

# M

## Marketing of Tourism



Josef A. Mazanec<sup>1</sup> and Thomas Reutterer<sup>2</sup>

<sup>1</sup>MODUL University Vienna, Vienna, Austria

<sup>2</sup>Vienna University of Economics and Business (WU), Vienna, Austria

Over the last seven decades, marketing thought has matured in several stages. Its concepts developed in earlier stages have not all become obsolete and extinct. Hence, marketing research and practice harbors a variety of such concepts, each having its strengths and weaknesses (Kotler and Keller 2009). In a big leap, marketing evolved from a purely sales-oriented and mechanistic concept (flow of goods and services from producer to consumer) to a market-oriented business and research philosophy (Franke and Mazanec 2006). The concept was extended to covering all stakeholders and potential partners of a business or company. These are not just people in their role as consumers, but also as employees (internal marketing), job seekers on the labor market, investors, suppliers, or media users shaping public opinion about the company. The concept even got extrapolated to incorporating transactions between any sort of nonprofit organizations and their clients. For example, this “generic concept of marketing” applies to the exchange relationships among political parties, charities, or religious communities, and the people supporting them.

A dynamic perspective of marketing regards it as a process by which a service provider matches its own capabilities with the needs and desires of its customers (McDonald 2007). It rests on the premise that no organization can survive unless it meets customer wants, thereby acquiring a competitive advantage over its rivals. The need for marketing arises once there are alternatives giving the client or customer the freedom of choice. Another key element of modern marketing aims at overthrowing short-term thinking focused on a single transaction. It emphasizes the long-term objective of establishing stable and mutually beneficial relationships between an organization and its customers (relationship marketing), as well as focusing new customer acquisition on those prospects with presumably attractive future across their customer lifetimes (Gupta and Lehmann 2005). An encompassing definition leads to viewing marketing as an assembly of theory-guided techniques exercised by an agent to influence the behavior of groups and individuals in a process of joint value creation (Grönroos 2009).

Conceptualizing alone is not enough. Marketing research and practice require a problem-solving perspective which has convincingly been elaborated in the model-building approach coined “marketing engineering” (Lilien and Rangaswamy 2002). It relies on business analytics and optimization methods for assisting marketing managers in their decision-making on customer acquisition and retention efforts.

## Marketing Planning

Marketing as a discipline primarily fulfills an explanatory function. It aims at systems of hypotheses positing cause-effect relationships. Managers and policymakers may apply this knowledge to base their decisions upon. An organization's marketing program implements a process of purposefully influencing the behavior of its transaction partners. Steering this process requires planning. Its recommended five stages are best outlined with the classical example of a company operating on consumer markets.

One, the goal setting stage derives a marketing objective from more fundamental corporate objectives. A top-level objective defined in terms of profit or return on investment gets translated into economic (sales volume, market share) or psychological (brand awareness, brand image) target variables that make up marketing objectives.

Two, a marketing audit provides a status-quo analysis of the company's strengths, weaknesses, opportunities, and threats. This analysis proceeds in a theory-guided manner by assuming an explicit explanatory model of consumer behavior and market reaction (market response model). Summarizing the status-quo benefits from using a portfolio model that assesses the market prospects and the competitive strength of a company's individual product brands or strategic business units.

Three, based on the result of the audit, management moves on to strategic planning. This implies decisions on such mutually dependent domains like product positioning and market segmentation. The former tries to optimize the attributes of an existing or newly developed product or service and the way it is presented to potential customers. Segmentation classifies consumers into homogeneous groups according to their expectations and benefits sought. Positioning and segmentation planning proceeds in a rational manner by relying on an explanatory model of consumer behavior.

Four, on the level of instrumental planning, the strategy is transformed into concrete measures,

budgeting, and action with respect to products and services offered, pricing, distribution channels and salesforce management, and market communication. The communications mix comprises various sub-instruments, such as classical media advertising, usage of social media, public relations, or promotion on the point of sale.

Finally, control and measurement of results is mandatory for continuously improving a company's competitiveness. Poor performance caused by a strategic misconception (a positioning strategy making an unrealistic claim or promise) entails much more consequential adjustment in the next planning cycle than instrumental failure (such as a suboptimal choice of media). Effective marketing planning demands a learning organization.

## Marketing for Tourism

Services have constantly gained weight in theorizing about marketing and culminated in the service-dominant logic (Vargo and Lusch (2004). Notwithstanding this tourism-friendly evolution of marketing thought, the industry was more hesitant in embracing marketing principles than most other sectors of the world economy. Gradually, the transformation from a seller's market to a buyer's market made marketing thought penetrate managerial processes in all companies related to tourism, such as tour operators and travel agencies, theme parks, the hospitality sector, the transport sector, and the nonprofit organizations responsible for promoting (destination management organizations). Rather late, with the inaugural issue of the *Journal of Travel and Tourism Marketing* in 1992, the tourism research community welcomed the first academic journal specializing in this particular field.

Marketing managers in tourism businesses face specific challenges when implementing a program for market operation. Tourist products, such as a package tour, are bundles of tangible and intangible ingredients offered by a variety of service providers. None of these individual providers fully controls the product/service consumption experience. A major part of tourism product

components, such as natural resources, are beyond managerial intervention. Given the collaborative character of tourism service production, the span of control is also limited for “built-in” product attributes. In a typical resort, harmonized action of independent businesses on a voluntary basis is required to compose and jointly promote a coherent bundle of products and services. Additionally, one must consider that the tourists themselves are expected to contribute to value co-creation during the service encounter.

From the promotional point of view, tourism services lack autonomy and distinctiveness in their respective markets. Despite some progress in refining the techniques of destination branding, a successful branding policy is not easily established and maintained. The name of a company, business conglomerate, or destination usually fulfills the brand function, rather than the individual tourist service packages. On all destination levels (national, regional, and local) around the globe, nonprofit organizations are involved in the marketing of tourism. They are typically responsible for selected marketing functions, such as commissioning market research studies, representing a host country at fairs and exhibitions, running visitor centers and online destination information systems, conducting promotional campaigns, or giving distribution support.

## Challenges and Outlook

As tourism marketing has become emancipated, it has elaborated its own agenda of future research priorities, driven by academic curiosity and industry problems. Examples are the controversial findings about trip satisfaction, intention to repeat visit and destination loyalty, and tourists’ tendency to novelty-seeking behavior. Another largely unexplored area of marketing knowledge is the role of emotions and their treatment within experiential tourism offerings. The probably most impactful challenges for contemporary marketing practice are the changing value systems regarding environmentally conscious tourism and sustainable development strategies. By educating tourists, marketing is expected to contribute more

effectively to promoting green products and eco-tourism programs (Wang et al. 2017). In particular for the lower price-quality end of the touristic services spectrum, another potentially disruptive momentum is emerging from peer-to-peer sharing platforms, commonly known as the “sharing economy” (Zervas et al. 2017).

The tourism industry was among the first in the global economy trying to master the opportunities offered by the Internet. In fact, information and digital networking technologies radically change the way consumers communicate among each other and how firms interact with their customers, triggering the ongoing transformation of an industrial economy into a service economy. The concept of eTourism was born before eServices or eMarketing became fashionable. The focus of online functionality evolved from information providing portals to Internet travel agencies operating or linked to booking engines. The key elements of online tourism marketing are interactive destination recommendation and personalized trip counseling systems (Fesenmaier et al. 2006) that are adaptive and capable of autonomous learning from user-system interaction. In the Web economy, tourism marketers are given new and unparalleled instruments for customizing trip products to individual customer needs. The strategy known as “dynamic packaging” is expected to complement the tour operators’ traditional prefabricated offerings. It lets the tourists construe their own idiosyncratic trip product from a range of product elements.

Marketing strategies tailored for online customer relationships will have to accompany the tourist throughout the entire customer journey (Lemon and Verhoef 2016), from the earliest stages of trip decision-making (inspirational communication), post-purchase period (suppressing or mitigating possible post-decisional regret and dissonance effects), and trip consumption (experience enhancement), and up to the after-trip phase (solidifying satisfaction, stimulating electronic word-of-mouth activities). Tourism marketing has also started leveraging the opportunities (and assessing the risks) of latest technological advances in the fields of virtual and augmented reality, a process that has recently

been accelerated by pandemic-caused disruptions. Virtual reality techniques may be further refined to provide pre-trip pseudo-experience for optimizing tourist choice and trip planning. Augmented reality techniques (via headset or smartphone) applied on the spot (while visiting historical sites or attractions) enhance the tourists' intake of information and experiential benefit *en route*. At the same time, all of these informative-technology driven innovations serve as instruments for the service providers to learn about customers' acceptance and usage of their offerings.

A similar source of service innovations in tourism is artificial intelligence. Recent advances in this fast moving field have already brought us digital voice assistants, chat bots that simulate human conversations and provide virtual assistance to clients, or social robots. These and other big data applications combined with powerful machine learning algorithms can aid task automation and are very likely to accelerate marketing automation also in the tourism industry. Another fascinating eTourism perspective for marketers offers the immense and fast growing data repositories of user-generated content and other digital "traces" of customer-firm interactions left by tourists in the Web. The social media, blog sites, and Internet portals collecting customer reviews represent instant market feedback free of charge. These sources hide precious information on perceptions, attitudes, preferences, and reactive behavioral patterns of the tourist consumer. Tourism marketers will have to make themselves familiar with new advanced analytical tools to cope with the big data revolution.

## See Also

- ▶ [Conjoint Analysis](#)
- ▶ [Destination Branding](#)

- ▶ [Information Technology](#)
- ▶ [Management](#)
- ▶ [Market](#)
- ▶ [Segmentation](#)

## References

- Fesenmaier, Dan, Karl Wöber, and Hannes Werthner. 2006. *Destination recommendation systems: Behavioural foundations and applications*. Wallingford: CABI.
- Franke, Nik, and Josef A. Mazanec. 2006. The six identities of marketing: A vector quantization of research approaches. *European Journal of Marketing* 40: 634–661.
- Grönroos, Christian. 2009. Marketing as promise management: Regaining customer management for marketing. *Journal of Business and Industrial Marketing* 24: 351–359.
- Gupta, Sunil, and Donal R. Lehmann. 2005. *Managing customers as investments: The strategic value of customers in the long run*. Wharton School Publishing.
- Kotler, Philip, and Kevin L. Keller. 2009. *Marketing management*. Upper Saddle River: Prentice-Hall.
- Lemon, Katherine, and Peter Verhoef. 2016. Understanding customer experience throughout the customer journey. *Journal of Marketing* 80 (6): 69–96.
- Lilien, Gary, and Arwind Rangaswamy. 2002. *Marketing engineering: Computer-assisted marketing analysis and planning*. Upper Saddle River: Pearson Education.
- McDonald, Malcolm. 2007. *Marketing plans, how to prepare them, how to use them*. Oxford: Butterworth-Heinemann.
- Vargo, Stephen L., and Robert F. Lusch. 2004. Evolving to a new dominant logic for marketing. *Journal of Marketing* 68: 1–17.
- Wang, Wenbo, Aradhna Krishna, and Brent McFerran. 2017. Turning off the lights: Consumers' environmental efforts depend on visible efforts of firms. *Journal of Marketing Research* 54 (3): 478–494.
- Zervas, Georgios, Davide Proserpio, and John W. Byers. 2017. The rise of the sharing economy: Estimating the impact of Airbnb on the hotel industry. *Journal of Marketing Research* 54 (5): 687–705.