

Key Components of an Effective Tourism Marketing Plan: A Conceptual Analysis

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Abstract

The study has the objectives to outline the tools of marketing plan with explaining the theoretical rationales, from the tourism perspective. Based on the review of existing literatures, this has explored that the success of a marketing plan largely depends on understanding the market situation. Market research and analysis as the pivotal element of a market plan deserves proper attention. The planning processes those tend to be based on outcomes of the prior research are theoretically more acceptable and expected to bring better output.

Keywords

Tourism, Market Planning, Market Research, Budgeting

I. Introduction

Accelerated by the cheaper access of transportation with more available leisure time, tourism has been continuing to appear as the solid platform for expanding the global market place. However, tourism led market activities do not necessarily contribute in the same manner in all economic contexts (Tang, 2011). The addition of increased number of products and services in tourism represent the necessity for adopting effective market plans. From the academic perspective, this study has been aimed to offer improved understanding of the relevancy of market research and associated elements in the market planning process.

II. Marketing Planning

To get ideas about the current resources, market environments and to predict the directions for future activities, marketing planning can be the only basic way on which a business organization can depend. Marketing planning is described as the establishment of the goal or purpose of a strategic business unit and the ways to achieve it (Baker, 1992). This is 'essentially a process directed toward making today's decisions so that they can be made rapidly, economically and with as little disruption to the business as possible' (Warren, 1966: 5). If the marketing plan is completed before starting the marketing activities, this can reduce the threats of termination and market risks of a new business entity (Shane and Delmar, 2004).

III. Segmentation and Targeting

Segmentation is a way by which business organizations and companies identify their customers. Following similarity in characters, desires and needs, the customers are then categorized into clearly defined groups (McDonalds and Dunbar, 1995). Through the understanding of market segments, a business is able to get specialised expertise and knowledge, develop competitiveness and avoid any unexpected attack in price (Croft, 1994). A potential market can be segmented on different variables, for example, psychographic segmentation can be self-contained and this is focused to understand the ways of using a specific product by different market segments. Targeting the right segment is essential for an effective marketing plan. Managers require insights and detailed knowledge for selecting the right target segments and designing effective strategies for positioning. In diversified market

segments, the managers are also expected to know the levels of valuation for an offered service by the current and potential customers (Lovelock, 1996). For example, international tourists as a segment, 'are usually treated by governments as the most important market sector of tourism because, compared with domestic tourists, they typically spend more [...] and bring in foreign currency which contributes to a destination country's international balance' (Middleton and Clarke, 2001: 5).

IV. SWOT Analysis

This analysis refers the strengths, weaknesses, opportunities and threats of a corporate firm or an entrepreneur. As a tool this helps to understand the current situation and future trends to develop the marketing strategies. SWOT analysis is beneficial to cut marketing risks and to develop strategic plans of the firms (Liangtao and Gang, 2011). The SWOT analysis is often regarded as the most effective marketing planning tool by the managers. Because, of its ability to capture information of internal and external factors (Lusch and Lusch, 1987).

V. PEST Analysis

In tourism, the analysis of PEST factors is essential to set up strategic market plan and to show the ways to respond these external environmental influences. Political, economic, social and legal governmental policies of a country frequently influence or determine the activities and scopes of tourism business. 'No business operates in a vacuum; it has an environment which not only contains all its existing and potential customers and its competitors, but many factors outside its control' (McDonald, 2003: 17). Understanding the changes within environmental forces is important for marketing managers for capitalizing the market opportunities or even to predict the threats those have been created by environmental changes (Pride and Ferrell, 1993).

VI. Marketing Mix

To reach the target market segments and to achieve the objectives, firms often deploy tools of the marketing mix, which is also well-known as the 4Ps marketing that includes product, price, place and promotion.

Product can be tangible or intangible and the main indicators for the success of a product depend on its performance, quality and features of appealing. Regarding the tourism sector, almost all market offerings are benefitted and dominated by the intangible features of tourism product to ensure maximum quality, service and performance (Lumsdon, 1997). Theoretically, the product life cycle refers a course of sales and profits of a product that is taken over in the product's lifetime (Armstrong and Kotler, 2011). In product life cycle, there are several proposed stages those exhibit that a specific product moves through some stages in its life, from conceiving time till the deleting time (Lancaster and Reynolds, 2004). The product life cycle has four distinct levels: introduction, growth, maturity and decline.

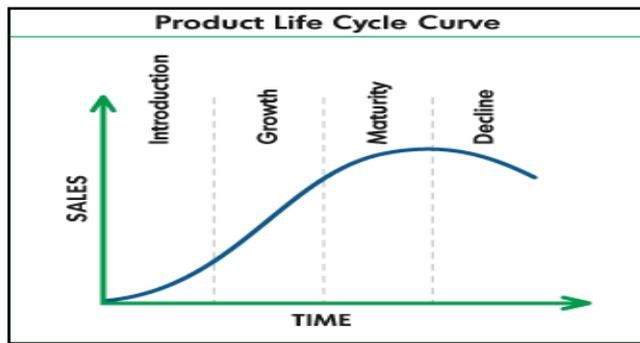


Fig. 1: The Product Life Cycle

(Source: Modified from the marketingfaq.net, 2012) Establishing the right price for the offerings is a decision that causes the most anxiety among managers (Pavesic, 1989). Place is often termed as intermediaries, channels or distribution. Place strategies can involve specialized channels like incentive travel agents and event promotion firms. Place is important as the location of tourism events can dictate not just the attendance, but the characteristics and personality of the event as well (Hoyle, 2002).

Marketing communication very often replaces the term 'Promotion' (Pickton and Broderick, 2001). Important communication tools for marketing in the tourism sector are: advertising, public relations, word-of-mouth, sales promotion, direct marketing, the internet and events sponsorships (Smith et al., 1998). Advertising in tourism is an effective mean for communication used by managers for developing awareness and interest, to understand, and to motivate target market segments (Middleton and Clarke, 2001). This is an efficient technique that is used in general. Sales promotions are such incentives, like: discounted prices and coupons encourage customer behaviour and offer them to become closer with the tourism product (Duncan, 2002). 'The goal of viral marketing is to use consumer-to-consumer (or peer-to-peer) communications...' (Bruyn and Lilien, 2008). Internet advertising mainly refers to the website and its link with other sites on the internet. A web page can become a forum of customers, where they can share their ideas that help to understand the market trends and customer's expectations. The massive popularity of social networking sites has broadened the horizon of internet advertising. Words-of-mouth can be speeded by the company that help to create awareness and increase brand reputation. People very frequently, discuss the company's services, staffs and new products (Smith, 1998). The possibility of negative publicity can be reduced by publicity that generally outperforms advertising, increased effectiveness of advertising and well planned marketing campaigns (Loda, et.al, 2007).

VII. The Five Forces Model

Michael Porter's the 'Five Forces Model' is relevant for the analysis of complex and competitive market situation. Where, Porter (1979) has attempted to show that the five forces are capable to determine the attractiveness and the profitability of the industry. This also helps to prepare the effective marketing plan. Following the 'Five Forces Model', in a general tourism market, entry barriers can be low if the easier access of capital or channels of distribution and beneficial governmental legislative policies exist. However, these can lead to the entry of new competitors with the threats of substitute products.

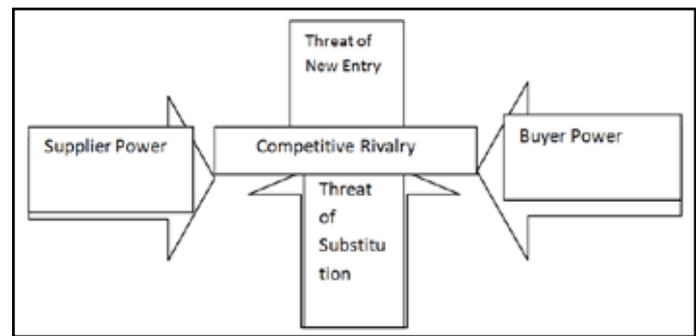


Fig. 2: Porter's Five Forces Model

VIII. Market Research

Behaviour of the tourists as consumers of products and services is not characteristically constant. Rather, eclectic and dynamic ground of diversified marketing approaches (Tsiotsou and Ratten, 2011). In order to track the ever changing market patterns, the market deserves to be essentially researched with researchers in the field observing the situation or even through the use of questionnaires. Hong Kong tourism sector has been evidently benefitted from the intensive market research and thus to formulate policies in accordance (Zhang, et. al., 2010).

IX. Budgeting and Implementation

Budgeting is a plan that represents the operator's intentions and expectations through the allocation of funds to achieve desired outcomes (Finkler, 1992). In an uncertain and turbulent market environment, implementing the marketing plan becomes a major challenge to almost all managers. The proper implementation of marketing plan is very important to achieve business objectives. Again, the marketing plan needs to be implemented on yearly basis with regular evaluation. Evaluation is important for measure success of the plans or to change strategies those most likely to fit current demands.

X. Conclusion

Understanding the current market situation and predicting the future trends are essential for a successful marketing plan, be for the tourism or other sectors. Situational changes are involved with the success of marketing plan and have to be carefully noticed. Market research is crucial for preparing an effective set of strategies and to benefit other tools to divert them to success. Without the adoption of research frameworks and generating information on the altering trends, firms have to struggle aimlessly to survive in a highly competitive and volatile market situation.

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