

Case study methodology

A rigorous case study methodology was used to address the research problem. In a research like this which is a relatively new area of strategic travel and tourism marketing where phenomena are not well understood and the interrelationships between phenomena are not well known, a qualitative research approach seems a more appropriate method than quantitative research methods (Butler et al., 1963; Parkhe, 1993). The application of case studies as a qualitative research methodology is widely recognised (for example, Eisenhardt, 1989, 1991; Parkhe, 1993; Perry and Coote, 1994; Yin, 1993, 1994). Particularly in situations like this, when "how" questions are being posed, when the researcher has little control over events, and when the focus is on a contemporary phenomenon within some real-life context (Yin, 1994). Another reason for using the case study method for this research was to obtain holistic in-depth understandings, explanations and interpretations of a particular situation and its meaning by collecting data about practitioners' rich experiences (Gilmore and Carson, 1996). The selected case study on Andhra Pradesh provided sufficient information to elucidate the research issue

Further to support the Secondary Data of NCAER, a small survey was conducted. In-depth interviews with respondents from each travel and tourism organization, airline/hotel Managers, travelers, and respondents from intermediaries were taken. All respondents were knowledgeable about the application of marketing and marketing communication strategies and activities.

This research investigates the national travel and tourism authority's view regarding the positioning of the country's destinations as a whole. The primary focus of this research is public and private organisations, which actively market, a tourist destination and its products/services through intermediaries to the people within the country and target markets in overseas markets.

Background

2.1 INTRODUCTION TO TOURISM

Of late there is a greater awareness of the role of tourism in providing the requisite momentum to the growth of the economy of a country as well as in generating large scale employment across the spectrum for its people. Tourism has a very high multiplier effect in the economy and can induce corresponding growth in all the connected sectors such as transport, construction, education, IT services, etc. It bounced back from the global economic slowdown of last year with 2011 poised to show a positive growth number. As a matter of fact, travel and tourism is one of the largest industries globally, both in terms of size and employment (\$ 5.4 trillion and 8.6 per cent of the global workforce). In India, contrary to popular belief, it creates more jobs than the traditional industries of agriculture and automobiles and accounts for 5.9 per cent of GDP making it the largest contributor after the oil and gas industry. And yet, the India travel and tourism industry is not a mainstream industry: its full potential is yet to be recognized by the government. In the last six years, it has created 11 million jobs and has the potential to create another 37 million jobs (estimated by the NSSO, Ministry of Tourism) of the 120 million projected requirement by 2020.

Growth of tourism depends upon development of unique tourism products and their effective marketing.

India is a large country having many geographical and cultural diversities. Therefore, tourism planning has to be taken up on a regional basis. Each state or a region in the state, as the case may be, identifies the tourism potential of its destination and tries to build them up into viable tourist circuits for greater effectiveness in management. It is the quality of destination planning and implementation of projects that ultimately decide the experience that a tourist will have at these places.

Tourism- product development, by itself, will not accelerate the growth, unless there is effective promotion and marketing of the destinations and specific tourism-niche products of the country. There are many methods of marketing: the publicity campaign, both generic and specific, through print, online and electronic media. Organisation of,

and participation in, international tourism marketing fairs and holding road shows, promotion of destination through hospitality to tour operators and travel writers, are a few other methods employed for marketing of tourism. Brochure and direct mailing support to the tour operators are examples of public/private partnership.

For effective marketing of a country as a destination, it is important to create innovative products from time to time. As and when the regular tourist destinations become stale through overuse, there is a need to discover new destinations or to rediscover the old ones. The tourists are always on the look out for new experiences. Sustainability of tourist destination, both of cultural and ecological types, is of paramount importance. There is a need for undertaking rigorous studies on the impact of tourism of such destinations and for assessing their optimal carrying capacity. Controlled tourism would add to the resource generation capacity of the locality which, if so augmented, can be used purposefully for conservation of monuments and preservation of natural ambience of the destinations. There should be greater collaboration among the civil society, the stakeholders and the area authority responsible for development of tourism at such places. This is the whole new area that is now evoking worldwide interest.

Tourism marketers have come to use economic psychology, which covers a framework for analysis and processing of travel information of tourists and its role in decision-making. These include: the study of consumer destination and transportation choice behavior; the study of perceptions and expectations of travel-related products and services; service quality and consumer satisfaction, site location systems; and choice modeling for destination. Travel marketers will continue to discover new ways to model tourist behavior and choices more accurately by using techniques like data mining and knowledge discovery. Tourism marketing has come to realize that perceived quality of tourist products and services is directly linked to the existing customer satisfaction, which ultimately guides the profit sector in tourism industry.

These days new segmentation methods are used in marketing. Reasons for the same are manifold. The marketers have an easy access not only to customer database but also to both markets and distribution channels. The marketers have started using databases to profile travelers and do attribute-based segmentation. They are doing tourism market forecast based on market segments, inbound/outbound travel patterns, tourist expenditure patterns, overseas travel patterns, family life cycle, study of backpacker visitors to find out the customer loyalty and potential of repeat purchase. There is also the emergence of a new market in the form of incentive travel and marketers have opened up new avenues in developing marketing strategies in the context of business-to –business markets for incentive travel marketing. The marketers have started linking tourism marketing-related investment with the return from these investments.

In a supply driven market, the marketers design marketing programs, which the customers are bound to take. Due to the advent of competition and the increase in the number of players , many tourism-marketing companies have started using strategic marketing alternatives for building their business for long term growth in relation to their competitors, so that marketers can decide their resource commitment for the marketing program, which shall be competitive and according to the requirement of the market. Tourism marketers break the markets into fragments and then profile information about customers to develop differentiated marketing strategy. The travel packaging and price bundling are developed depending on destination market mix(DMM) model, which helps to understand the structure of tourism industry, evolving patterns and growth drivers and directions. Strategic alliances among travel suppliers have come to stay as a key strategic tool for utilization of various distribution channels.

Tourism marketing has come to stay as a separate discipline of study in professional tourism education. It poses a complex challenge to both the marketers and the academicians.

2.2 Strategy and its importance

Definition of strategy:

Strategy is derived from the Greek word ‘**strategos**’, which means to lead. In order to be successful, an organization should plan to optimally utilize the resources available to it. In business context, strategy means to plan the business activities with the objective of achieving long term goals. Strategy is different from planning; while planning is concerned with day to day activities, strategy is concerned with long term goals and activities. A strategy is a “fundamental pattern of present and planned objectives, resource deployments and interactions of an organization with markets, competitors and other environmental factors.”

According to Michael Porter, strategy helps a business to develop and sustain its competitive advantage, build a brand image, enhance performance, define market position, and create a unique selling proposition (USP)

Components of a Strategy:

A good strategy has the following components:

- **Scope** – The scope of a company indicates the number of businesses and the types of industries in which it is involved. It also indicates the product lines and market segments the company operates in, or plans to enter.
- **Goals** – A strategy should specify the goals and objectives of the organization. It should also clearly specify the dimension in which performance has to be accomplished like the increase in volume, growth of market share, and return on investment. For example, one of the goals could be a 2% increase in market share in the current financial year.
- **Resource allocation** – Any organization has limited financial and human resources. A good strategy specifies how these limited resources are to be optimally allocated throughout the organization.

- **Sustainable competitive advantage** – It can be defined as an organization’s relative advantage over competitors in the market that usually results from its core competency. It should also specify how a company can position itself in the product market and how it can sustain its competitive advantage over present and potential competitors.
- **Synergy** – It is defined as “the combined effort of many groups working toward a common goal.” It exists among the company’s businesses, market segments, and resource allocation and they strengthen each other. Synergy helps enhance the total performance of the related businesses. For this purpose, strategy should be formulated in order to exploit the potential sources of synergy across the businesses.

2.3 Differences between Strategic Marketing and Marketing Strategy:

Many managers use strategic marketing and marketing strategy as synonyms. However, they are not the same. Marketing strategy is a part of strategic marketing. The Table below depicts the main differences between strategic marketing and marketing strategy.

Strategic Marketing	Marketing Strategy
<ul style="list-style-type: none"> • Strategic marketing is the formulation of a strategy taking into consideration the constantly evolving trends in the business environment and by giving customer satisfaction utmost importance. 	<ul style="list-style-type: none"> • Marketing strategy is the analysis, development, and implementation of the selected market target strategies for product markets in which the organization has an interest.
<ul style="list-style-type: none"> • It involves monitoring the environment constantly to identify the changes and to modify the strategy accordingly. 	<ul style="list-style-type: none"> • It involves implementing and managing the marketing strategies that have been formulated to meet the marketing objectives and customer needs.
<ul style="list-style-type: none"> • It focuses on the performance of the organization as a whole 	<ul style="list-style-type: none"> • It focuses on the performance of a product/service in the target market.
<ul style="list-style-type: none"> • It views marketing as the key activity of the entire business rather than the specialized function. 	<ul style="list-style-type: none"> • It combines the customer-influencing strategies with market focused activities to gain a competitive advantage in the industry.
<ul style="list-style-type: none"> • Strategic marketing has a broader perspective, i.e. it is concerned with the changing trends in business, changes in consumer needs, and customer satisfaction. 	<ul style="list-style-type: none"> • Marketing strategy has a narrow perspective: it is concerned with the customers, organizational boundaries, market and competitors.
<ul style="list-style-type: none"> • It is about 'how' to do 	<ul style="list-style-type: none"> • It is about 'what ' to do.

Adapted from Cravens, David W. "marketing Strategy and Planning." Strategic Marketing Fifth Edition, Irwin 1997, Pg 9-10, 2p and Fifield, Paul. "Thank YouBoo.com." Marketing Review. Vol.I, 2000

2.4 Destination marketing

Destination marketing facilitates the achievement of tourism policy, which should be co-ordinated with the regional development strategic plan. Marketing of destinations should also guide the tourism impacts optimization and the maximization of benefits for the region. In order to appreciate the complexity of destination marketing this paper explains the destination concept and attempts to synthesize several models for strategic marketing and management of destinations.

The analysis illustrates numerous frameworks for the development of a destination marketing strategy and a comprehensive marketing mix. The paper also illustrates the relationship between marketing and planning of destinations and their conflicting and symbolic relationship. This paper is based on research and consultancy on destination marketing around the world, where several frameworks have been tested and implemented. The contribution of the paper is therefore in synthesizing well developed techniques and to provide a comprehensive framework for destination marketing .

a. Destination as an amalgam of tourism services and experiences

Destinations are amalgams of tourism products, offering an integrated experience to consumers. Traditionally, destinations are regarded as well defined geographical areas, such as a country, an island or a town. However, it is increasingly recognized that a destination can also be perceptual concept, which can be interpreted subjectively by consumers, depending on their travel itinerary, cultural background, purpose of visit, educational level and past experience. For example , London can be a destination for a German business traveler, whilst Europe may be the destination for a leisure Japanese tourist who packs six European countries in a two week tour. Some travelers will consider a cruise ship

to be their destination. Often destinations are artificially divided geographical and political barriers, which fail to take into consideration consumer preferences or tourism industry functions. An example of that is the Alps shared by France, Austria, Switzerland, Italy which is often perceived and consumed as part of the same product by skiers. For the purpose of this paper destinations are considered to be a defined geographical region which is understood by its visitors as a unique entity, with a political and legislative framework for tourism marketing and planning. This definition enables Destination management Organisations (DMOs) to be accountable for the planning and marketing of the region and to have the power and resources to undertake action towards achieving its strategic objectives.

Destinations offer an amalgam of tourism products and services, which are consumed under the brand name of the destination. Leiper (1995, p.87) explains that destinations are places towards which people travel and where they choose to stay for a while in order to experience certain features or characteristics – or a perceived attraction of some sort. Cooper et al (1998) define destinations as the focus of facilities and services designed to meet the needs of the tourists. Most destinations comprise of a core of the following components, which can be characterized as the six ‘A’ framework as illustrated in Table 1. Therefore, a destination can be regarded as a combination (or even as a brand) of all products, services and ultimately experiences provided locally. It also enables us to assess the impact of tourism regionally, as well as manage demand and supply in order to maximize benefits for all stakeholders.

Table 1: Six 'A's framework for the analysis of tourism destinations

A	Attractions (natural, man-made, artificial, purpose built, heritage, special events)
A	Accessibility (entire transportation system comprising of routes, terminals and vehicles)
A	Amenities (accommodation and catering facilities, retailing, other tourist services)
A	Available packages(pre arranged packages by intermediaries and principals)
A	Activities (all activities available at the destination and what consumers will do during their visit)
A	Ancillary services (services used by tourists such as banks, telecommunications, post, news, agents, hospitals etc)

The inadequacy of destination marketing literature probably illustrates the interest of researchers in the impacts of tourism on destinations. Hence the management of and marketing of destination is often left to industry people and consultants and it is not frequently discussed in the literature or in academic debates. The competitive nature of destination marketing also prevents involved parties from publishing their strategies and marketing plans. In addition, there is an apparent difference between the marketing and planning tourism literature.

Traditionally marketing concentrates on increasing visitation and treats tourism like any other commodity. This approach fails to recognize the unique needs and limitations of each destinations as well as their particular geographical , environmental and socio-cultural characteristics. In contrast, planning literature concentrates more on the impacts of tourism and on limiting tourism development, often ignoring the market dynamics and the requirements of entrepreneurs at the destination and the place of origin. Companies and governments in tourism have applied only part of the marketing mix to tourism, i.e promotion, with little attention being paid to the other components of marketing. However, if tourism is to survive by generating satisfaction among interacting tourists and hosts, it must adopt societal marketing strategies. This involves carefully monitoring tourist satisfaction levels and using these as part of the criteria for success, rather than increasing numbers of tourists; continually monitoring host reactions to tourists, for host-

tourist interaction is an important component of the tourist experience; and being aware that infrastructure development of tourism resort areas has implications for the types of tourist that will be attracted.

b. The strategic purpose of destinations and their management and marketing

Destinations are some of the most difficult entities to manage and market, due to the complexity of the relationships of local stakeholders. Managing and marketing destinations is also challenging because of the variety of stakeholders involved in the development and production of tourism products. The destination experience is essentially comprised of regions, resources and amalgams of tourism facilities and services, which often do not belong to individuals. Instead they represent a collection of both professional and personal interests of all the people who live and work in the area. Managing conflicting stakeholders' interests makes controlling and marketing destinations as a whole extremely challenging. Hence, strategies and actions should take into account the wishes of all stakeholders, namely indigenous people, businesses and investors, tourists, tour operators and intermediaries, and interest groups. Perhaps the most difficult problem is ensuring the rational use of zero-priced public good, such as landscapes, mountains, and the sea for the benefit of all stakeholders and at the same time preserving the resources for future generations. Conflicts can easily develop, especially when some (perhaps greedy) stakeholders exploit resources for short time benefits. A compromise encompassing all these interests is extremely difficult if not impossible, but is the key to long term success.

And yet tourists perceive the destination as a brand comprising of a collection of suppliers and services. Before visiting they develop an image about destinations as well as a set of expectations based on previous experience, word of mouth, press reports, advertising, and common beliefs. During their holiday, they "consume" destinations as a comprehensive experience, without often realizing that each element of the product are

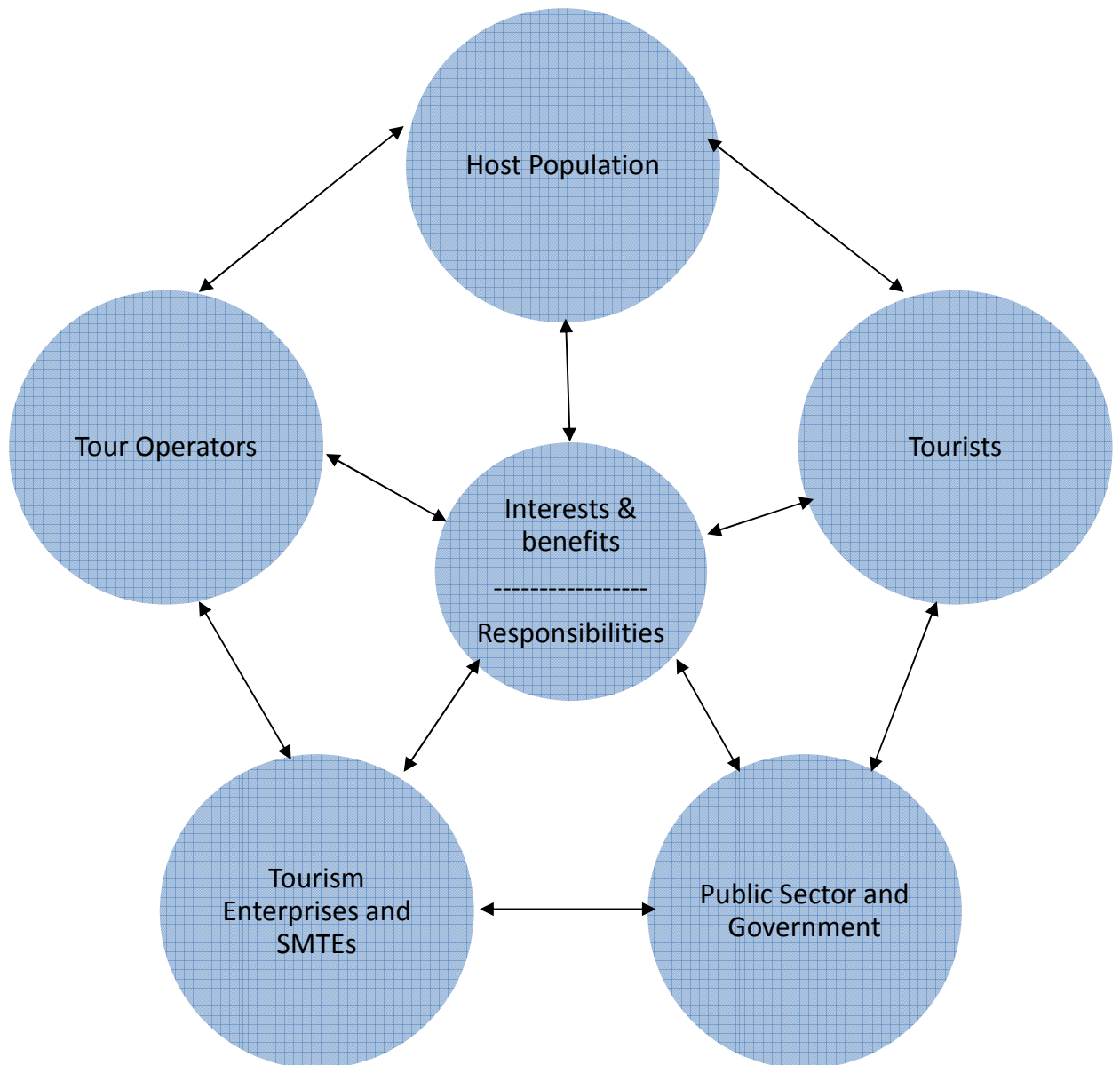
produced and managed by individual players. Most service providers are small and medium sized tourism enterprises which have a wide range of strengths and weaknesses whilst are also characterized by their independent nature. Tourists' overall experience is composed of numerous small encounters with a variety of tourism principals, such as taxi drivers, hoteliers, waiters as well as with elements of the local attractions such as museums, theaters, beaches, theme parks etc. Their overall impression develops their image of a destination after their visitation. As a consequence there is much overlapping between strategic marketing of the destination as a whole and each individual supplier at the region. Hence, the competitiveness of each player is often interrelated and almost indistinguishable from one another.

DMOs tend to be part of the local, regional or national government and have political and legislative power as well as the financial means to manage resources rationally and to ensure that all stakeholders can benefit in the long term. Destination management and marketing should act as tools and facilitators to achieve a complex range of strategic objectives, which will ultimately need to satisfy the needs and wants of stakeholders. Four key generic strategic objectives should be addressed by DMOs, as illustrated in Table 2. Figure 1 demonstrates the dynamic wheel of tourism stakeholders. The development and implementation of strategic objectives at destinations depends on relationships between stakeholders and thus the implementation of the key generic strategic objectives illustrated in Table 2 will be determined by the dynamics of the actors on this wheel. Naturally each stakeholder aims to maximize the benefits emerging for themselves. Inevitably, the interest of some stakeholders may be conflicting with others and thus some of the four key strategic objectives may be jeopardized. This is often a result of some stakeholder trying to enhance its benefit at the expense of others. For example a tour operator may try to reduce the prices paid to local suppliers in order to increase its profit margin and remain competitive in the market place. It is imperative, therefore, for DMOs to use legislative and management tools during planning and management of destinations in order to ensure that the benefits of tourism activity is shared fairly between all stakeholders and that sustainable practices safeguard the regeneration of resources utilized for the production of tourism.

Table 2: Strategic management and marketing objectives for destinations

- | |
|---|
| <ul style="list-style-type: none">• Enhance the long term prosperity of local people• Delight visitors by maximizing their satisfaction• Maximise profitability of local enterprises and maximize multiplier effects• Optimise tourism impacts by ensuring a sustainable balance between economic benefits and socio-cultural and environmental costs. |
|---|

Figure 1: The dynamic wheel of tourism stakeholders



Hence, tourism marketing should not only be regarded as a tool for attracting more visitors to a region, as it has been the case for most destination. Instead, tourism marketing should operate as a mechanism to facilitate regional development objectives and to rationalize the provision of tourism in order to ensure that the strategic objectives of destinations are achieved.

Tourism marketing should also ensure equitable returns –on-resources-utilised for the production and delivery of tourism products, as well as the regeneration of these resources. It should also provide suitable gains to all stakeholders involved in the tourism system. Hence marketing should be used as a *strategic mechanism* in co-ordination with planning and management rather than a sales tool. Destination may also involve de-marketing, i.e the discouragement of certain market segments from visiting the destination during certain periods, through a range of prohibitive measures or by charging premium prices. Examples of this techniques include:

- Visitors management techniques in theme parks which divert people from congested attractions to less busy ones by using a leading story/attraction;
- Towns like Cambridge, which aims to attract only visitors who stay overnight and to discourage excursionists who contribute little to the local economy by controlling their parking processes
- Mauritius which provides high quality resort accommodation and does not allow charter flights, therefore promoting high expenditure tourism; or
- Venice, which deters more visitors by charging premium prices for all services offered and recently initiated negative advertisement to reduce mass tourism.

In this way marketing is used as a mechanism to achieve strategic objectives of destination regions and thus should be guided by the policies for regional development.

c. **Main markets and destination choice**

Understanding destination types and characteristics is of paramount importance for its marketing. Each destination can only match certain types of demand and hence tourism marketers need to appreciate travel motivation in order to develop appropriate offerings and brand destinations for the right target markets. In addition, destinations should be aware not only of the needs and wants of the active demand but also of the potential markets they can attract. It can then develop a product portfolio, which will enable the optimization of benefits and adapt their marketing mix to their target markets.

Classifying travel behavior and segmentation becomes increasingly more difficult as modern travelers combine pleasure with business, in order to take time and cost advantage. There are therefore endless variations between the two principle classifications of travel activities, i.e business and leisure trips. However, leisure trips may include elements, characteristics and motivations of business travel and vice versa. Incentive travelling, extended conference stays and business meetings during leisure travel makes the distinction between the two categories increasingly blurred. Nevertheless the two principle categories are fairly identifiable and they are treated differently in this text for simplifying the concepts and marketing responses.

2.5 Strategies and practices of Marketing Destinations:

Developing a marketing strategy and mix for destination is a complex process, mainly because there are many independent stakeholders and principals involved. Destinations cannot be managed or marketed as enterprises, due to the dynamics of interests and benefits sought by stakeholders. In addition, most destinations are amalgams of independent SMTEs, which already follow their own marketing strategies. Although DMOs have traditionally taken marketing responsibility for the destination product, they fail to control marketing activities and mixes of individual players and hence can only co-ordinate and guide, rather than undertake a comprehensive marketing strategy. Perhaps the most important challenge for destination marketing therefore is to bring all individual partners together to compete rather to co-operate and to pool resources towards developing an integrated marketing mix and delivery system.

The international tourist industry is becoming an increasingly competitive marketplace where only the best- managed destinations are likely to prosper. Comprehensive strategic business plans therefore need to address all factors that have an impact on the product. Tourism strategies should not only concentrate on visitation, but also include the entire range of impacts such as overcrowding, environmental problems, visitors safety and security, seasonality problems, and sensitivity to local culture. This will enable destinations to develop comprehensive strategies to fulfill all strategic objectives.

1. The position of destinations and their marketing

Perhaps one additional complication to tourism marketing is that in most cases destinations have already a rich history and legacy development which needs to be taken into consideration when developing tourism marketing strategies. Not only consumers develop certain images and views about places, but also previous development often provides several limits for marketing to address as well as stake holders who need to be respected and consulted. Understanding therefore the stage and roots of tourism development is critical for development of a strategy. One of the most widely used tools

for undertaking this task is the destination life cycle. The main utility of the destination life cycle is to facilitate the understanding of the evolution of tourist products and destination and to provide guidance for strategic decision taking. Cooper(1989,1992and 1994) suggests that the life cycle concept illustrates that destinations experience a “birth to death” cycle and that the life cycle model has gained attention in tourism and hospitality as an explanatory tool. Although in tourism life cycle analysis is often seen as a useful conceptualization tool for destination area development. In hospitality management it has begun to be used as guide for strategic planning. However the main problems relate to identifying turning points, stages, length of stages and level of aggregation. Despite the many criticism of the lifecycle concept, it is quiet critical for marketers to appreciate the stage of development of resort areas

Chapter 3 : Early Tourism Marketing

One of the very early tourism marketing texts by Wahab et al.(1976: 24) outlined the scope of tourism destination marketing: “ The management process through which the National Tourist organizations and/or tourist enterprises identify their selected tourist actual and potential, communicate with them to ascertain and influence their wishes , needs, motivations, likes and dislikes, on local, regional, national and international levels and to formulate and adapt their tourist products accordingly in view of achieving optimal tourist satisfaction thereby fulfilling their objectives.”

In operational terms, destination marketing has a crucial role in ensuring that the destination life-cycle does not enter a stage of saturation or decline in communicating with the target markets at each stage of development (i.e to raise visitors awareness at the initial stage of development, to inform in the growth stage , to persuade visitors to come in a mature and saturation stage and to retain visitors and introduce new markets in the declining stages(Bhualis 2000)

Marketing is also vital since other destinations develop in competition, thus destinations have to formulate strategies to differentiate themselves. Destinations need to compete but are constrained by one critical constraint, *the resource base and its sustainability*, since once the resource base is destroyed it cannot be replaced. Nevertheless, destination marketing has to make critical decisions on strategic issues related to product, promotion, price and distribution strategies for tourism. Destinations are constantly evolving and changing making strategic marketing a necessity. In extreme cases destinations overrun by visitors may also have to use marketing to de-market their locality through dissuading visitors from coming at peak times in conjunction with visitor management tools.

One interesting attempt to set the destinations in a competitive framework was made by Gilbert (1990), who argued that destinations could be classified along a continuum. At the initial stages of development, a destination achieves a status at which its unique attributes are not substitutable, so consumer loyalty and willingness to pay to visit are high. As the destinations develop and other competing destinations come on stream, decisions to visit it are based more on high price competitiveness and high spending visitors are not attracted. The destination then assumes a commodity status, though in reality Buhalis (2000) suggests that most destinations are located at some point between these two status and commodity positions. In some cases, destinations have sought to develop niche market as a process of continuous innovations, in order to diversify their market base and remain competitive, retaining their unique appeal. However in locations that have followed cost leadership strategies, mass tourism has caused irrevocable damage to the resource base. Whatever approach to destination marketing an area develops, the starting point must be a fundamental understanding of the elements, which coalesce to form the destination. (Brey et al. 2007)