



**Central University of Kashmir**  
Nowgam, Srinagar, J&K- 190015

[www.cukashmir.ac.in](http://www.cukashmir.ac.in)

## **MTTM C202**

### **Tourism Marketing**

#### **Unit I**

**Course Objective:** The course will provide both theoretical and applied understanding of the tourism marketing. Students will learn about importance of tourist orientation and ways to reach tourists through proper marketing strategies. The emphasis on the tourism marketing mix and integrated strategies as applied in the contemporary times is the hallmark of the course.

#### **Unit-I**

##### **Introducing Marketing for Hospitality and Tourism**

Relationship between hospitality and travel industry; Marketing: Role - Core concepts; Service marketing, culture/characteristics. Services marketing mix: Tourism marketing environment Micro-environment: company, suppliers, marketing intermediaries, customers, and public; Macro-environment: demographic, economic, natural, technological, Political and cultural environments.

Course Title: Tourism Marketing

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Contributor's Name: Dr. Ramjit

Email: ramjitmonu@yahoo.co.in

Contact: 9419291269

Designation: Assistant Professor

## Unit I

**Learning Objectives**

- To explain the concept and evolution of tourism marketing?
- To know the relation of Tourism marketing approaches with those of general marketing?
- To learn about different types of services and marketing environment.

**Introduction**

The purpose of a business is to create and maintain profitable customers. Customer satisfaction leading to profit is the central goal of Tourism and hospitality marketing.

**Tourism and Hospitality Marketing**

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

It becomes very difficult to provide all the services and facilities as **need/desire** by the tourists. This adds the difficulty of maintaining and controlling the quality services. To overcome this problem or hurdle tourism related business agencies, and work organization must work together to package and market their products and services and align their efforts to ensure the consistency and excellence in product quality. Then there is need to market the products and services by using the marketing activities or Mix.

- Tourism marketing or the marketing relation to tourism means the process of achieving voluntary exchanges between **“the Tourists “and “Organization”**.

- Marketing can be defined **By Kotler** as “it is a social and managerial process by which individuals and groups do obtain what they need want through creating exchanging products and values with others”
- By Gilbert ‘Marketing within the tourism becomes the applications of marketing process to the specific characteristics which apply to the tourism industry and its products’

Marketing started with first tour organized by the Thomas cook in 1841. its orientation has changed during the time .The stages of tourism marketing development are

**1. Boosterism approach 1950’s:** The destination centric marketing where all efforts were made to develop destinations and the related infrastructure. The focus lies on increasing numbers of visitors.

**2. Economic approach in the 1960’s:** The marketing orientation is destination centric with the focus on developing tourism as a vehicle of growth for providing economic value through maximization of income and as employment multiplier.

**3. Physical and spatial approach 1970’s and 1980’s:-** This Marketing orientation is environment focused and destinations are marketed for their ability to maintain the environments (carrying capacity) and pass these to next progeny.

**4. Community approach 1990’s:** Marketing orientation is societal where active role is given to society (communities) and tourism exchange is not considered an issue between tourists and marketers

**5. Sustainable approach 1990’s:** Marketing orientation is socio-environmental that balances the interests of tourists, marketers and the environment.

## **Importance of Marketing**

Marketing is .....

- Creating and keeping customers
- Satisfaction of people's needs and wants
- Process of predetermining consumer demand
- Process of planning...market research

A central organizational function

1) The entrance of corporate giants into the hospitality market and the marketing skills these companies have brought to the industry have increased the importance of marketing within the industry.

2) Analysts predict that the hotel industry will consolidate in much the same way as the airline industry will consolidate in much the same way as the airline industry has, with five or six major chains dominating the market. Such consolidation will create a market that is highly competitive. The firms that survive this consolidation will be the ones that understand their customers.

3) In response to growing competitive pressures, hotel chains are relying on the expertise of the marketing director.

## **Travel Industry Marketing**

1) Successful hospitality marketing is highly dependent on the entire travel industry.

2) Government or quasi-government agencies play an important role in travel industry marketing through legislation aimed at enhancing the industry and through promotion of regions, states, and nations.

3) Few industries are as interdependent as the travel and hospitality industries.

V. Understanding Marketing. Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. To understand the definition, we must understand the following terms: needs, wants, and demands; products; value, cost, and satisfaction; exchange, transactions, and relationships; and markets.

## **Needs, Wants, and Demands**

a) Needs. Human beings have many complex needs. These include basic physical needs for food, clothing, warmth, and safety; social needs for belonging, affection, fun, and relaxation; esteem needs for prestige, recognition, and fame; and individual needs for knowledge and self-expression.

b) Wants. Wants are how people communicate their needs.

c) Demands. People have almost unlimited wants, but limited resources. They choose products that produce the most satisfaction for their money. When backed by buying power, wants become demand.

2) PRODUCTS. A product is anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a need or want.

### **Value, Satisfaction, and Quality**

a) Value. Value is the consumer's estimate of the product's overall capacity to satisfy his or her needs. Today's consumer behaviourists have gone beyond narrow economic assumptions of how consumers form value in their mind and make product choices. Modern theories of consumer-choice behaviour are important to marketers because the entire marketing plan rests on assumptions about how consumers make choices. Therefore, concepts of value, quality, and satisfaction are crucial to the discipline of marketing.

b) Satisfaction. Satisfaction with a product is determined by how well the product meets the customer's expectations for that product.

c) Quality. The totality of features and characteristics of a product that bear on its ability to meet customer needs. The fundamental aim of today's total quality movements has become total customer satisfaction.

### **Exchange, Transactions, and Relationships**

a) Exchange. Exchange is the act of obtaining a desired object from someone by offering something in return.

b) Transactions. A transaction is marketing's unit of measurement. A transaction consists of a trade of values between two parties.

c) Relationship marketing. Relationship marketing focuses on building a relationship with a company's profitable customers. Most companies are finding that they earn a higher return from resources invested in getting repeat sales from current customers than from money spent to attract new customers.

5) Markets. A market is a set of actual and potential buyers who might transact with a seller.

## **Marketing Management Philosophies/Core Concepts**

Marketing management is the analysis, planning, implementation, and control of programs designed to create, build, and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives.

1) Manufacturing concept. The manufacturing ( or production) concept holds that customers will favour products that are available and highly affordable, and therefore management should focus on production and distribution efficiency.

2) Product concept. The product concept holds that customers prefer existing products and product forms, and the job of management is to develop good versions of these products.

3) Selling concept. The selling concept holds that consumers will not buy enough of the organization's products unless the organization undertakes a large selling and promotion effort.

4) Marketing concept. The marketing concept holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors.

5) Societal marketing concept. The societal marketing concept holds that the organization should determine the needs, wants, and interests of target markets and deliver the desired satisfactions more effectively and efficiently than competitors in a way that maintains or improves the consumer's and society's well-being.

### **Check Your Progress 1**

Differentiate between need, wants and desire.

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Name the five concepts/orientations of the Marketing Management

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## **Service Marketing, Culture/Characteristics.**

Services are defined as, “**Activities, benefits and satisfactions, which are offered for sale or are provided in connection with the sale of goods**” (**American Marketing Association,1960**). Service industries are quite varies: governmental services - courts, hospitals, police, fire departments, postal services, schools etc; private non-profit organizations - museums, colleges, hospitals etc; business organizations - airlines, hotels, restaurants, advertising, real estate etc.

The aim of the service organizations is also serving and satisfying the customer. The belief that customer comes first is reinforced in Four Seasons Hotels where employees who go to extraordinary efforts to satisfy the customer are entitled to be the “**Employee of the Year**”, story of Ron Dymant, doorman in Toronto.

The services can be classified on following basis

- Types of Markets- Consumer and Business
- Labor Intensiveness-People and Equipment based
- Consumer Contact- High and Low contact
- Skill of Service Provider-Professional, Non-professional
- Goal of Service Provider-Profit, Non-profit.

The Service Culture. The service culture focuses on serving and satisfying the customer. The service culture has to start with top management and flow down.

### **The Characteristics of Services**

**1) Intangibility.** Unlike physical products, services cannot be seen, tasted, felt, heard, or smelled before they are purchased. to reduce uncertainty caused by intangibility, buyers look for tangible evidence that will provide information and confidence about the service.

**2) Inseparability.** In most hospitality services, both the service provider and the customer must be present for the transaction to occur. Customer-contact employees are part of the product. Inseparability also means that customers are part of the product.

The third implication of inseparability is that customers and employees must understand the service delivery system.

**3) Variability.** Service quality depends on who provides the services and when and where they are provided. Services are produced and consumed simultaneously. Fluctuating demand makes it difficult to deliver consistent products during periods of peak demand. The high degree of contact between the service provider and the guest means that product consistency depends on the service provider's skills and performance at the time of the exchange.

**4) Perishability.** Services cannot be stored. If service providers are to maximize revenue, they must manage capacity and demand because they cannot carry forward unsold inventory.

Except above four there is one more and an important feature/characteristics also like seasonality which affect to the marketing demand and service culture as well.

## **Management Strategies for Service Business**

**1) Tangibilizing the service product.** Promotional material, employee's appearance, and the service firm's physical environment all help Tangibilizing the services.

**a) Trade dress:** Trade dress is the distinctive nature of a hospitality industry's total visual image and overall appearance. To compete effectively, an entrepreneur, operator, or owner must design an effective trade dress while taking care not to imitate too closely that of a competitor.

**b) Employee uniform and costumes:** Uniforms and costumes are common to the hospitality industry. These have a legitimate and useful role in differentiating one hospitality firm from another and for instilling pride in the employee.

**c) Physical surroundings:** Physical surrounding should be designed to reinforce the product's position in the customer's mind. A firm's communications should also reinforce their positioning.

**d) "Greening" of the hospitality industry:** The use of outside natural landscaping and inside use of light and plants has become a popular method of creating differentiation and Tangibilizing the product.

**2) Managing employees:** In the hospitality industry, employees are a critical part of the product and marketing mix. The human resource and marketing department must work closely together.

**a) Internal marketing:** The task of internal marketing to employees involves the effective training and motivation of customer-contact employees and supporting service personnel.

**3) Managing perceived risk:** The high risk that people perceive when purchasing hospitality products increases loyalty to companies that have provided them with a consistent product in the past.

**4) Managing capacity and demand.:** Because services are perishable, managing capacity and demand is a key function of hospitality marketing. First, services must adjust their operating systems to enable the business to operate at maximum capacity. Second, they must remember that their goal is to create satisfied customers. Research has shown that customer complaints increase when service firms operate above 80 percent of their capacity.

**5) Managing consistency:** Consistency means that customers will receive the expected product without unwanted surprises

## **Services Marketing Mix**

Service marketing MIX consist of the following Ten P's

### **1. Product**

- Defining the characteristics of your product or service to meet the need and wants of your customers; (e.g.features, lifecycle, quality, options, style, guarantees). Refers
- Attractions like beaches, theme parks, hill stations, events
- Transportations –trains, aircrafts, cruises
- Accommodation-hotels, guest rooms, resorts.
- Tour packages ,product lines and branding

### **2. Price**

- Defining the characteristics of your product or service to meet the need and wants of your customers; (e.g.features, lifecycle, quality, options, style, guarantees). Refers
- Attractions like beaches, theme parks, hill stations, events
- Transportations –trains, aircrafts, cruises
- Accommodation-hotels, guest rooms, resorts.
- Tour packages ,product lines and branding

### **3. Place**

- This refers to the means by which the customer acquires your product; (e.g. Location, transportation, inventory, distribution.

### **4. Promotion**

- Marketing and promotions help raise awareness of the product/service.
- Promotional mix
- Advertising
- Public relations
- Sales promotion
- Telemarketing
- Personal selling

### **5. Physical Evidence**

- How your places/ services really benefit and delight the customer/your guests. e.g the ambience & presentation - factors which make up the "whole" customer experience. Like Facility design, Equipment, Signage Employee dresses others like Reports, Business cards, Gifts and takes away.

### **6. Process**

The way customers get hold of your product /services or find out about your place.

- Flow of activities
- Standardised and customised
- Number and sequence of steps simple and complex
- Customer participation
- Level of automation

### **7. People**

- Skilled staff who add to your customers' experience, People are your first line of public relations, People are your brand

- Employees- Includes recruiting training motivation rewards and teamwork
- Customers- Education and training and training
- Host population- Education and training and participation, Others tourists at the destination

### **8. Positioning**

Finding a special place in the market for the product to differentiate from your competitors. Niche marketing is a case in point.

1. Identify a set of possible competitive advantages upon which to build a position.
2. Select the right competitive advantage.
3. Effective communication and delivery of the chosen position to a selected target market.

### **9. Partnership**

By forging partnerships with companies that share the same business objective, you can better meet the overall demands of the tourism customer while sharing the total marketing costs.

- Strategic Alliances-Two or more organizations that can benefit from each other's strengths. Example: A winery might form alliances with restaurants, many attractions form alliances with hotels.
- Cooperation- Cooperative efforts between competitive local or regional organizations that enable them to compete effectively at the national and international levels. Example: Silos and Smokestacks, tourism regions and boards.

### **10. Planning**

An important part of a viable business plan is to develop a strategic marketing plan in an effort to identify customer expectations. Research and planning also helps design and devise means by which you can meet these expectations.

- Provides a road map.
- Is a working document. To be effective the plan must be maintained, reviewed and revised.
- Should have an annual marketing plan, with a component that mentions long-term goals as well.

## Check Your Progress 2

Name the ten Ps in service marketing

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## Marketing Environment

Many companies view the marketing environment as an "uncontrollable" element to which they must adapt. Other companies take an environment management perspective. Rather than simply watching and reacting, these firms take aggressive actions to affect the public's and forces in their marketing environment. These companies use environmental scanning to monitor the environment.

Tourism marketing system can be arranged in a frame of internal, external- micro and external- macro environment. The marketing organization forms internal environment, the organizations or groups frequently interacting with marketer form micro-environment and the macro-environment is made up of larger forces that affect both micro and internal environment

The Marketing environment can be divided into two **as follows:-**

**1. Microenvironment-** It consists of marketing organization, its philosophy and approach towards marketing, its strengths and weaknesses. This decides preparedness and ability of firm to meet challenges of marketing

**2. Macro environment-** The nearest environment of the marketer that has direct and immediate effect on tourism marketing activities, Intermediaries between firm and tourists, Suppliers, Competitors, Interest Groups and Tourists

## **Microenvironment.**

The microenvironment consists of actors and forces close to the company that can affect its ability to serve its customers. The actors in the microenvironment include the company, suppliers, market inter-mediaries, customers, and publics.

**1) The company:** Marketing managers work closely with top management and the various company departments.

**2) Suppliers:** Firms and individuals that provide the resources needed by the company to produce its goods and services.

**3) Marketing intermediaries:** Firms that help the company promote, sell, and distribute its goods to the final buyers.

**4) Transportation system:** The system moves the product from the factory to the customer. The hospitality industry depends on transportation systems to move supplies and customers to their businesses.

**5) Marketing services agencies.** Marketing research firms, advertising agencies, media firms, and marketing consulting firms help companies to target and promote their products to the right market.

**6) Financial intermediaries:** Includes banks, credit companies, insurance companies, and other firms that help hospitality companies to finance their transactions or insure risks associated with the buying and selling of goods and services.

**II. Macro environment :** The macro environment consists of the larger societal forces that affect the whole microenvironment demographic, economic, natural, technological, political, competitor, and cultural forces. Following are the seven major forces in a company's macro environment.

**1) Competitive environment :** Each firm must consider its size and industry position in relation to its competitors. A company must satisfy the needs and wants of consumers better than its competitors do in order to survive.

**2) Demographic environment:** Demography is the study of human populations in terms of size, density, location, age, sex, race, occupation, and other statistics. The

demographic environment is of major interest to marketers because markets are made up of people.

**3) Economic environment:** The economic environment consists of factors that affect consumer purchasing power and spending patterns. Markets require both power as well as people. Purchasing power depends on current income, price, saving, and credit; marketers must be aware of major economic trends in income and changing consumer spending patterns.

**4) Natural environment:** The natural environment consists of natural resources required by marketers or affected by marketing activities.

**5) Technological environment :** The most dramatic force shaping our destiny today is technology.

**6) Political environment :** The political environment is made up of laws, government agencies, and pressure groups that influence and limit various organizations and individuals in society.

**7) Cultural environment :** The cultural environment includes institutions and other forces that affect society's basic values, perceptions, preferences, and behaviours.

### **Check Your Progress 3**

**What does come under Micro and Macro environment of Marketing Management?**

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### **Summary**

Tourism Marketing is the marketing concept applied to tourism. It involves a management decision process by organizations on visitor decision process and for visitors regarding the choice of tour and organization conducting the tour. The two sets of decisions come together in a transaction Services are defined as, "Activities, benefits and satisfactions, which are offered for sale or are provided in connection with the sale of goods" (American Marketing Association,1960).The main characteristics of the service industry is Intangibility, Inseparability, Variability and Perishability. The marketing environment is consisted of the micro and macro environment and need to

study in detail in order to understand the need desires of the customer and make them happy.

## **Glossary**

- AMA-American Marketing Association

## **Term End Questions**

Q1: Define Tourism Marketing and discuss its importance in travel Trade.

Q2: What do you understand by the service culture and discuss the service marketing mix.

Q3: Define the marketing environment and why it is very important to study by an tourism organisations.

Q4: Discuss the Micro and Macro marketing environment with suitable examples.

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