothing or next to nothing.

• Be well planned and coordinated. A successful package must be well planned and coordinated. Each element should flow naturally from one to the next. Use a theme to hold the package together and create a positive experience for the tourist.

• Offer consistent quality and compatibility among elements. Many customers buy packages because they expect consistency in quality. Combine only package components that are compatible and enhance the overall quality of the traveller’s experience. Customer dissatisfaction with one part of the package will often spoil the entire experience.

• Provide a distinctive customer benefit. The best packages provide customers something they would not get if they purchased package elements separately. Sometimes this benefit is the offer of value, but in other cases, it is a component that is not readily available to individual customers. This might involve incorporating special lectures or appearances, unique dining experiences, or other activities.

• Cover all the details. The temptation might be to throw a package together, but the close attention to detail makes some packages more successful than others. Remember, it is often the little things a business does for guests that matter the most. Some things to consider include a policy on refunds and cancellations and complete information on all package elements included in the price, as well as items not included.

• Generate a profit. Clearly, packages offer a unique way to satisfy traveler needs and wants. Of course, the package should also be designed to generate a profit. The ideal time to offer packages is when demand is low and when the package will not displace customers who may generate higher revenues.

**Pricing a Package**

Lodging or transportation is the most expensive parts of a package product. They are usually the first contact points for customers who purchase a packaged vacation or travel product. Lodging operations or travel agents are usually the key to organizing a packaging program, even though an area’s attractions may bring visitors to a community.

Although accommodations and transportation are the basic ingredients of a package, tickets to attractions, dining, and other services are other key parts of the
product mix that make the package marketable. It is necessary for a business to understand its target market and conduct basic practical market research in order to develop a successful package. Experimenting with a set of packages can also help you identify which sets of activities are most attractive to your customers.

Issues to consider when pricing a package include:

- The package must be a good value and competitive in the market. Customers should not be able to purchase separate items in the package for less than the package price. A large user of package components should be able to receive discounts from businesses that provide them.

- Evaluate the role packaging can play in the business's marketing program. While packaging can be used to implement many different strategies, the basic intent is to generate additional business.

- Determine if the package is feasible by applying a break-even analysis to help determine how many packages a business must sell before earning a profit.
13. ADVERTISING IN TOURISM

Marketing attempts to match the product with consumer preferences. A mix of messages and format are used to market your product or service: advertising is just one aspect.

Advertising is the most meaningful element of communication complex used to persuade the target market to buy. It has large potential influence on all the other elements of this complex (can attract great masses of people) and is most expensive. Advertising informs about a company and its product, convinces potential buyers to choose this company and its product, strengthens a confidence at existent clients in their choice and etc.

Advertising is defined as all nonpersonal forms of communication where paid media is used and the formal sponsor is identified.

A few associate advertising objectives are:

- forming at the consumer of certain knowledge about this product/service;
- forming at the consumer of certain firm image;
- forming at the consumer of favourable attitude toward a firm;
- motivate a consumer to choose this firm again;
- motivate a consumer to purchase this product at this firm;
- acceleration of a product turnover;
- aspiration to make this consumer as the permanent purchaser of this product.

For example, known hotel company "Marriott" at advertising of the new service - delivering of breakfast to a room - fully observed all these requirements. On an advertising board was shown waiter coming in a hotel room with the breakfast served on a movable table, and behind him was the president of the company Bill Marriott, which was showing on the clock. So, this advertising made suggestion of timely service in a room tangible. At the same time it promised the decision of problem very important for a guest, as room service. The promise to serve in exact time distinguished "Marriott" from many competitors, such promise was not given by many hotels. In this case the president of the company risked by his reputation, and on default of promise it was suggested to the clients not to pay for a breakfast. The advertising promise also has positive influence on the workers of company, because it demonstrates the obligation undertaken by the leader of company. And at last, even those people who never lived in its hotels were talking about it.

Four types of advertising:

- brand;
- information;
- image;
Brand advertising, the most common, tries to stimulate sales by building product loyalty. Brand advertising is competitive: advertisers often hype their product's advantages over their competitor's.

Information advertising highlights facts and can introduce a new product to the consumer. A new tourist destination may convey information to create awareness as much as a competitive message ("we offer a better travel experience") first entering the marketplace. Information advertising is often used where demand does not presently exist.

Advertising can enhance an organization's image. It can also remind consumers to keep buying on a regular basis. Coca-Cola could be an example of a product at this mature stage.

**Five decisions must be made in selecting an advertising strategy:**

- Set advertising objectives.
- Determine the advertising budget.
- Create the advertising message.
- Select the advertising media.
- Evaluate the advertising results.

*Set Advertising Objectives.* Advertising objectives flow from previous marketing decisions about your product, target market, image, and knowledge of the competition. Decide whether the message is convincing, informational, image building, or a reminder. Outline exactly what you want the advertising program to accomplish. Mention a specific target market and a time frame to achieve it.

*Determine the Advertising Budget.* Options for determining an advertising budget fall into four basic categories: investment, affordable, competitive, percent of sales. The best way to set an advertising budget is to view advertising dollars as an investment. Advertising must increase profit margins to more than offset advertising expenditures. Costs must be tied to results to avoid draining profits and reserves.

The universal advice in all business sectors is to consider advertising as a necessary expenditure, like interest payments and utilities, to assure the health of the business. It is not a luxury to be cut first when revenues decline. Percent of sales is often touted as a simple way to calculate advertising budgets. A fixed dollar amount is set annually based on previous sales, and then allocated to individual advertising components; for example, newspaper ads and brochures. However, there are no hard and fast rules for selecting a percentage, and this strategy ignores unexpected opportunities that could arise such as a late snowfall or a "hot" trend. Instead money is distributed on the basis of availability. A serious drawback of
the percentage method is if revenues fall, you will spend less at a time when you need to devote more resources to advertising.

*Create the Advertising Message.* Marketing a service, like travel opportunities, is very different from selling a tangible product like a car. One fundamental difference is that tourism depends largely on the personalities of the people who deliver the travel experience - the people who meet and greet guests. It can not be controlled the way circumstances surrounding the purchase of weekly grocery items can be controlled. There are also different rewards for the consumer. Usually people vacation experiences because of emotional rewards rather than purely rational reasons. An advertising message from a creative endeavor that tries to reach a customer whose travel expectations may be complex. Travel's personal nature and emotional appeal shape the advertising message.

It is important to make key points prominent in advertising message. Many things could be said about any product, and probably an unlimited variety for travel destinations. No ad should attempt to say it all: say a few well. A tourism enterprise has to talk to its guests, to the experts, and even to competitors to determine what is distinctive about its operations or offerings.

The report must be:

- short;
- interesting to the buyer;
- reliable;
- clear;
- dynamic;
- repeated.

*Select the Advertising Media.* Media selection means finding the most cost-effective way to deliver the message to the desired audience.

Reach, frequency, and impact are key concepts in selecting the combination of media used. Reach is the number of people exposed to your message. Frequency is the number of times they are exposed to the message. Impact is the quality of the exposure in terms of consumer response.

Advertising deals with cumulative effects. Visitor response usually comes from a variety of media used long time span. A wide variety of options exist for timing a media campaign. A firm can send out its advertising message continuously, in concentrated small "bursts," or at regular intervals. It is important to remember that vacation decisions are usually made well in advance of actual travel. Coupled with media production schedules set well in advance, a very long planning horizon becomes necessary for media buys.
An enterprise has to know its target audience's media habits. Consider the type message it want to convey. For example, an upcoming special event needs the immediacy of television and radio coverage. Yet, a detailed tour package is best presented in written format.

The main advertising facilities are:

- newspapers;
- magazines;
- radio;
- television;
- signboards;
- catalogues;
- booklets;
- stands;
- leaflets;
- billboards;
- announcements on transports vehicles.

**Newspapers**, long the major recipient of advertising dollars, are preliminary a local medium with less than 15 percent of revenues coming from national advertisers. For the past decade, newspapers have faced declining advertising shares as new competitors have taken ad dollars and many retailers have cut advertising budgets or moved to direct mail.

**Pros:**
1. Newspapers have wide exposure especially to an upscale audience of 35 and older adults.
2. Newspaper advertising is extremely flexible with opportunities for colour, large and small space ads, timely insertion schedules, coupons, and some selectivity through special sections and targeted editions.
3. Newspapers are timely and reach their audiences at the convenience of the reader and maintain high credibility as an advertising medium.

**Cons:**
1. Many newspapers have 60 percent advertising content. This high ratio of advertising, combined with average reading time of less than 30 minutes, means few ads are read.
2. Newspapers suffer of briefness. Also there is negligible quantity of the second readers. Low amount of reproducing report;
3. Limited circle of readers Overall newspaper circulation has fallen far behind population and household growth. In some cases, it is difficult to reach certain target markets. In particular, teen and young adults do not demonstrate high newspaper readership.
4. Advertising costs have risen much more sharply than circulation in recent years.

5. Newspapers face growing competition from television as a primary source of news.

**Magazine** advertising is a lot like newspaper advertising - flat, one-time rates - with several exceptions. Magazines sell a portion of the page, in full, half, quarter, 1/8, etc. increments. So there are limits on how you use space. Normally ads to the magazine are camera-ready, meaning everything is in place to print.

Publisher's statements contain information on circulation, renewal rates, and geographic breakdown of their subscribers.

The rise in special interest magazines featuring certain recreation activities and hobbies, geographic regions, and lifestyles have made it easier to reach distinct market segments.

**Pros:**
1. High quality of reproducing report.
2. A lot of secondary readers.
3. High electoralness of audience.

**Cons:**
1. Expensiveness.
2. Long temporal break between giving of ad information and its appearance in a magazine.

**Postal advertising/Direct mail**, as the name implies, is a package of advertising materials mailed to selected target market members. Total costs are based on production, list preparation, and mailing activities. Direct mail can appear expensive at first glance, but when you consider the locate one interested customer, it can be a cost-effective strategy.

There are print expenses in preparing the information to be which could include letters, brochures, catalogs, postcards, price lists, or coupons.

**Pros:**
1. Personal address to the audience;
2. Timeliness;
3. Possibility to pass more complete information about the product;
4. Effective for new developing business.

**Cons:**
1. High expenses on 1000 publicities contacts.
Radio is a personal medium that takes advantage of its many stations and formats to direct advertising to extremely well defined audience segments. Radio has high weekly coverage and station loyalty by the audience; it maintains the lowest costs of all major media.

Pros:
1. With the exception with the direct response, radio can more selectively target narrow audience segments, many of whom are not heavy users of other media. For example, teenagers are particularly heavy users of radio.
2. Radio is a mobile medium going with the listeners into the marketplace and giving advertisers proximity to the sale.
3. Radio, with its relatively low production costs and immediacy, can react quickly to changing market conditions.

Cons:
1. Without a vision component, radio often lacks of impact of other media. Also, many listeners use radio as “background” rather than pay full attention to the programming.
2. The low average audience of most radio stations requires high frequency to achieve acceptable reach frequency.
3. Adequate audience research is not always available, especially in the important drive-time and out-of-home listener categories. Many small-market stations have no audience research available.

Television reaches every demographic category and achieves creative impact with both colour and motion. Many advertising executives predict than television will soon pass newspapers as the primary source of total advertising dollars, a distinction television has long held among national advertisers. For example, the top 100 national advertisers place almost 40 percent of their budgets in television with over 20 percent in network alone.

Pros:
1. Television is an extremely creative and flexible medium. Virtually any product message can be adapted to television.
2. Despite recent cost increases, it remains extremely cost efficient for large advertisers needing to reach a mass audience. By utilizing selected cable outlets and local broadcast stations, advertisers are able to provide a local or regional component to their national television schedules.
3. Television offers advertisers prestige lacking in most other media.

Cons:
1. The TV message is perishable and easily forgotten without expensive repetition.
2. The TV audience is fragmented with alternatives such as cable, independent stations, VCRs, etc., vying for limited viewing time. The potential of 500-channel
systems combined with interactive technology makes fragmentation even more of a problem in the future.

3. The advent of the 15-second commercial has led to more and shorter messages, which contribute to confusing commercial clutter.

**Outdoor advertising** Billboards are the most common form of outdoor advertising, and can be very effective if used properly. Outdoor advertising is usually designed to create awareness. Impulse buying is not common for travel decisions so opportunities to change a traveler's plans are great - with the exception of businesses geared to the travel transit - motels, attractions, gift shops, etc. Instead, advertising should place the option of a future visit in the mind of the consumer.

Pros:

1. High-frequency of the repeated contacts;
2. High degree of perception;
3. Low cost.

Cons:

1. Low electoralness of audience;
2. Limitations of informative and creative character.

**Evaluation.** Usually advertisements are evaluated with the AIDA principle:

**A** = Attention (catch the eye of a potential customer through design, layout, fonts and styles of print, bold titles and headlines, drawings and pictures, colour)

**I** = Interest (content shown in ways in which to encourage potential customers to keep reading, listening and looking: short, sharp, snappy, humorous slogans, fun element)

**D** = Desire (description of product or activity shown in a way to meet the needs and expectations of potential customers and make them want to buy the product, or take part in an activity, use of appropriate adjectives and verbs)

**A** = Action (need to encourage potential customers to act, by clearly showing what they have to do to buy the product or service or take part in the activity)

First be sure that potential guests look at an advertising, and then that they are interested enough to read on. A good advertising will create a desire or need for the product and motivate action.

In planning an overall marketing campaign, advertising usually gets most of the attention. Advertising is a very public, very persuasive tool when used on a repeat basis. But advertising is also an impersonal one-way form of communication. Advertising should be integrated with other marketing methods - publicity, personal selling, and incentives - to get the message across.
14. THE PUBLIC RELATIONS IN TOURISM

It is vitally important for a firm not only to take into account external terms but also to have the fully certain orientation on forming of favourable «external climate», to conduct successful work with public, target and actual audiences. The decision of this task is provided by realization of propagandists measures under which more frequently understand work on connection with public – public relations.

Public relations are directed on the study of the public opinion and forming of benevolent attitude toward a tourist enterprise and its activity.

The main reason of rapid and wide distribution of public relations at the last years is that circumstance, that mutual misunderstanding between tourism firm and its target market is very expensive for both.

General purpose of public relations is establishment of bilateral intercourse for the exposure of common opinions or interests, and also achievement of the mutual understanding, based on the true, knowledge and complete informing.

Main aims of public relations in tourism are following:

- establishment of the mutual understanding and confiding relations between a tourism enterprise and public;
- providing of fame to the firm;
- creation and confirmation of firm’s image;
- popularization of tourism product and tourism on the whole;
- denial of the unclear and (or) unfavourable information;
- providing of support from the side of different target markets.

The difference between public relations and advertising is that the advertising only makes the information intended specially for mass media (this information can represent organization both from the best and from the worst side). With the help of public relations organization carries out a kind of control above promotion and supervises of creation only positive image of the product.
Difference between public relations and traditional advertising

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<tr>
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<th>Public relations</th>
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<td>Most typical facilities</td>
<td>Mass medias + set of public relations measures</td>
<td>Mass medias</td>
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<td>Raising of task</td>
<td>Guidance of a firm</td>
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<tr>
<td>Object</td>
<td>Ideology, world view, fashion, style, etc</td>
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<tr>
<td>Character of measure</td>
<td>Cognitive, acquainting, non-commercial</td>
<td>Commercial</td>
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Preparation and conducting of propagandists measures consist of four associate stages:

1. Analysis, research and goals setting.
2. Development of the program and budget of measures.
3. Realization of the program.

The indicated stages often name the system RACE: Research, Action, Communication, and Evaluation.

For organization of public relations a tourism firm can create the special department or to charge this work to the concrete employee. At the same time a firm can appeal with this purpose to the specialized companies and institutes on organization of public relations.

Directions of tourism public relations

For achievement of the aims tourist propaganda uses various facilities and receptions. It could be carried out by a few directions, the major are:

- relationships with mass medias;
- relationships with target audience;
- relationships with government and public authorities.

Establishment of durable relationships with mass medias (press, television, radio) allows using them for distribution of the proper information with the purpose of bringing in of attention to activity of tourist enterprise and its products.

The relationships with mass medias are bilateral.
The main receptions of establishment of connections with mass medias are:

- reports and informative packages for a press;
- delivery in the mass medias of press-releases (or press-bulletins);
- organization of press-conferences and briefings;
- informative trips for journalists;
- interview;
- personal contacts.

_The report for a press_ is an article of informative character, its primary aim is to tell new information about firm’s activity. Practically all mass medias are ready to place informative materials. A press always greets any article or information message containing the element of novelty. Material should be reliable and timely.

The reports have different efficiency degree. However in the field of tourism as compared to other spheres it is rather significant. An event related to tourism is able to interest wide circle of editions. Information about it can find the place in such headings, as «economy», «social problems», «culture», «sport», «environment», «transport», «education», and etc.

If the report must be supported by illustrations and additional materials, it is necessary to arrange _an informative package for a press_. In the simplest variant an informative package is the folder of A4 format, containing the report and pictures.

_Press-releases_ are the widespread method of giving the reports to the mass medias. They usually include short information about a firm, most representative products, prospects of development of tourist enterprise. Press-releases are sent by ordinary mail, on computer communication channels; are given to the journalists on exhibitions, presentations, charity events. The main requirement to the press-release consists in that it must be clear, without ambiguities.

Press-conferences are the important reception of intercourse with mass medias. Usually they are conducted in those cases when a theme contains the elements of novelty, unusual thing or actuality. Press-conferences enable wonderful possibility for distribution of information about a firm and offered tourism products.

In many countries the _informative trips for journalists_ are very popular. The trip is chosen and paid due to a firm. Their purpose is to get afterwards one or a few articles, psychological influence of which differs from what the direct advertising. In many cases the impression at target audiences is more winning and more complete (effect of look outside). Moreover, the prime price of such organized trip is lower than expenses on advertising. Usually trips are organized individually for certain themes, but some times they are organized for large groups of journalists with an identical purpose, for example, opening of a new hotel.

An important place in public relations is taken to organization of interviews of leaders and specialists of tourist enterprise, and also establishment of benevolent and friendly personal contacts with the employees of mass medias (so-called journalistic lobby).
For example, a potential client when buying a tour in tourism agency may choose that product which was recommended by a professional commentator on tourism in printing edition or on television, than that which is actively offered by promotional editions.

Today the basic efforts of public relations are directed on creation of attractive stories about dignities of a product and on defence of it from a negative image. However, if public relations pass histories about a product, than promotion creates them.

The large companies of tourism industry even organize the specialized firms on public relations, which monthly publish the special materials for creation of favourable promotion for this company.

The process of creation a story about a product usually is expensive. Many stories can be related to the workers of a company. Stories can be related also to the clients of a company.

After creation of the proper story usually a company invite mass media and make presentations for them.

Another aspect of public relations can be leaders’ activities of a company. And in some organizations its ordinary employees can become important elements of public relations. In fact opinion of workers about a company can strongly influence on its image.

Establishment and maintenance of relationships with a target audience serve to strengthening of the mutual understanding between them and tourism enterprise. For this purpose can be used:

- general firm communication;
- tourism measures;
- tourism events and others.

*General firm communication* is measures, directed on more deep understanding of specific activity of tourism enterprise by public. It is provided foremost by participation in charity actions, public life of city or territory, sponsorship in cultural, sport, health areas and etc. Sponsorship and charity is the planned investment of money in non-commercial activity with hope on improvement of enterprise image and increase of sale volumes. It is necessary very carefully to choose measures and objects for sponsorship. The main criterion is a public meaningfulness and fame of a measure or event.

To the elements of general firm communication also behaves propaganda by means of distribution of printing products (advertisings, official reports about firm activity) in mass medias, among business partners, permanent clients, in educational establishments. It assists in forming of atmosphere of openness and trust between a firm and its target audiences.
An important place in the system of general firm communication also occupies participation in seminars, conventions, conferences of professional and public organizations, public speeches (at schools, enterprises etc) participation in public life of city, region, membership in different associations.

Tourism measures are extraordinarily varied. Their aims are popularization of tourism on the whole, country, region or tourist centre, creation of image of a firm and its product. The examples of such propaganda are conducting of Tourism Days, days of firm, gastronomic events (presentations) propagandists campaigns (for example, «Tourism and Ecology»).

Tourism events can be related to:
- jubilee of a firm or anniversary of its activity;
- introduction to the market of new tourism product;
- «anniversary» client (for example, thousandth, ten thousandth, etc.).

Relationships with government and public authorities are directed on the receipt of possibility to render certain influence on the decision-making of regulative character, concerned tourism business on the whole and activity of concrete enterprise in particular. This direction of propaganda can be realized by following receptions:
- invitation of different level leaders to participation in the celebrations arranged by a tourism enterprise;
- lobbyism consisting in collaborations with governmental legislators and other officials, with the purpose of obtaining acceptance or non-admission of some official decision-making;
- advising providing of recommendations to the government on the actual tourism tasks and its public meaningfulness.

The distinguishing features of public relations are wide embrace of target audience, variety of the applied forms, authenticity, orientation on a long duration prospect, possibility of effective presentation of a firm and its services, low cost of contact with a target market. Those features make the public relations effective enough instrument of marketing communications. However, unfortunately, most tourism enterprises not enough uses propaganda. But unlike other facilities of communications it does not require considerable facilities, moreover, propaganda very often appears even more effective than advertising. Quite often with the large trust consumers behave to the unobtrusive and objective propagandists appeals which carry informatively-cognitive character, than to the eye-catching advertising announcements.
15. SALES PROMOTION AND PERSONAL SALES IN TOURISM

Sales promotion is marketing activity, different from advertising, public relations or personal sales it stimulates the consumers’ purchases and dealers’ efficiency.

Conducting of sales promotion measures for today gets greater development. It is effective and comparatively inexpensive method of bringing in of potential buyers.

Sales advancement is used in cases when it is required:

- to multiply the sales volume in a short-term period;
- to support adherence of buyer to the certain brand name or firm;
- to show out some new products at the market.

Advantages of sales advancement are:

- possibility of the personal contact with potential consumers;
- big choice of facilities;
- a consumer can get something valuable and more information about a firm;
- possibility to multiply probability of impulsive purchase.

But at the same time it is necessary to remember that:

- sales advancement renders short-term action on the increase of sales volume;
- comes forward as support of other advancement forms, requires an advertising presence;
- the image of firm can be undermined by low quality of stimulation elements.

The decision of tasks of sales advancement is achieved by various facilities:

- examples of a product;
- coupons;
- packing at favourable price;
- bonus;
- souvenirs;
- demonstrations of product in the sale places;
- competitions;
- lotteries;
- maximum term;
- free club entry;
- bringing in of "client-friend".

One of the important methods of advancement of tourist product are different stimulation facilities which will help to accelerate or strengthen the return reaction.
These facilities of advancement are mainly intended for creation of good relation of clients to the firm and offered tourist product, and also memorizing it, that can promote the value of product.

Stimulation facilities have such main characteristics:

- attract customer’s attention and contain important information about product;
- suppose a discount, privilege, assistance, which are valuable for an user;
- contain clear suggestion to accomplish transaction or purchase immediately.

The **process of sale promotion** consists of:

- Set sales promotion tasks
- Choice of sales promotion facilities
- Development of the sales promotion program
- Preliminary assay of the sales promotion program
- Realization of the sales promotion program
- Estimation of results of the sales promotion program

**Set sales promotion tasks** The tasks of sales promotion follow from the tasks of product marketing. The concrete tasks of stimulation will be different depending on a target market. Among the tasks of sales promotion is encouragement of more intensive demand on a tourism product, its purchases with more complete set of services, motivation of persons not using a product to test it, attracting those who buys the brands of competitors.

For tourism agencies this is encouragement on including of new tourism product in the assortment, maintenance of more high level of tourist product and services, injury of the stimulation measures undertaken by competitors, forming of adherence to the brand, expansion of retail sales network.

**Choice of sales promotion facilities** The decision of sales promotion tasks is achieved by the great number of various facilities. Thus the developer of marketing plan takes into account a market type, actual tasks in the sales promotion field, the existent state of affairs, and profitability of each of the used facilities.

Facilities of consumers’ stimulation:

- providing of discounts from the declared prices to tourist services and products in the case of their preliminary reserving to the certain term. This reception has an object to interest the greater number of buyers by possibility to purchase beforehand a tourist journey at lower price;
- providing of additional free service during 1-3 days, if a tourist will purchase a trip with maximal duration.
- including in complex service of some free additional services (for example, entrance into a disco-club, on a beach, use of tennis courts and etc);
• conducting by a firm in a press, radio, TV or on the exhibition of some tourism quizzes, in which a winner gets a reward – a free tourism trip. In such way a firm can bringing attention of additional number of targets audiences;

• distribution of free firms souvenirs to the tourists travelling with this firm (road bags, ball-points pens, cigarette-lighters, etc.). It will help to raise an authority of firm in tourists’ eyes and fix them in the number of permanent clients;

• providing of the special attention to permanent customers of a firm by placing them in more prestige hotel rooms, in comfortable places in a restaurant, presents vases with fruit, flowers, souvenirs, and also by congratulations on holidays;

• solemn celebration in honour of jubilee buyers (1-,10-,100-). Publishing reports on this occasion in the press, radio or TV. Presenting gifts or grants for them.

Facilities of dealers and tourism agencies’ stimulation:

• establishment of progressive commission for the sale of tourism trip over the set quota;

• providing of discounts from the declared prices to the tourist groups in the case of sales volume increase, especially in non-seasonal period;

• providing of free service to the workers of retail firm, accompanying tourist groups;

• presenting some gifts-souvenirs to the representatives of retails tourism agencies;

• distribution of catalogues among potential partners;

• organization of acquainting (publicity-informative) free of charge trips for personnel of retail tourism firms or with the large discounts (75%).

Facilities of personnel stimulation:

• financial encouragements;

• incentive-trips;

• bonuses;

• competitions, etc.

Another important method of sales promotion applied in tourism industry is organization of exhibitions which allow to the sellers and buyers of tourist product to meet on general territory and to make bargains. The exhibitions conducted in London and Berlin are the largest and most popular. As a rule, exhibitions are subdivided into three kinds and aimed: on society on the whole, tourist companies and participants on the special invitations. On these exhibitions tourism agencies get possibility to improve their knowledge about tourist products which are offered by national and local tourist organizations, and simultaneously to represent the own product, and also the country or region, demonstrating films and national suits, attracting folklores
bands, conducting tasting of wines and etc. Interest to the exhibition rises due to active participation of press. Within the framework of exhibition also organized symposiums and meetings on different themes actual for tourism industry.

However, in spite of all advantages, participation in such exhibitions is very expensive; participants have to pay rent for the occupied areas, registration of stand, equipment, proper literature and other.

Another important method of advancement in tourism industry is **presentation**, which is determined as the action aimed on the statement about itself or on the conquest of popularity. Very often presentations are used by tour operators for presenting their programs or products to tourism agencies. Sometimes these measures are conducted as formal conversations of senior sales managers with the proper personnel of tourism agencies about the new programs and products. Such meetings are useful to the company not only as mean of advancement of the product but also as the receipt of information about a market first-hand. When creating a presentation it is very important to plan it carefully. A company have to choose a good place, suitable time.

**Development of the sales promotion program** A developer of sales promotion marketing plan must adopt a row of additional decisions. In particular, he has to decide how intensive should be applied stimulation, who can participate in the program, how to advertise this stimulation measure, how long will it continue, when will it begin and what financial facilities it is necessary to provide for its conducting.

**Preliminary assay of the sales promotion program** If possible it is necessary preliminary to test all used facilities of sales promotion and make sure, that they befit and provide necessary stimulus.

**Realization of the sales promotion program** On each sales promotion measure a company has to develop a separate plan, engulfing both setup time and period of active commerce. Setup time is necessary for preparation of the program to its beginning. The period of active commerce lasts from the moment of beginning of measure and is closed with its stopping.

More frequently is used method of comparison of sale indexes till the beginning, while the measure is conducting and after conducting the stimulation program. When it is necessary to obtain additional information, it is possible to conduct consumers’ surveys, to find out, whether some of them can recall the campaign of stimulation, what did they thought in the moment of its conducting, whether many of them took advantage of the offered benefits, did it influence on their consumer behaviour in choice of brands.

Sales promotion measures also can be estimated by means of conducting of experiments during which a firm changes the valued meaningfulness of stimulus, duration of its action and facility of informational distribution.
A firm use sales promotion for achievement of strong and operative return reaction. It is possible to use facilities of sales promotion for effective presentation of product suggestions and for the revival of falling sale. However usually the effect of sales promotion carries brief character, and for forming of steady preference to the brand these receptions do not really fit. Sales promotion appears most effective in combination with advertising.

**PERSONAL SALES**

Personal sale is a verbal presentation of product during conversation with one or a few potential customers with the purpose of accomplishing a sale.

This trade form appears most effective on stages:

- forming of purchasers’ preferences and persuasions;
- direct accomplishing of purchase-sale act.

On some stages of the purchase process the personal sale is the most effective influence tool. A personal sale possesses three characteristic qualities:

1. Personality character. The personal sale supposes live, direct and mutual intercourse between two or more persons. Each participant can directly study needs and descriptions of other participants and immediately to bring some corrections.

2. Setting relationships. The personal sale is instrumental in establishment of the most various relations - from the formal relations salesman-buyer to close friendship. The real salesman aspiring to set with the client a long durations relations usually takes his interests close to heart.

3. Motivation to the return reaction. The personal sale compels a buyer to feel partly obliged for that there was commercial conversation conducted with him. He feels stronger necessity to listen and react.

This is the oldest and most widely used method of creation of demand. It is the most convincing and effective type of stimulation of the sales because a seller have direct contact with customer.

The personal sale is the unique element of communication complex which provides an immediate feed-back with a client.

In the process of the personal sale the elements of sales promotion can be present: coupons, competitions, bonuses, different invitations privileges, etc.

Efficiency of the personal sales is determined largely by a salesman. Therefore firms outlay a lot of time, efforts and facilities on organization of management by the sale department of a firm. The main decisions which a firm must accept for this purpose:
1. Tasks setting to the market personnel.
2. Choice of the basic principles of work of sale department, its structure, sizes and system of labour payment.
3. Bringing in and selection of commercial agents.
4. Teaching.
5. Control at work of commercial agents.
6. Estimation of their work efficiency.

Sure, within the framework of each firm each of these stages acquires its own features.

But personal sales is very expensive communication way. Each successful seller have to be specially educated, sympathetic, nice looking, friendly, communicative, to be interested in accomplishing of sale, to have the desire to improve the qualification; clothes and behavioural manners are also very important. Also a salesman must have clear knowledge about the structure of a firm, its aims, how to know and how to manage a clientele; general structure of firm’s expenses.

Personal sale possesses a row of advantages, but many specialists admit its failing, mostly in briefness of effect.
16. INNOVATION APPROACH IN TOURISM

It is probably fair to say that most sectors of economic activity have undergone strong technological changes moving towards IT–based flexible manufacturing with global outsourcing, creating the “.com” or “new economy”, as the creative destruction of existing institutional arrangements and patterns of exchange in order to create new wealth through innovation.

In the past decade, destination management has also only barely adjusted to completely change environmental and competition structures and processes. Existing destination strategies can no longer satisfy market requirements.

There are various definitions of the term “innovation” which means the creation of something new. The diversity of definitions lies in the different purposes of examining this phenomenon. Probably the most useable definition is distinguished by five areas in which companies can introduce innovation:

1. Generation of new or improved products.
2. Introduction of new production processes.
5. Reorganisation and/or restructuring of the company.

The above definition clearly distinguishes innovation from minor changes in the make up and/or delivery of products in forms of extension of product lines, adding service components or product differentiation. Successful innovation, e.g. innovation that is also profitable to the tourism firm in a competitive market, must increase the value of the product or tourism experience. Since the value is customers’ perceived quality divided by the price (cost) of this quality successful innovation must increase value by improving quality or by lowering price (cost).

The production and marketing of tourism products is distinct from industrial products and displays specific characteristics which often pose constraints or problems and hence serve as stepping stones for increasing the value of products via innovation. They are: tourism produces and sells product bundles instead of products (products being “experiences”) which are very intangible, products cannot be stored (simultaneity of production and consumption), the consumption of tourism products involves the active participation of the customer (prosumer), and tourism production/marketing may involve large capital assets (airlines, hotel chains or car rental firms) or at the intermediation, distribution and final consumption stage may involve interaction personnel (e.g. travel agencies, restaurants, coaches, etc.).

Typically when a tourist spends his holidays in a destination, he does not consume a product of only one supplier, but a bundle of services as a whole. A lot of different service suppliers participate in creating a tourism experience. This requires vertical
co-operation, as the tourist’s overall quality assessment depends on cumulative quality perception. As far as the tourist is concerned, the product covers the complete experience from the time he leaves home to the time he returns to it.

Tourism services are personal services and will be created by an internal (supplier) and external (client) factor. The client himself has to be proactive and comes in most cases to the destination (a constraint which might serve as a stepping stone for innovations). He participates either passively (e.g. using cable cars) or actively (e.g. skiing) in the process of service production. Unused offer cannot be stored, making efficient capacity utilisation one of the big problem areas in tourism. This applies to all tourism services in accommodation, catering, travel agents, transport systems, and all other businesses related to the tourism value chain.

Intangibility of tourism products implies a large amount of risk and uncertainty about customer value (quality-price-ratio). A guest, who booked a certain holiday package, does not know with certainty what he can expect and how he will eventually perceive and judge the quality experienced in his vacation. Particularly for a destination it is crucial to create confidence, to determine quality criteria and to introduce measures to reduce risks for the customer.

Overall, tourism services are very capital-intensive and depend on external partners and other factors. Similarly, the capability and the motivation of human resources are essential, suggesting the necessity of both capital and labour related types of innovation. Finally tourism needs local infrastructure, the local population should have positive thinking about tourism, and local industry should act as a supplier for tourism businesses or shopping facilities.

**Potential areas for innovation in tourism**

In today’s saturated markets customers look for experience rather than destination driven products. Hence, in the future it will be important to create a rewarding tourism experience through innovation and product development instead of offering singular tourism elements. New holiday forms offering experience will become the main motive for the holiday decision. The creation of experience should cover “entertainment”, “educational”, “aesthetic” and “escapist” elements and/or product features. Experience in this context means content, i.e. the nucleus of the holidays. The destination acts as a stage and the different tourism companies as actors on this stage. Continuous learning and the acquisition of knowledge from the customers will become essential.

With the individualisation of mass tourism and the heavy involvement of customers in the tourism experience creating process, tourism has become an “information” and “relationship” business. The involvement of the customer is especially useful to get information about the needs and wants of clients suggesting new ways of client data and yield management. New information and communication
systems will be required to collect and to analyse information and to realise it in the newly developed product/service. Here it becomes important not to imitate innovative effects made elsewhere, but to build on a company’s or destination’s own strength and core competencies, which furthermore will be strengthened and further developed through knowledge management.

Given the intangibility of tourism products, the tourist may feel uncertain about the quality of the services. Despite or because of this intangibility, tourism products can be enhanced in value through adding sensations (design, fragrance, light, colour, emotional attachment). As a consequence of such product changes the emotional value of the “tourism experience” will be enhanced.

The work and capital-intensive tourism industry can bundle resources, acquire know-how and minimise risks by building up networks. As a result, new markets can be served, fewer resources must be invested and entrepreneurial options will be created. Similarly, IT based innovation in distribution and marketing as well as firm alliances or other forms of co-operative marketing will help to reduce cost, thereby increasing customer value, market share and/or market extension.

**On the economics of innovation and product development behaviour in tourism**

There are three factors which determine the level and pace of innovation actively in tourism:

- Supply and supply-related determinants.
- Demand drivers.
- The level and pace of competition.

**Supply factors**

The availability of new technologies led to the development of new skills, new materials, new services, and new forms of organisation. This is especially true for the last two decades where the role of technological innovation was crucial. In tourism, technology created a new form of business called e-tourism, which today is the biggest force in e-commerce.

Thanks to this development, new skills in tourism management (e-marketing) were necessary, as for example for a variety of coaching and interactive skills in the fields of wellness or adventure tourism. New information services for guests emerged as databases eased processing customer profiles and customer behaviour. Moreover, new forms of network organisation emerged particularly in the field of co-operative tourism marketing. They have also been enabled by using new technologies.

**Demand changes**

Not only supply has changed, but so have customer wants and needs. Secular shifts (working versus leisure time, population pyramid, individualisation, increasing
demand regarding quality) led to modified leisure and tourism behaviour. New life
styless appeared through flexible working times, higher incomes, more leisure time
and the changing value of holidays (now seen as a part of life).

Basic driving forces for the availability and quality of basic service quality
elements are punctuality, accountability, convenience, speed, and price. All other
elements like aesthetics, individual attention, and multiple options are secondary
elements, which are considered as added features. But these secondary elements in
particular create a special “value for money” for the customer.

Customer orientation plays a fundamental role in service innovation. Valuable
information can be gained from the behaviour of the customer during the service
process. As the customer is highly involved in the production of a tourism service,
enterprises have to adjust to the changing interests and values of their guests. New
products which offer a special or unique value to the customer are more successful
than innovation without the consideration and participation of the client. Hence,
innovation leads to higher market shares, a higher efficiency and easier realisation of
aims regarding turnover or profit.

**Competition**

Many parts of the tourism industry but notably such businesses as transportation,
airlines, hotel chains, tour operators and/or car rental agencies are highly concentrated
and act as global players in the industry. With the maturity of markets, heightened
technological change and the slowing of demand, in many parts of the industry rivalry
has turned into ruinous competition.

Globalisation and deregulation have further heightened competition. Similar to
other fields of economic activity these market conditions enhance process innovation
(networking, reservation and yield management systems, etc.) as opposed to product
innovation which can be easily imitated by rival competitors.

**Innovation types**

A useful model is developed to measure innovation levels (degrees) in tourism
using core competencies as the unit of analysis. Often innovation in tourism is based
on core competencies. Core competencies may comprise internal and/or external
factors. Internal resources, i.e. resources of the company, are the most important
determinants regarding positioning and competitive advantages of a company which
are difficult to imitate. There are distinguished four types of innovation dealing with
either the breaking up or deepening of relationships to clients or to the market and the
abandonment or preservation of competencies.

Innovation types:
While niche innovations (e.g. co-operation with a tour operator) emphasise new forms of co-operation and do not touch existing competencies, architectural innovations (e.g. arctic tourism) introduce new structures and redefine relationships to customers and existing markets. External branch structures and the target groups remain unchanged when a revolutionary innovation is realised, although services have changed by using new technologies. Regular or incremental innovations are realised with existing competencies and existing relationships, some examples are increased productivity, quality improvements or further training of staff members e.g. of a hotel.

These systematic categories seem to be useful, but the shortened product life cycle noticed in the past decade also has to be recognised. The same is true for innovations, which implies a dynamic change of innovations belonging to one of the four mentioned types.

**The channels whereby knowledge is passed on to the tourism industry**
Because of the difficulties of appropriating the intellectual property rights that tourism firms could derive from their efforts at innovation, and in view of the virtual absence, innovations in the tourism sector are not passed on via the same channels as in manufacturing industry (trade, collaboration in fundamental research, laboratories). The role of trade and of the institutional framework is vital in this respect.

A tourism firm’s capacity to produce new knowledge depends on structural factors: the size of the firm, type of organisation and whether or not it belongs to a group. On this point, it seems clear that hotels which are part of an integrated or voluntary chain have a much stronger propensity to innovate, with the central management playing a vital role. However, it is the cognitive factors that would appear to be crucial: the proactive or reactive nature of routines, managerial skills (knowledge management), wage skills (qualifications, interaction, etc.).

The channels via which knowledge is transmitted to the tourism industry:
17. INTEGRATED 1-TO-1 MARKETING

Integrated 1-to-1 marketing recognizes that all marketing and communications need to create positive consumer actions that feed the database increasing knowledge of individual consumers. Customized marketing programs are then developed to create faithful customers.

Integrated marketing focuses on delivering one consistent brand identity across all media to move individuals up the pyramid from suspect to prospect to customer. It emphasizes cross-functional discipline to help deliver the consistent brand identity.

1-to-1 marketing focuses on managing interactions between companies and individuals, creating individual histories in databases in order to treat different customers differently. This allows customized communication and product delivery on an individual basis creating deeper customer relationships and increasing profitability.

Integrated Marketing Communications (IMC) is much more than simply saying the same thing about a product or service across all media. It’s a strategy for maximizing corporate learning. It maintains consistency in all brand communications facilitates dialogue with customers and increases brand value.

That dialogue, increasingly important to today’s marketing efforts, can only be accomplished through effective deployment of innovative database solutions to provide true 1-to-1 marketing programs.

IMC and 1-to-1 Marketing have evolved into a new and even more potent discipline known as Integrated 1-to-1 Marketing. Integrated 1-to-1 Marketing helps clients maintain strategic focus while deepening existing relationships with profitable customers — one customer at a time. Used properly, it is also effective for attracting profitable new customers.

Historically, small companies have not employed Integrated 1-to-1 Marketing. This is due primarily to two factors:

- A misperception of the cost involved — they mistakenly believe it is well beyond their reach.
- A reticence to change and fully embrace newer ways of marketing — employing the proper balance of analogue and digital tools to build stronger customer relationships and sales.

Small companies cannot afford full-time web masters and the latest/greatest software. However, with a disciplined approach to marketing and maximum use of available/affordable technology, small companies can not only compete, but excel in the marketplace.
Today far too many organizations focus on (are enamoured with) technology and its capabilities. They purchase technology without truly knowing how or whether it fits within their overall marketing plan. In the end they spend far too many resources (manpower and money) trying to make it fit. To use a timeless non-technical adage, “They put the cart before the horse.”

In today’s competitive marketing environment all communications must be designed to feed a client’s database. The information must then be used to forge strong client/customer relationships and sales.

For effective Integrated 1-to-1 Marketing communications, companies must place the database squarely at the centre of all their communications efforts. This oftentimes means displacing “advertising,” which far too many companies still have as the centre.

Importantly, the entire communications program must now rest on an Internet platform. This allows companies to take advantage of far more cost effective and productive electronic marketing opportunities available today.

It also provides the platform by which companies can build the deeply personal (and profitable) relationships with their best customers — and prospects that closely resemble the company’s best customers.

Integrated 1-to-1 marketing can help to reach such objectives:

1. Build strong, personal relationships with affluent customers, prospects and travel agents serving them. Make them all “Brand Advocates”.

2. Maximize productive use of the Internet
   - Expand customer database to include email addresses and create an expanded database of qualified prospects (people who look and act like current customers).
   - Develop an effective, instant and cost-effective dialogue with its best customers and prospects.

3. Increase both immediate and long-term sales.
To meet those objectives the enterprise has to employ the following five key strategies:

**Strategy # 1** Build a new web site capable of supporting an Integrated 1-to-1 Marketing program.

Enterprise should add new features to maximize the visitor experience and encourage multiple repeat visits.

Development of a new site should have significantly more content. Visitors have to have a virtual experience that more closely resembles the live experience. Content throughout the site has to be tailored to help ease visitors through the purchase process.

Enterprise should build a data capture mechanism for site visitors for future digital re-marketing efforts. Database has to capture a wealth of information on individuals including name, address, email address and travel preferences.

Development of an Online Sweepstakes will encourage visitors to enter personal information into the database and will give customers possibility to win some prizes.

Development of an Online Booking Engine will facilitate the booking process for online consumers.

Some incentive measures such as photo contest will serve such purposes:
- Generate more content for visitors;
- Get past visitors emotionally involved with the site and enhance the relationship;
- Have Contest winners send friends and relatives to the site to see the photos.

Search Engine Marketing is also very important in attracting site visitors.

**Strategy # 2** Develop systems to capture names and addresses at all points of contact.

Building a marketing database is a primary objective of Integrated 1-to-1 Marketing program. Such programs are instituted to capture names and addresses at every point of contact — not just through the web: at the front desk, via cards in hotel rooms, email communications, on comment cards in the dining room for people who may be visiting from another resort, at the reservations office, visitors to resort’s boutique, etc.

**Strategy # 3** Focus all communications on delivering a strong Brand message and directing individuals to the web site for data capture and follow-up relationship building.

This strategy had its most significant impact on three areas:

- Advertising
• Public Relations
• Resort Operations — training for effective email service/response Advertising

Targeted Niche Marketing — For example, targeted niche marketing could be concentrated in two areas: weddings & honeymoons and Sunday Travel sections.

The staff should have an excellent reputation for taking special care of its customers.

Email letters (comments, requests) should be responded to within 24 hours with a sympathetic (relationship building) message — like two friends talking together.

Quality control in email messages is an on-going effort with continuous monitoring and feedback to the staff.

Strategy # 4 Develop permission based email-marketing program. Reduce the use of paper communications.

Email Newsletter — prior to instituting Integrated 1-to-1 Marketing program to keep in touch with past visitors.

As the email database grew enterprise can began to send out a monthly newsletters to its customers, prospects and travel agents. The newsletters could be, for example, text with links to various landing pages on the web site.

Strategy # 5 Develop ways to maximize the effectiveness of a highly constrained budget.

There are several methods to increase a Brand message including the use of co-op advertising, barter and media merchandising.

Co-op Advertising — in such cases, the enterprise promotes its product in cooperation with someone else, for example with local tourism organisation or administration. In addition, they maintain good relationships and receive mutual profits.

Barter — to continue extending Brand message, encourage individuals to register for the Sweepstakes and receive the resort’s monthly e-newsletter targeted barter programs are used.

Specific guidelines should be established for barter agreements to ensure the enterprise receives maximum impact for the least amount of cash and trade outlay.

Media Merchandising — all media is purchased based on its ability to deliver the right target audience at an attractive price and be able to provide effective media-merchandising opportunities. A good example of one of these opportunities comes through weddings & honeymoons advertising in Bride’s Magazine.
5 TRAITS OF SUCCESSFUL MARKETERS IN 1-TO-1 MARKETING

Here are five marketing principles the successful travel marketers to follow:

1. Provide a Consistently High Quality Product at a Fair and Reasonable Price.

Today, more than ever before consumers are looking for good value. Unless you provide it and become known for doing so you will always be at a competitive disadvantage.

2. Create a Dialogue with Customers and Prospects on a 1-to-1 Basis

At the heart of integrated 1-to-1 marketing effort is the integration of three components – database, web and permission based email.

• It is very important to develop a database of customers, prospects and travel agents with email addresses along with programs to continuously populate it with new information. This is the heart of the program and all marketing efforts should repurpose to feed the database.

• The web should serve as a focal point of up-to-date information about the properties as well as an interactive resource to get and keep people interested in learning more about the resorts.

• Permission based email, the third component of the integrated 1-to-1 marketing model, allows economically reaching prime customers and influencers on a regular basis and driving them to the web for more information.

With word-of-mouth still the most effective form of travel marketing, regular email messages ensures the resorts or tourism firm will always be top-of-mind when the topic of vacations comes up in conversations readers have with their friends and relatives.

The resorts or tourism firm will be able to identify their customers and prospects. They will be able to segment them to understand their best customers and know where to find more people who look just like them. They should have personalized messages and to be in the process of customizing communications around each individual’s specific interests.

This process will create a dialog, deepen customer and prospect relationships and create faithful customers – the most profitable customers of all.

3. Stay Ahead of the Curve

Many travel companies avoid being marketing pioneers, choosing instead to watch others forge ahead, make mistakes and perhaps lose money in the process. At least that’s the rationale for being a laggard.

While this may have been an acceptable approach is the golden years of mass marketing, it is no longer valid in today’s fast paced digital world. While marketing
pioneers may be making mistakes, they are also creating institutional learning – lessons that will help distance them from more cautious competitors in the years ahead.

4. Take a Longer-Term View of Marketing

Instant gratification is often sought but rarely realized in marketing. A disproportionate emphasis on immediate sales without sufficient focus on how to attract business down the road can be disastrous.

The decision to transition from a mass marketing to an integrated 1-to-1 marketing approach was based on the belief that the way marketing would be conducted in the years ahead would be dramatically different than it was before. And it is.

5. Don’t Chase Every Customer and Don’t Compete on Price

All customers are equal, but some are more equal than others. The customers you want are the most profitable ones. So develop programs to attract them and leave those that are a drain on resources for your competition.

There are several ways to attract more profitable customers. Use your database and identify your best customers based on spending, number and length of time between repeat purchases or however you want to define “best customer”. Create a profile and a statistical model to find people who most resemble your best customers and market almost exclusively to them.

Beyond database modelling there are other things you can do to attract more profitable customers. First and foremost is to avoid competing on price.

While many resorts chose to stimulate business by offering steep discounts, it would be better instead to create new value-added packages.

In reality, people interested in a cheap room as opposed to a quality vacation experience are not the type of customers the resorts are looking to cultivate. Price conscious travellers will never be faithful customers, and will most likely cost more than they produce and are best left to the competition.

Simply having a variety of 1-to-1 marketing components such as a database or web site within your marketing mix is not enough to make you a successful marketer.

All the components must be integrated in such a way as to create a 1-to-1 relationship with customers and prospects. To do this effectively will require marketing as well as organizational change.