

Marketing In Travel and Tourism

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Introduction

Travel and tourism are one of the fastest growing industries in the world today. It is also one of the most recognized industries which create employment every 2 seconds. Every one of these jobs that they create, in turn, creates 11 more jobs indirectly. The travel and tourism sector adds nearly 11 per cent of the jobs in the United Kingdom market. It is estimated that currently, the travel and tourism industry has revenue earnings of around GBP 2.47 trillion worldwide. Tourism operates on a broad scale and most countries have started considering travel and tourism as an important part of their criteria for national growth and development. In the United Kingdom, it is estimated that the travel and tourism sector will become a GBP 257 billion industry by the end of 2025. With the rapid growth and development of this sector, there is also a rapid increase in competition. This cut-throat competition is the reason why it has become necessary for business enterprises in the travel and tourism sector to have marketing plans and strategies in place to stay ahead of their competitors. The firms will earn more profits and satisfy the needs and meet the tastes and preferences of the consumers with a proper marketing strategy in place.

Task 1: Understand the concepts and principles of marketing in the travel and tourism sector.

1.1 Discuss the core concepts of marketing for the travel and tourism sector

Every business firm in the travel and tourism industry uses various marketing tools and plans to identify their potential target base of customers. They are also able to assess the tastes and preferences of the customers by doing a thorough research of the market. They can produce those goods and services that will satisfy the needs of their target customer base. This way they can also earn more profits and gain the approval of the customers, catapulting them to success.

Travel and tourism contribute a large chunk of revenue to their respective country's GDP (Buhalis and Darcy 2011). That is why the governments and the travel related businesses try to develop and boost the travel and tourism sector. That is why a proper marketing strategy is required to grow this industry.

Each tourism firm provides various traveling options. However, their tourism packages should be attractive and innovative enough so that the customers are interested in buying their services. They need a marketing strategy to be able to stand out in the crowd of firms selling more or less similar products and services (Campo-Martínez *et al.*, 2010, p.862).

People have more disposable income nowadays to spend on traveling. This is the reason for the sudden and rapid growth in this industry. To keep this entire customer stronghold satisfied and to increase them in number, travel and tourism companies require a set marketing plan in place.

The firms in this industry also need to have a thorough knowledge about the market scenario currently (Goeldner and Ritchie 2012).

Thomas Cook, for example, has managed to satisfy their customer needs, by providing them with standardized products and services. This has made them carved out a niche for themselves in the market. Their approach is very market-oriented and hence they have been able to come out at the top in the United Kingdom travel and tourism sector.

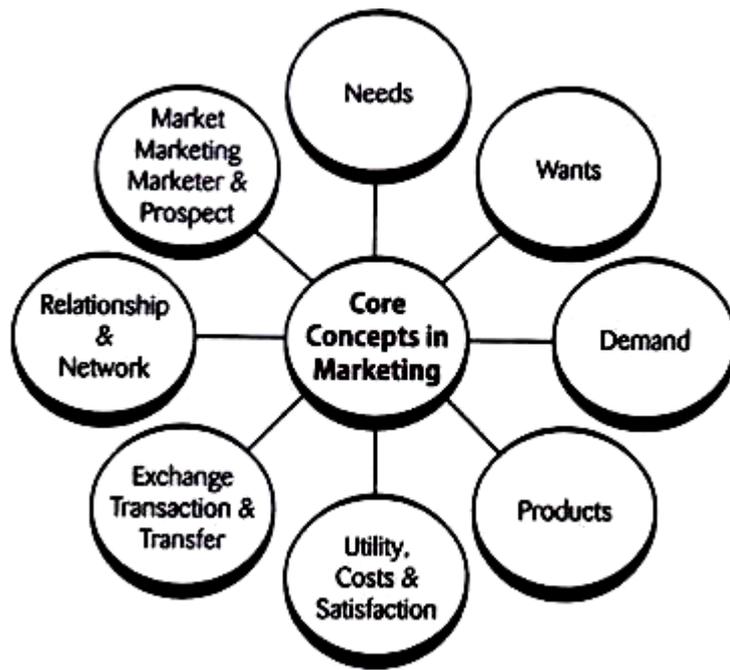


Fig. 1 Core Concepts of Marketing

Source: (Evans *et al.* 2012)

1.2 Assess the impact of marketing environment on individual travel and tourism businesses and tourist destinations.

Marketing environment refers to the factors that have a direct or indirect impact on the travel and tourism sector. These factors have positive and negative impacts on the tourist companies.

The two types of environment that can be described in this context include:

Internal Environment-these is the factors that affect the internal functioning of a firm. In the travel and tourism industry, raw materials, employees, machinery and other capital assets are the factors that impact a business organization (Buhalis and Darcy 2011). These factors can be controlled by the firm to some extent. A firm can in this context create marketing strategies that will help to minimize the effect of internal factors on their business. A firm can bring changes to their plans depending on the changes that the internal factors have (Mason 2015). However Thomas Cook enjoys a stable environment regarding their internal factors, and hence do not need to bring about frequent changes in their marketing strategies. Too frequent changes lead to difficulty in adaptation and hence would lead to more complications.

- External environment-these are the factors that affect the firms externally. The macroeconomic factors can be political, economic, and social in nature. On the other hand, the microeconomic factors are customers, competitors, suppliers and others. Firms cannot in any way manipulate the effect these factors have on their business. Any manipulation on their part is considered to be illegal. Instead, they must be prepared with various marketing strategies so that they can face these impacts head on. Under situations of duress, the companies can undertake a PESTLE analysis and maintain a positive marketing strategy.



Fig. 2 Logo of Thomas Cook

Source: (Dolnicar and Ring 2014, p. 34)

1.3 Discuss the factors affecting consumer motivation and demand in the travel and tourism sector.

The factors affecting a consumer's motivation and demand in the travel and tourism sector are:

- **Advertisements** – they have a major influence and impact on consumer decision to purchase goods and services. Travel agencies advertise their services to attract consumers. Promotional campaigns make consumers aware of the services that are available to them and hence can make purchase decisions accordingly.
- **Social media and technology**– social media is a very influential platform which is used by the travel agencies to promote their services. Consumers use social media on the regular. Seeing advertisements online will peak their interests and attract them to purchase services. Companies also can reach out to their customers and answer their queries and solve problems. Customers are also allowed to give reviews and feedback depending on their personal experiences. Judging by them other customers can decide which services and products they want to purchase and from which companies. Social media has become a powerful tool in attracting consumers and influencing their demands (Gartner and Ruzzier 2011, p. 486).
- **Social Influences**– a consumer is motivated to choose his travel destination and service provider based on the opinions of his family, friends and other people in his society. Social factors have a heavy influence on consumer's demand pattern.
- **Global Economy**– the current conditions prevailing in the global economy have a huge influence on where the consumer wants to go to for their travel destination. Countries which see unrest are the ones that consumers avoid.
- **Consumer's income**- a consumer's disposable income is the most important factor which influences and motivates him to purchase goods and services from a travel agency. People choose those services which meet both their demands and fall within their budget.

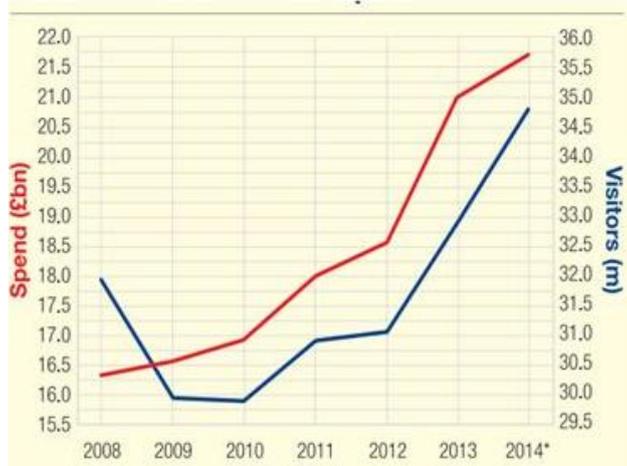


Fig. 3 Consumer Spending

Source: (Gössling *et al.* 2012, p. 51)

1.4 Analyze the principles of market segmentation and its uses in marketing and planning.

Under market segmentation, consumers with similar tastes and preferences are grouped into a single unit. Their behavior towards a certain product or service is a major determinant in market segmentation (Dolnicar and Ring 2014, p.31). These groups are called segments in a market structure. Based on how these segments behave, a company formulates its plan. The travel and tourism industry segments their customer base into segments based on various factors like their tastes and preferences. The two methods of market segmentation are post hoc and priori method. A travel and tourism market is segmented in the following ways:

- **Geographic Segmentation**– Thomas Cook divides their customers on the basis of their nationality, city of residence and even region. This helps them to analyze customer tastes and preferences. Dividing the market in this manner helps them to understand what to produce and concentrate their resources the most in.
- **Demographic Segmentation**– companies like Thomas Cook divide their markets on the basis of age, gender, family size, income and other demographic factors (Buhalis and Darcy 2011). Grouping people into these segments lets the companies choose what kind of service package they would like to sell to which group. For example- an elderly person might prefer to go to a place of worship and hence the travel agency can make a plan according to this choice.
- **Psychographic Segmentation**– here the customers are divided according to their income levels, position in society and even their lifestyles. People are divided according to their amount of disposable incomes, their level of affordability and so on. Different types of services and costing of services are fixed according to satisfy people from all sections of the society (Luan and Sudhir 2012, p. 450). For example, Thomas Cook can choose an exotic resort destination for a family who are millionaires.
- **Behavioral Segmentation**– a person's behavior depends on their education, skills and talents, preferences, market knowledge and other such factors. Behavior is a huge decision maker when it comes to dividing people into segments. Behavior affects a person's choice and preferences.

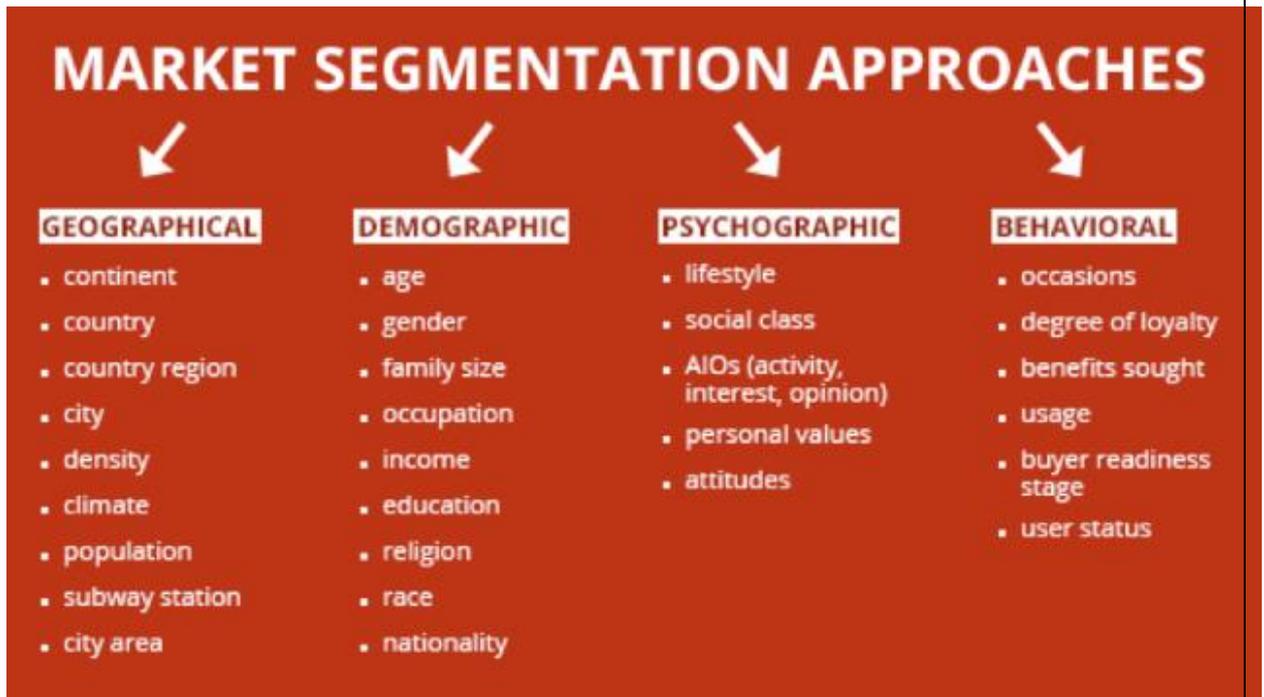


Fig. 4 Market Segmentation

Source: (Luan and Sudhir 2012, p. 451)

Task 2: Understand the role of marketing as a management tool in travel and tourism

2.1 Analyze the importance of strategic marketing planning for a selected travel and tourism business or tourist destination.

Thomas Cook is the selected travel and tourism business whose marketing plan will be analyzed. Having a strategic marketing plan in place helps business houses maintain stability (Luan and Sudhir 2012, p. 451). Planning also lets them follow a certain pre-decided path which brings about uniformity and the required amount of flexibility. An ideal plan contains all the factors which will help a business gain momentum in their trade, reaching its set targets within the allocated time all the while satisfying their customers and earning profits. A company as big as Thomas Cook has a lot of targets and goals that they have to achieve within a very short period of time.

Thomas Cook's strategic planning is as follows:

- SWOT Analysis- strengths, weaknesses, opportunities and threats of the company in question are studied. Swot analysis helps companies take better decisions depending on their company analysis. They can use their strengths to their advantage and try to overcome their weaknesses. By analyzing the threats they can avoid certain situations and in the case of opportunities, they can use them to alter the situations to their advantage and use them expand their business. Thomas Cook uses their Swot analysis to understand the situations at hand and act accordingly.



Fig. 5 SWOT Analysis

Source: (Tsiotsou and Vlachopoulou 2011)

- BCG Matrix-helps in the analysis of any course of action and the potential of a product in the future (valuebasedmanagement.net). The company from this analysis can understand what are the areas in which they can generate the most revenue (cash cow) but have very future growth prospects, the avenues that have great opportunities in growing (stars), the choices

which will have neither revenue production nor future growth (dog) and lastly question marks are avenues that have no certainty in either the departments of revenue generation or any future growth prospect (Saraniemi and Kylänen 2011, p. 142).

- Ansoff Matrix-it helps companies like Thomas Cook find out in which areas of their operation do they have the capacity to grow. This helps them to concentrate their resources and capital to the maximum in these avenues so that they can get maximum returns (ansoffmatrix.com).
- Product life cycle-it analyses the life cycle of goods and services that Thomas Cook is offering. This analysis covers three stages, namely, exploration, development, and stagnation (Tsiotsou and Vlachopoulou 2011). This helps the company to understand their products and services better and to improve them (productlifecyclestages.com).

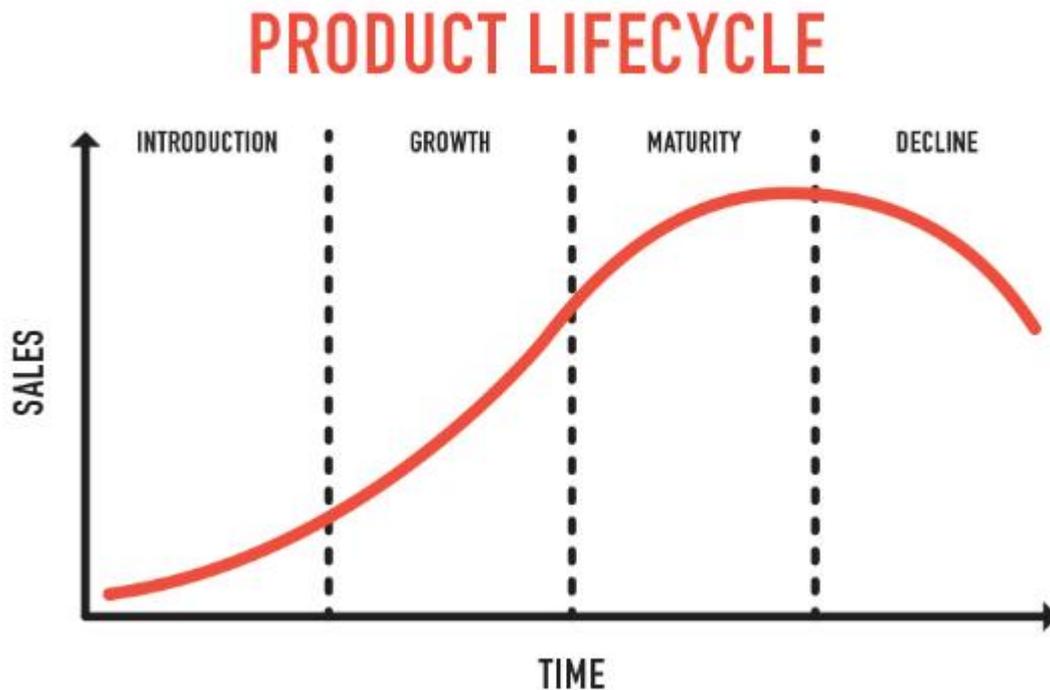


Fig. 6 Life Cycle Product

Source: (Saraniemi and Kylänen 2011, p. 141)

2.2 Discuss the relevance of marketing research and market information to managers in the travel and tourism sector.

Market research is a very important part of business in the travel and tourism sector. A thorough market research helps the managers take decisions regarding their business. Having proper information about the market helps in properly assessing the market (Saraniemi and Kylänen 2011, p. 141). The companies need to be up to date with information regarding the market so as to meet the needs and demands of the consumers. Only if they understand what they should produce can they gain maximum revenue. They can design their product and services only after they have done a thorough research of the market.

Also, by studying the market scenario they can understand the competition in the market properly. They can stay ahead of the competition if they have a thorough knowledge of the changing tastes and preferences of the customers. They can adapt to the changes accordingly (Furman 2010, p.63).

Moreover market research also helps them to improve their product quality. This increases their sales and revenue generation. They can also attract new customers with the help of their improved efficiency and product quality.

Having an updated and proper knowledge of the market also helps the travel and tourism companies, to understand what kind of products to sell and where to sell them. They use questionnaires, surveys and online surveys to do market research. This gives them a direct access to consumer tastes and preferences (Gartner and Ruzzier 2011, p.471).

2.3 Assess the influence of marketing on society

Marketing is one of the craftiest tools in the modern world to influence customers into buying goods and services. If implemented properly, it meets the needs of the company properly. Marketing makes the consumers aware of the products and services in the economy (Mariani et al. 2014, p. 271). Thomas Cook, for example, advertises their services through various social media platforms. Various customers seeing these advertisements contact the company and this is how Thomas Cook gains more consumers. Marketing helps to not only to study the market and gain knowledge but also helps these companies understand what tools and procedures to use, to attract the required consumers.

The people in the society are made aware of also the benefits and opportunities that they can gain advantages from and lose out on from. Marketing also lets people understand what kinds of goods and services will suit their needs, according to which they can make their purchases (Sørensen and Jensen 2015, p.336).

In the tourism industry, the companies make attractive advertisements about various different travel destinations. Seeing them people get attracted and influenced to travel to those places. These modern advertisements are the way travel and tourism companies reach out to their customer base. Colorful and attractive advertisements of various destinations, influence customers to buy services from the travel agencies (Guerzoni and Raiteri 2015, p.726).

Seeing promotional videos and advertisements people want to enjoy as much as the people who are acting in them. This influences them to purchase these services.

Task 3: Understand the role of marketing mix in the travel and tourism sector (refer to ppt)

3.1 Discuss issues in the product, price and place elements of the marketing mix.

3.2 Assess the importance of service sector mix elements to the travel and tourism sector

3.3 Apply the concept of the total tourism product to an individual tourism business or tourist destination

Task 4: Be able to use the promotional mix in travel and tourism

4.1 Assess the integrated nature and role of the promotional mix

Assess the integrated nature and role of the promotional mix

The most crucial part of the marketing strategy of a company is the advancement and promotion of its products. It is very crucial for the organization to make consumer awareness with the goal that they can incite more buyers to purchase their items and increase their customer base as well. The marketing managers of Thomas Cook need to comprehend that the purchasers should be educated about the organization's services, products and plans to support their business volume (Pike and Page 2014, p. 221). The promotional tools and traditional marketing would not be of any utilization and the cutting edge strategies must be altered according to the needs and demands of the customers. The different components of the advertising and special blend are:

- Advertising – Thomas Cook should outline a promoting effort in view of their intended interest group. They can utilize different mediums like web based promoting, ads on corporate sites and other travel sites, board publicizing or TV notice to connect with a bigger number of clients (Pomeroy *et al.* 2012, p. 967). They can show their publications and hoardings on areas like airplane terminals and railroad stations. The organizations can likewise make extraordinary arrangements and offers to pull in clients.



Personal Selling – Personal offering will help the firm to take into account singular clients by and by. The showcasing work force will have the capacity to interface with the clients on a one on one premise which will thus be valuable for the firm as it were. In view of the data got from the showcasing research group, the firm can focus on a particular customers group to be their prospective clients. Thomas Cook has constantly centered more around the idea of individual offering than mass advertisement campaign.

Sales Promotion – The Company initially needs to recognize their objective and potential clients before utilizing deals advancement systems. In the event that the organization's intended interest group is business and corporate workers, then they can send messages to them or can promote their services and products on corporate web sites. They can likewise present arrangements and bundles for the short corporate treks of the workers.

Public Relations – The advertising department of the organization is in charge of communicating data to the consumers and public. They inform the shoppers about the occasions that happen and the highlights of the traveler goal. This strategy would help the company to create a brand image in the market and increase sales revenue as well (Powers *et al.* 2012, p. 67).

4.2 Plan and justify an integrated promotional campaign for a travel and tourism business or destination.

Plan and justify an integrated promotional campaign for a travel and tourism business or destination

Thomas Cook needs to recognize its potential clients and after that likewise arrange an incorporated promotional campaign. The marketing strategy of the company should be highlighting the services of the organization and at the same time incorporating the demands of the customers as well. The marketing strategy of the organization ought to exploit on the distinctive strengths of the organization. The company needs to review every websites and select a suitable one for promoting themselves.



Unit 8 Legislation and Ethics in TT Sector Assignment

The advertisement campaign ought to introduce client feedback so that the organization can get the latest updates about the perspectives and views of the customers. The advertisement could also be conducted via web-based networking media since that is also a developing business sector. The people share their views, feedback and thoughts about a destination spot and the services of the travel and tourism area. Subsequently, web-based social networking media advertisement plays a significant role in the promotional campaign and integrated marketing of Thomas Cook.

Conclusion

This project is an analysis of the tourism and travel sector in the United Kingdom. Travel and tourism industry is a very highly competitive sector. Marketing strategies have been analyzed and made a report on. The core concepts of the tourism industry along with an assessment of the marketing environment were done. Consumer behavior and demand factors were also researched upon. The fact that marketing research plays an important role in the business world was also proved through this project. Total tourism product's importance and marketing mix were also written. A promotional campaign was also planned for Thomas Cook.

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