

**COURSE  
GUIDE**

**TSM 305  
TOURISM SALES AND MARKETING**

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## **Introduction**

TSM 305: Tourism Sales and Marketing is a semester course work of two credit hours. It is available to all students taking the BSC Tourism programme in the Department of Tourism Studies of the Faculty of Social Sciences.

The course consists of fifteen (15) units including, the nature and meaning of tourism sales and marketing, the tourist product, the role and importance as well as the basic concept of customer relations in marketing. The course will involve contacts with organizations, mostly tourism firms and business organization including visit to some tourism firms like the travel agent, hotels, resorts center, parks, museum, etc. The idea is to enable students observe how the practice of tourism sales and marketing is being carried out.

The course guide tells you what the course TSM 305 is all about, the materials you will be using and how to make use of the materials to ensure adequate success. Other information that are contained in the course includes how to make use of your time and information on tutor-marked assignment and Self-Assessment Exercises. In addition to this, there is online class for interaction and class discussion.

## **What You will Learn in this Course**

The course contents consist of the nature and concept of tourism sales and marketing, the importance and concept of customer-relations in marketing, the concept of tourism service marketing information system, tourism marketing research, tourism promotion, Advertising in tourism marketing, public relations in tourism, travel agency operation and tour operator in tourism marketing, marketing mix concept, distribution channel in marketing, marketing environment, product life cycle, consumer behaviour and marketing media, market segmentation and consumerism in marketing as it affects customer-business relationships.

## **Course Aims**

The aims of this course are to enable students to understand and apply the basic principles of marketing to business situations in particular to tourism business activities. This is achieved by:

- i. Explaining the nature and concept of tourism sales and marketing.
- ii. Explaining the importance and concept of customer relations in marketing.
- iii. Explaining the concept of Tourism service marketing.

- iv. Explaining marketing research.
- v. Explaining Tourism promotion
- vi. Explaining Advertising, public relations, travel Agency and Tour operator's operations in tourism marketing.
- vii. Explaining marketing mix concept.
- viii. Explain distribution channels in tourism marketing
- ix. Explain market segmentation.
- x. Explaining consumerism,

### **Course Objectives**

By the end of the course, you should be able to:

1. Explain the nature and concept of tourism sales and marketing
2. Explain the importance and concept of customer relations in marketing.
3. Explain the concept of tourism service marketing.
4. Explain the tourism marketing information system.
5. Explain marketing research.
6. Explain promotional activities and their importance.
7. Explain advertising and public relations.
8. Explain travel agency and tour operator's operations in tourism marketing.
9. Explain marketing mix concept.
10. Explain channels of distributions and their activities.
11. Explain market segmentation.
12. Explain consumerism in tourism marketing, etc.

### **Course Materials**

- Course Guide
- Study units
- Textbooks
- Self-Assessment Exercise (SAE)

### **Study Units**

There are fifteen (15) units in this course, which should be studied carefully:

#### **Module 1**

- |        |  |
|--------|--|
| Unit 1 | Concept of Tourism Sales and Marketing                                       |
| Unit 2 | Importance of Marketing and Basic Concept of Customer Relations in Marketing |
| Unit 3 | Concept of Tourism Services Marketing  |

Unit 4	Tourism Marketing Information System
Unit 5	Tourism Marketing Research

## **Module 2**

Unit 1	Tourism Marketing Promotion
Unit 2	Advertising in Tourism Marketing
Unit 3	Public Relations in Tourism Marketing
Unit 4	Travel Agency Operations in Tourism Marketing
Unit 5	Tour Operators in Tourism Marketing

## **Module 3**

Unit 1	Marketing Mix Concept in Tourism Industry
Unit 2	Channels of Distribution in Marketing
Unit 3	Marketing Environment.
Unit 4	Market Segmentation.
Unit 5	Consumerism in Tourism Marketing.

Module 1 and the first five units and 2 explain the concepts of tourism sales and marketing; importance of marketing, customer-relations and services marketing. Also, units 3 to 5 provide detail explanations on tourism service marketing, tourism marketing information system, and tourism marketing research.

Module 2 provides detail explanation on tourism marketing promotions with examples, advertising in tourism marketing, public relations in tourism marketing, travel agency operations in tourism marketing, and tour operators in tourism marketing.

Module 3 provides guides on marketing mix applications, channel of distributions as apply to service industry like tourism, marketing environment as a core tool for business success, market segmentations as it is impossible to operate successful in markets while satisfying the target customers, and consumerism in tourism marketing activities.

Each study unit will take at least two hours and it includes the introduction, objectives, main content, self-Assessment Exercises, summary and references. You are expected to study the material and the self-Assessment exercises. Some of the exercises will necessitate you visiting some tourist firms and organizations. You are advised to do so in order to observe the practice of tourism sales and marketing. There are also textbooks under references for further readings. They provide you additional information.

**Tutor-Marked Assignment**

In doing the tutor-marked assignments, you are expected to apply what you have learnt in the contents of the study units. These assignments, which varies from course to course; comprises of 30 electronic based questions that are spread from the three modes of the course material. This total 30% of the over 100%.

**Final Examination and Grading**

At the end of the course, you will write the final examination. It will attract the remaining 70%. This makes the total final score to be 100%.

**Summary**

The course, TSM 305, Tourism Sales and Marketing, exposes you further to the realm of tourism marketing. On the successful completion of the course, you would have been armed with the principles necessary for efficient and effective marketing of tourism and related business situations especially in managing tourism services and destinations.

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**MODULE 1****UNIT 1 CONCEPT OF TOURISM SALES  
AND MARKETING****Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Marketing
  - 1.3.1 Tourism Sales and Marketing
- 1.4 Marketing Philosophies/Concepts
  - 1.4.1 The Production Orientation
  - 1.4.2 Product Orientation
  - 1.4.3 Sales-Orientation
  - 1.4.4 Customer Orientation
  - 1.4.5 The Main Areas Covered in this Concept are
  - 1.4.6 Features of Sales and Marketing Concept
- 1.5 Tourism Products
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to Self-Assessment Exercise (SAE)

**1.1 Introduction**

The conceptual notion of the evolution of tourism sales and marketing emphasized how sales and marketing developed as society moved from a handicraft economy of self-sufficiency into a socio-economic system which involved a division of labour, factory, industrialization and urbanization of the population that emphasized competition and choice among target users or tourists.

In an Agrarian society of old, the people are largely self-sufficient; they grow their own food, make their own clothes, and built their own houses and tools. At this period, there was no exchange. People were contented with products produced and consumed in relation to the needs of the family.

However, as time passes and the needs of the target market began to expand, the concept of division of labour emerged as a result of specialization and mass production. Therefore, the manufacturers began to produce more than the society wanted. Hence, this excess became focus of the manufacturer, thus, they began to look into selling of this excess beyond family consumption, thus, trade began. Therefore, the need to look into market outside the family consumption brought about a trade and exchange process which is the heart of marketing.

The necessities for exchange which laid the foundation for trade and subsequently trade expanded to be regarded as the heart of sales and marketing.

In the evolution of tourism sales and marketing, small producers began to manufacture their goods in large quantities in anticipation of future demands. Thus, the division of labour occurs in order to sell the increased outputs. Businesses, therefore, develop as a result of specialization which is known as distribution which facilitates communication and involvement of these surplus products to various geographical locations. These activities lead to formation of different trade centres. In a nutshell, advancement and refinement of sales and marketing generally go hand in hand with advancement in civilization.

In the tourism palace however, it is a well-known fact that as long as curiosity and adventure dwell in the hearts of human being, the desire to travel in order to see new things, experience new events and live under new or different environment tourism sales and marketing will always grow which is the focus of this course.

## **1.2 Learning Outcomes**

By the end of this unit, you should be able to:

- Explain the meaning of marketing
- Explain the meaning of tourism
- Explain the meaning of sales and marketing
- Explain the various marketing philosophies or concepts
- Explain tourism products.
- List the features of tourism products.

## **1.3 Marketing**

It is imperative to define the term 'Marketing' before going into Tourism Sales and Marketing. Marketing has been described and defined differently by people in respect of the needs and market situation. Here are some definitions:

- (a) Marketing consists of the performance of business activities that direct the flow of goods and services from producers to consumers or user (American Marketing Association).
- (b) Marketing is the management function that organizes and directs all business activities involved in assessing and converting consumer's purchasing power into effective demand for a specific product or service, and in moving it to the final consumer or user so as to achieve the profit target or other

- objectives set by the company (British Institute of Marketing).
- (c) Marketing is the business unit that identifies customers' needs and wants, determines which target markets the organization can serve best, design appropriate products, services, and programmes to serve these markets (Kotler & Armstrong, 1996)
  - (d) Marketing is the business process by which products are matched with markets, and through which transfer of ownership effected (Cundiff & Still, 1964).

Having laid foundation with regards to definitions of 'Marketing' the stage is now set up to look into what Tourism Sales and Marketing stand for. In achieving this, here are some definitions of tourism.

**Tourism**, the act and process of spending time away from home in pursuit of recreation, relaxation, and pleasure, while making use of the commercial provision of services (Walton, 2021).

**Tourism**, is the act of "traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure and not less than 24 hours, business and other purposes"; Tourism is the temporary, short-term movement of people to destinations outside the places where they normally live and work and their activities during the stay at each destination, it includes movements for all purposes (UNWTO, 2010).

**Tourism** comprises of the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year (12 months) for leisure, business or other purposes. This includes goods and services the tourist pays for personally or somebody pays for on his/her behalf, or which the tourists receive without compensation for his/her own use or to be given to someone else, included are expenses paid before the trip or after it

Having provides definitions of tourism, it is imperative to proceed to define 'Tourism Sales and Marketing'.

### 1.3.1 Meaning of Tourism Sales and Marketing

Tourism marketing is a term which is used to refer to that business discipline by which the visitors are attracted to a particular location which can be a state, a city, a particular heritage site or tourist destination spot, a hotel or a convention center. The location can be anything which has the potential for attracting a tourist who comes to visit a new place.

Tourism marketing is the relevant marketing steps and methods used in making tourist locations and sites attractive to visitors.

Also, Tourism Sales involves promoting and selling a variety of travel services, attractions and vacation packages.

Tourism marketing is viewed as a process which involves development suitable tourist services, telling them what on is available and giving instruction as to where they can buy the service. The idea behind tourism sales and marketing, therefore is to enable tourists obtain good value for their money on one hand and further the tourist organization to maximize profit on the other hand.

Therefore, Tourism sales and marketing can be defined as the management process through which the national tourist organization and the tourist enterprises identify their actual and potential tourists, communicate, ascertain and influence their wishes, needs, motivation, likes and dislikes on local, regional national and international level to formulate and adopt their tourism product accordingly with a view of achieving optimal tourist satisfaction while achieving the organizational objectives.

From the above, one could conclude that sales and marketing constitute a business process by which the existing and potential demand for goods and services are determined and then supplied by the supplier. The business includes the efforts of all the functional areas of the seller working on conceived products, at the right price, right time and right place.

The issue herein is whether the special characteristics of tourism as a phenomenon of social mobility would support the claim that tourism marketing is different from general sales and marketing of tangible goods and services. Tourism is a mere service which is not different from any other services. Therefore, sales and marketing in tourism will follow the principles of general marketing but with some characteristics that are peculiar to tourism.

Unlike the normal consumer product or service, the tourist product is marketed at two levels. The first is where the national, regional or local tourist organization will typically be engaged in a marketing campaign to persuade the potential tourists to visit the country, region or town which it covers. This official organization will actually not sell tourist products as its sales and marketing effort until these two major objectives are achieved: First, it will seek to create knowledge of its country in particular markets and to persuade visitors to visit that country. Secondly, it will seek to create an identifiable image of its country's tourist attractions, subsuming to some extent the diversity of attractions within the country into a single coherent image.

The second level is where the various individual providers of tourist services, market their own components of the total tourist product.

Airlines and other transport operators, hotel groups and tour operators can market their individual service to potential buyers who are already aware of and predisposed to the destination represented by the official tourist organizations. The consumer (tourist) however, has special need of full and accurate information about the country he proposes to visit or within a country or region of he or she proposed to visit. On the whole, the objectives of sales and marketing in tourism can therefore be said to be attracting and motivating all the potential customers or users of tourist services to a particular destination like Nigeria or Kanji Game Reserves.

#### Self-Assessment Exercise 1

In your own words, define 'tourism Sales and Marketing' taking into consideration the key elements.

### **1.4 Marketing Philosophies/Concepts**

Recall that marketing is the process of creating, communicating and delivering products to customers with the aim of satisfying needs, however, the purpose of marketing philosophy is to identify and fulfill those needs, as well as wants and demands. In this section, we will be looking at five stages of marketing philosophy as relates to tourism and sales marketing.

#### **1.4.1 The Production Concept**

This marketing philosophy concerned itself about production of goods and services for offered for sale. The satisfaction of the consumer was not considered at all at this stage. The focus of the producers for their products at this time was on mass production of products for sales. 'The assumption was that if the products are found everywhere consumers will certainly buy them irrespective of other features of the products like quality, price, distribution, promotion, and consumer purchasing power.' The businesses that utilize this marketing concept create inexpensive and widely available products, which is sometimes deviate from the customer expectations. For example, 'Henry Ford', a manufacturing company of cars adopted this marketing philosophy some years ago. Therefore, Ford and his Model 'T' remain a good example of the marketing philosophy of production and business knowing what their customers need and making it available to them by mass producing it and making it widely available. For instance, in 1908, the price of the Model T was around \$825, and in 1912 it was around \$575. As the products are available everywhere and cheap, consumers are tempted to buy them under the assumption they will meet their needs and wants which in reality is the contrary. In ability of the practitioners of this

philosophy to take into consideration consumers' needs and changes in market situation led to its failure.

### **1.4.2 Product Concept**

Unlike the production marketing philosophy which is focused on mass-producing inexpensive products, this concept favors high-quality products and holds the belief that consumers won't mind the high price because of the quality that comes along with them. The businesses that utilize this marketing philosophy assume that the customers prefer products that are of greater quality, so they spend a lot of time working on their products, improving them and coming up with new features. They paid fully focused on products quality, paying less attention to the customer needs and markets, which can sometimes lead to bad product sales. A great example of the product marketing philosophy is 'Apple' for its computers and handsets in the market. They've been working on their models for years and coming up with new features, which convince their customers to stay with their brands. Their products are expensive, but you don't get just any kind of product: you get the most cutting-edge technology. However, since society is made of groups of buyers with varied needs and purchasing powers, this led to the failure of this marketing concept.

### **1.4.3 Selling Concept**

While the production and product concepts are all about production, this marketing philosophy focused on the promotion of products because it believes that the customers won't buy the products or not buying enough if they're not being advertised to. Here sales and sales volume were the major consideration. The businesses that practice this marketing philosophy believe that they can sell any product with the use of advertising or promotional campaigns. What led to the emergence of this concept was the 'Industrial Revolution.' During this time, there was a lot of demand for industrial products used during the war. Thus, the need for competition for right customers with right purchasing power among businesses emerged. The manufacturers and business practitioners became more efficient in product production, which then led to overproduction and surplus of products in the market. Thus, the companies that produce these products needed to sell the extra products, hence, the emergence of the selling marketing philosophy came to being. They started creating entire selling departments that had the aim of persuading customers into buying as many products as they could. Nowadays, this marketing philosophy is still in use especially for companies that have un-demanded products in their stores. PZ company usually adopts this marketing philosophy for their refrigerators. However, marketing campaigns and promotional tools should not be the first line of considerations when considering target market expectations.

and satisfaction. Thus, the marketing philosophy or concept failed in attracting and sustaining the needs and expectation of the target markets.

#### **1.4.4 Marketing Concept**

This concept is all about learning as much as you can about your customers (target markets), and only then creating a product that you know they need. Out of all the marketing philosophies, this one is probably the most used in marketing nowadays. This is probably because it is hard to sell anything nowadays without knowing your target audience and appealing to them. Hence, this marketing philosophy places a lot of importance on the customer and their wants and needs. In essence, the marketing concept which is also known as customer or market orientation is a new philosophy which aimed at meeting the needs and satisfaction of consumers. For instance, Stanton (1983) defined marketing concept as a “philosophy of business which states that the customer’s satisfaction is the economic and social justification for a firm’s existence.” The focus of this marketing philosophy lies on:

1. The relationships that exist between a marketing company and the consumers are that of a servant-king relationship, that is a consumer/customer is a king.
2. Satisfaction of the consumer will ensure the continuous existence of a company.
3. Reward is the end-product of a satisfactory service.

#### **1.4.5 Societal Marketing Concept**

This marketing philosophy is all about knowing your customers’ needs, while also caring about the well-being of society and its environment. It sees businesses as parts of society and promotes their participation in solving of important issues affect the immediate environment of the business, like pollution, world hunger, and illiteracy. The application of this marketing philosophy is the agitation of the ‘Niger Delta’ in Nigeria for cleaning of their environment as a result of pollution inflicted on their land by oil companies in that region.

#### **1.4.6 Features of Sales and Marketing Concept**

The main features that distinguish a company that practices this sales and marketing concept from others are:

##### **Consumer Orientation**

The aim of the company is always to satisfy the desires and aspirations of the customers. This involves assessing the market needs through research and adequate planning. Products and services are important to

the extent that they satisfy customer's needs and enhance their well-being. Sales and marketing must therefore start with identifying their needs and end when those needs are satisfied adequately.

### **Profit Orientation**

Business exists to make profit in order to reward the share-holders on their investments. But as you have observed earlier, profit should come as a result of ensuring satisfaction of the consumers and in particular the target market. For this reason, sales volume and market share should attract a good margin of profit for the company in line with the target market needs and wants, thus, this will guarantee continuous uninterrupted and satisfactory services to the consumer.

### **Integrated Effort**

Sales and marketing is a managerial process. Therefore, individual departments like personnel, accounts/finance, production and engineering should support their goals in order to achieve the marketing goals of the firm. It is this sales and marketing goals that bring revenue to the company. Therefore, the top management policies should get precedence over individual departmental policies. To achieve this, all policies must be properly communicated to all concerned in time in order to effect compliance and action. Sales and marketing efforts are corporate efforts and should be seen as such from the stakeholders in the industry especially service sector of the economic.

## **1.5 Tourism Product**

The increasing number of a person's need to tour has encouraged parties involved in the tourism industry to strive to provide products needed by people who engages in tours. Tourist product is thus defined by Medlik and Middleton (1973) as consists of various elements that become one package, inseparable with each other.

- A tourist product is a concept that is made up of many components. These are made up of tourist attractions; provision of means of transport, lodging and its associated facilities and sources of entertainment. These components may be provided by one company or a group of companies in the tourism industry.
- Tourism product is usually the amount of psychological and physical satisfaction it offers or delivers to the tourists when they are travelling to a new place or are on the way to a given destination it can be both domestic and international. Tourism products are more concerned towards services and facilities produced to fulfil the requirement of the consumers or the tourists.



- Tourism products are a combination of good services demanded by a tourist during travel to and stay at a destination. These include natural, cultural and manmade attractions such as hotels, transport and ancillary services. It implies that the sum total of experiences derived by the tourists during the entire trip can be considered as a tourist product. Thus, tourist product can be specific for instance individual demanding for a hotel or an airline seat or total products which are bundles of tangible and intangible elements based on an activity at a destination.
- For purpose of clarity, they are classified as:
  1. Objects and Attractions- Everything that is unique in certain areas that attracts people to visit the area.
  2. Facilities – Everything that is needed at a tourist destination which includes basic facilities, complementary facilities, and supporting tourism facilities.
  3. Accessibility – Access that connects the country-of-origin area of the tourists to the destination chosen by the tourists.

It should be noted that the demand for tourist products can be determined on the basis of upcoming trends in the market or current fashions. Present fashion in the market is helpful for analyzing and fulfilling the demand for different tourism products (which can include attractions, services and other amenities). Tourist visiting to a hill for instance for their natural beauty and panoramic views may choose to opt for some other destination due to current trends in the market and sometimes change in the fashion.

### **Characteristics of Tourism Products**

1. **Product Highly Perishable-** If the products remain unused, the chances are lost. The unsold hotel room or aircraft seat can't be stored for later sale, as we find with the tangible products like cars and computers. This necessitates greater efforts to fill the hotel rooms or aircraft seats. Naturally, the problems are unique to tourism which calls for considerable ingenuity on the part of marketers.
2. **Service Product-** The product sold to tourists are regarded as services. This requires high degree of personal commitment, imagination, adaption etc. Its intangibility poses problems for those interested in marketing tourism services especially to a new destinations and tourists.
3. **Users' Presence essential-** For availing the services, it is essential that the users come to the spots personally or physically. It can't be brought to the users; rather the users must be taken to the product destination. This necessitates the setting of product in the right way and time.

4. **Not a Homogeneous Product-** It is important here to mention that tourism is not a homogeneous product since it tends to vary in standard and quality over time, unlike a T.V. set. A package tour or even a flight on an aircraft can't be consistently of equal standard by two different airline operators.
5. **Largely Psychological in Attraction-** The tourism products are largely psychological in attraction since when a tourist buys a package tour abroad, he buys more than a simple collection of services. For instance, aircraft seat, and a hotel room.
6. **Highly Risky Product-** The risk for the use is heightened as the purchase may precede the actual consumption of the product. The experience of an excellent hotel may be marred by disappointing flight to the destination; and similarly, holiday at the sea side can be ruined by a prolonged rail spell.
7. **Supply Components Rigid-** A number of factors are responsible for rigidity and elasticity of the supply components in tourism like railway, roads, airports, etc. This is due to the fact that these are all capita-intensive items and take some time to complete and recoup back.
8. **Demand is Instable-** It is right to say that tourism products are subject to instability of demand. This aggravates the magnitude of risk and poses multi-dimensional problems in tourism planning. A number of factors are responsive for the same like seasonal variations and high elasticity of demand, sudden impact of external and environmental factors, for example current out of Corona virus has put the entire tourism industry on hold.
9. **Product standard depend on staff-** Trained and experienced staff are needed to make available the refined services. Deficiency in equipment and facilities can be compensated use of efficient staff but there is no compensation for the lack of competent and courteous staff.

#### Self-Assessment Exercise 2

List five (5) main features of tourism products.

### 1.6 Summary

This unit treats the nature and meaning of tourist sales and marketing, the various sales and marketing concepts or philosophies and the features of tourist products. Now that the background has been laid, we shall be discussing the roles of marketing and the concept of customer relations in tourism marketing in the next study unit.

### **1.7 References/Further Readings**

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## 1.8 Possible Answers to Self-Assessment Exercise

### SAE 1

It is the management process through which the national tourist organization and the tourist enterprises identify their actual and potential tourists, communicate, ascertain and influence their wishes, needs, motivation, likes and dislikes on local, regional national and international level to formulate and adopt their tourism product accordingly with a view of achieving optimal tourist satisfaction while achieving the organizational objectives.

### SAE 2

1. Product Highly Perishable
2. Service Product
3. Users' Presence essential
4. Not a Homogeneous Product
5. Largely Psychological in Attraction

## **UNIT 2      IMPORTANCE OF MARKETING AND BASIC CONCEPT OF CUSTOMER RELATIONS IN MARKETING**

### **Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Importance of Marketing
  - 1.3.1 Basic Concepts in Customer Relations
- 1.4 The Need for Good Customer Relations
  - 1.4.1 Methods of Getting Customers
- 1.5 Handling Customers Complaints
- 1.6 Summary
- 1.7 References/Further Reading
- 1.8 Possible Answers to Self-Assessment Exercise (SAE)

### **1.1 Introduction**

Tourism and Sales marketing is a managerial process which concerned itself with the national tourist organization and the tourist enterprises that identified the actual and potential tourists, communicate, ascertain and influence their wishes, needs, motivation, likes and dislikes on local, regional national and international level to formulate and adopt their tourism product accordingly with a view of achieving optimal tourist satisfaction while achieving the organizational objectives.

The scope of sales and marketing is dynamic because new issues keep on attracting the attention of marketing experts, especially the customers and business relationship. This unit explain the importance of marketing as its relates to customers relations especially in service industry like tourism and hospitality.

### **1.2 Learning Outcomes**

By the end of this unit, you should be able to:

- Explain the importance of marketing in relation to services
- Explain the basic concept of customer-relations in tourism marketing
- Explain the need for good customer-relations
- Explain the method of getting and retaining customers

### **2.3 Importance of Marketing**

Explain the methods of handling and preventing customer complaints and regaining lost customers in tourism marketing

#### **Importance of Marketing**

Marketing is relevant to every economy and is a crucial instrument of economic development. As has been noted by Adam Smith in basic elementary economics and a classical economist, production is useless unless consumption takes place. Several production activities in the economy would not be beneficial unless they are delivered to consumers. It is pertinent or relevant for planners to imbibe marketing techniques in order to achieve their desired objectives. This will therefore have multiplier effects which may create some impacts on the well-being of the citizens. Marketing, thus, plays several important roles in the development of the society. This unit, therefore, look at the importance of marketing *visa viz* tourism sales.

#### **(1) Business**

Sales and marketing are a primary function of any business organization. Products and services as produced by individuals and corporate organizations require effective marketing based on understanding or the needs and wants of consumers. For an organization mostly in an economy of surplus to succeed, it must employ the services of marketing experts in order to achieve its objectives and to meet up with societal needs. Sales and marketing therefore, make goods and services available to consumers at the right time and right place as well as at the right price. In return, it brings into the organization revenue which is used to service all other departments and the shareholders in terms of dividends. Marketing leads to expansion of the activities of companies, thereby increasing both their assets and profit base.

#### **(2) Employment Opportunities**

Through sales and marketing and its related activities, employment opportunities are created for many people. It was estimated that the total employment in all sales and marketing activities in Nigeria exceeds 50 million people out of the estimated population, hence you can appreciate the enormous impact of sales and marketing on employment.

In addition, it should be noted that marketing helps generate income for the business. This income being generated for the organization involve engaging people. By so doing, marketing has created employment opportunities for individuals and group involved in marketing activities,

especially in tourism industry which entirely depend on creation of awareness about its services to the society.

### **3. It Create Competitive Advantage**

Business world is dynamic, hence only individuals and corporate organizations that meet the needs of its target market will succeed in the modern business world. Competition is a must in modern business world due to changes in consumer income, government policy, changes in taste, and changes in service operations. Marketing research, customers complaints and implementation of new technological development especially in the hospitality and tourism industry creates competitive advantage among the service providers, especially since information communication technology has enhance business-customer relation smoother. Corporate organizations and individuals in the service industry that fails to recognize the target market as ingredient to their business success will dies soon after creation.

### **2. Consumers Perspective**

From the consumer's perspective, a greater part of our income is spent in the market place. There is inescapable fact that about 60% of a consumer's income is spent on marketing-related expenses. Under a period of depression, it may be up to 85%. The consumer must know the types of goods and services available in the market, their prices, and any other information about their locations. This is the duty of sales and marketing to the consumers.

### **3. Government**

Government is the regulator of the economy insofar as it touches on formulating rules and regulations on how to carry out business activities. Sales and marketing help the economy to grow by generating income to company workers and taxes are paid through these incomes.

### **4. International Cooperation**

Sales and marketing encourage international cooperation among nations thereby strengthening the bond of friendship. By so doing frictions and misunderstanding are reduced to the barest minimum. Through sales and marketing, goods, that are in short supply or that are not produced at all-in-one country are made available in another country. This particular activity helps to enhance the standard of living of the people around the world.

## **5. Growth of Industrialization**

Sales and marketing has contributed to the growth of industrialization in all parts of the world today. The United States of America, Japan, China and many countries in Western Europe have benefited from their sales and marketing know-how. Sales and marketing contribute to industrialization growth by identifying the needs and wants of a target market and ensuring that the requirements are delivered at a profit. Industrialization would be worthless if it is not based on identified needs of consumers.

## **6. Marketing Research Function**

The sales and marketing research functions is also crucial in developing economics with considerably limited capital resources. If this is initiated at the early stages of economic planning period, it will yield information that would make for better use of the scarce resources.

## **7. Marketing Promotion Function**

The sales and marketing function is also necessary for consumers and producers in the economy. The promotion function informs the public about the availability of goods and services and their want satisfying quality. It seeks to complete the information circle between those engaged in production and those engaged in consumption. The need for promotion exists both at the times of scarcity and surplus. This is so because in trying to inform, promotion can be a useful means to desirable social change. Modern thinking in economic development also recognizes the effect of under consumption in retarding economic development.

### *Self-Assessment Exercise 1*

<i>List five (5) importance of marketing to tourism industry</i>
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### **1.3.1 Basic Concepts in Customer Relations**

Today's consumers are better informed about services and products in the market due to the fact that the information communication technology (ICT) has turned the world into a global village. It is the target customers or consumers who determined been sold, how is sold and aftermath of purchase of either a product or service. Thus, customer relations have grown beyond traditional ways of relating with the customers. Therefore, effective customer relations involved listening to customers' needs, and addressing them in line with their expectations. Due to the importance of customer relations in tourism industry, most



service organizations like hotels and airlines have developed strategies in keeping in touch, and retaining their loyal customers. To achieve this, many service companies are now focusing on the best ways of managing their customers.

Customer relations is thus described as customer-business relationship that results into purchase of a product or service offered by a company for sales in the market. Customer relations aims to create a mutually beneficial relationship with the customer that extends beyond the initiate purchase.

This therefore means that customer relations are present in all aspects of a business, however, it most prevalent in the customer service department. It also extends to marketing and sales teams since members of this department interact with the target customers often.

### **Benefits of Customer Relations**

Some of the benefits of customer relations includes:

#### **Increased Customer Loyalty**

Customer relations can result in different benefits for your organization especially customers who are happy with the services offered them by the organization will continue to patronize company's services and products in the market. Also, they will also recommend the company's services to relations, friends and prospective customers. For instance, when you have a good history with your customers, it makes it more difficult for your competitors in the market to lure the customers away from your brand. Customers loyalty is highly valuable for businesses, as repeat customers are more likely to buy more often than a prospective customer. The multiply effect is that it will generate more profits to the organization.

#### **Increased Customer Retention**

Companies that do a better job of managing customer relations are more likely to see higher customer retention rates. It is easier to retain a customer if the services of the organization meet up with his/her expectations. However, it is not easy to attract a new customer, especially when the services or products are new in the market.

#### **Increased Customer Satisfaction**

Often times, it can be hard to tell whether your customers are truly happy with your services or products. Having strong customer relations

can act as an insurance policy which prevent loyal customers from shifting to other competitors' brands in the market.

### **Increased Customer Feedback**

Good customer relations give service organizations especially Hotels and Airlines more insight into their customer's problems because it creates an open channel of communication in relations to customers' complaints. This will lead to better organization interactions with customers, which builds up trust over time and influences their buying decisions. For instance, studies have shown that consumers believe that a good experience with a company has more influence over their purchase decision than advertisements. Thus, a good organization should lay more emphasize on good customer relations after quality services or products

### **Principles of good customer service relations**

The key to good customer service is building good relationships with the customers. It is imperative to thanks the customers for patronizing your services or products. This will promote helpful and friendly environment. To ensure good customer service delivering system, the following are considered pertinent:

- Need to know what your customers consider to be good customer service
- Take time to find out customers' expectations.
- Follow up on both positive and negative feedback on the services rendered.
- Ensure that you consider customer service as important aspects of the business
- Continuously improve on the level of customer service you delivering system.

### **Elements of good customer service relations**

Elements of a good customer service relations entails:

**Customer relationships:** It is important to observed the followings:

- Greet customers and approach them in a way that is natural and fits the individual situation
- Show customers that you understand what their needs are.
- Always send appreciate after services either orally, written-email, or text message.

## **Staff**

Ensure that the staff of the organization are well trained and can communicate in the language of the customers fluently. More importantly, the sales teams should be able to explain the services or products the organization in details that will motivate to purchase immediately.

## **Complaints**

Customers complaints is one way through which the organizations and sales teams get feedbacks about services rendered. Opportunity should be created for customers' complaints either positive or negative, this will go along to improve the service or the product offered in the market.

## **Products**

The products or services offered in the market must meet the needs and expectations of the target customers. For the service or product must be accepted, it should be able to perform better than the competitors' products in the market. Where application, the service or product should be able sell it through quality provided to the customers.

### **1.3 The Need for Good Customer Relations**

When a marketer works constantly to see that each customer derives the maximum benefit from his purchase, he is laying the foundation of a sound customer relationship. The rewards for this are many:

- (1) There will be repeat sales, which lead to increase sales volumes for salesman and his company.
- (2) Satisfied customers are valuable sources of a number different information.
- (3) Satisfied customers give the salesman his products and his company favourable word-of-mouth publicity.

#### **1.3.1 Methods of Getting Customers**

- (A) (1) Through advertising and publicity although in most service marketing, advertising is usually discouraged e.g., medical practitioners.
- (2) Reference by already satisfied customers.
- (3) Through direct sales and marketing efforts.

#### **(B) Methods of Retaining Customers**

- (1) By offering an augmented service e.g., after-sales service

- (2) By offering quality services.
- (3) By treating the customers courteously and politely.
- (4) By arranging relationship agreement with the customer.
- (5) By using sales relationship marketing.

#### **1.4 Handling Customers Complaints**

All marketers must expect some complaints from dissatisfied customers and the effective handling of complaints can do much to build sound customer relationships.

The marketer must of course minimize complaints to the minimum extent possible and must handle those that are voiced out as skillfully as he can. The first step in minimizing complaints calls for:

- (i) Sufficient knowledge about the products and the customer needs so that he can guide the customer in his buying.
- (ii) Making certain that the customer and marketer think alike about the product.
- (iii) The marketer should describe in whatever detail needed, the policies and procedures of his company, e.g., how enquires are handled, what the company's position is on such matter as claims, allowance, damages and returned goods etc.
- (iv) Reduce complaints to the minimum by carefully keeping all the promises he makes.

If he is unable or unwilling to handle the complaint, he should explain his position clearly to the customer and then review the company policy with his company on procedure for handling customer complaints. This will help in regaining lost customers. Due to dissatisfaction, a customer can discontinue buying or because a more persuasive competitor took him away. Each case should be examined to see why, how, when and to whom the account is lost. The answers to those questions will point out the tactics most relevant.

#### *Self-Assessment Exercise 2*

<i>State three (3) methods of retaining customers in tourism industry</i>
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#### **1.6 Summary**

This unit treats, the importance of sales and marketing in economic development, the basic concept of good customer-relations in marketing and handling, preventing and reigning lost customers in tourism marketing activities.

### **1.7 References/Further Readings**

E.A Kuwu (2005). 'Revision Notes on Tourism and Hotel Marketing',  
Federal Polytechnic: Kaduna ("Marketing" [www google.com](http://www.google.com)).

## **1.8 Possible Answers to Self-Assessment Exercises**

### **SAE 1**

#### **Five importance of marketing to tourism industry**

1. It creates employment Opportunities
2. It Create Competitive Advantage
3. It creates international cooperation
4. It enables growth of industrialization
5. It facilitates marketing/market research

### **SAE 2**

#### **Methods of Retaining Customers**

1. By offering an augmented service.
2. By offering quality services.
3. By treating the customers courteously and politely.

## **UNIT 3      CONCEPT OF TOURISM SERVICE - MARKETING**

### **Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Meaning of Service
  - 1.3.1 Characteristics of Service Marketing
  - 1.3.2 Marketing Implication of Tourism Services
- 1.4 Similarities between Goods and Services
  - 1.4.1 Differences between Goods and Services
- 1.5 Classification of Tourism Services
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### **1.1 Introduction**

During the 1<sup>st</sup> & 2<sup>nd</sup> World War, the importance of services was less emphasized, the concerned as at that time to convert the physical goods into sales. Thus, the issue of services was less concerned of the manufacturing industries. However, competition and choices in the market brought 'service' as an integral of modern business world. The peculiarity of service product made it as a special area that must be given utmost attention by all especially tourism and hospitality professionals.

Tourism and Hospitality industry offered products that are intangible that must meet the expectations of the tourists, customers, visitors and the general public. Therefore, 'service' as a product should be considered as special product by modern business world. It is on this basis that this unit explain the meaning and components of a service.

### **1.2 Learning outcomes**

By the end of this unit, you should be able to:

- Explain the concept of service marketing in tourism
- Explain the properties of service marketing
- Identify the characteristics of service marketing in tourism
- Identify similarities between goods and services

### **1.3 Meaning of Service**

A service is a transaction in which no physical goods are transferred from the seller to the buyer. The benefits of such a service are held to be demonstrated by the buyer's willingness to make the exchange. Services are activities such as hospitality tourism, banking, and selling things which are part of a country's economy, but are not concerned with producing or manufacturing goods.

A service is any activity or benefit that one party can offer to another, which is essentially intangible and does not result in the ownership of anything; its production may or may not be tied to a physical product.' – Kotler, Armstrong, Saunders and Wong (1998).

Thus, a service business is a company that provides certain professional support to its clients. In these businesses the product is not a tangible one, instead it is an activity that helps a third party at different areas. Examples of these are hotels, restaurants, airlines, transportation, etc.

Services in tourism are those separately identifiable but intangible activities that provide want-satisfaction and are not of necessity to (or inextricable from) the sale of a product or another service. To produce a service may or may not require the use of tangible goods or assets.

#### **1.3.1 Characteristics of Services Marketing**

Services are characterized by six general features:

##### **1. Intangibility**

Intangibility refers to the service offers is immaterial or intangible and cannot be presented in a concrete manner to consumers prior to purchase. For example, a customer cannot touch the restaurant service prior to attending the event at the restaurant neither can it assess the quality without attending the event as opposed to physical goods purchased either directly or through a third party like agents.

Thus, it may not be possible to taste, feel, see, hear or smell a service before its purchase is undertaken. Intangibility stems from the fact that services are regarded as 'performances.' Services have a few tangible attributes called search qualities that can be viewed prior to purchase.

In addition, services are also considered as a rich in experience and credence qualities that can be assessed only after purchased and consumption (satisfaction, courtesy, etc.) especially in the hospitality and tourism services. For instance, satisfaction of a tourist experience is a function of a tourist expectation, sometimes they are in contrary to the



customers' expectation. Thus, intangibility means the tourism services cannot be taste, feel, see, etc. prior to the purchase. For example, you cannot experience the nature of barbing not until you go the barbing saloon and receive such service.

## **2. Inseparability**

Inseparability refers to the notion that, in much service operation the production and consumption cannot be separated, that is, a service is to a great extent consumed at the same time as it is produced. For example, a hairdresser may prepare in advance to carry out the service, but most of the hairdressing service is produced simultaneously as the customer consumes the service.

Thus, creation of service may be coterminous with its consumption. Hence, services are at the same time made available, sold, and consumed immediately after purchased. Therefore, strategies relating to selecting, training, motivation, and controlling employees are very important especially offering service to the target market. Services cannot be sold in very many markets especially when the experts are few. This characteristic also limits the scale of operation in a time space.

## **3. Heterogeneity**

Heterogeneity is closely related to inseparability as it is very difficult to apply quality standards to services to ensure an identical service output, this however, depends on the cooperation and participation of individual customers. For instance, it is difficulty to standardized Airline services as well as transportation services as offered by different companies. Often, it is impossible to ensure consistency in the services provided by a seller or to standardize offerings among sellers of the same services. Sellers of a service would offer differently according to the seller's ability, disposition, strategies, and environment. No two sellers, given the same sales situation, would offer a service, though the same in same manner.

## **4. Perishability**

Perishability refers to the fact that unlike physical goods, services cannot be stored. An appointment with the dentist, in contrast, at a given time on a given day, cannot be stored and offered again to the customer. This therefore means that services cannot be stored in advance of demand. An airline seat not utilized as at the time of purchased and boarding is considered as lost forever. Service cannot be intentioned, stored or warehoused for future use. This is because service utility is short-lived. It is in this regard that an unoccupied taxi cab or bus seat or train or

plane or even a hotel bed space is perished, entails cost and wasted for that trip.

## **5. Ownership**

The purchase of a service may only confer upon the customer the access to use a facility. The customer does not obtain ownership of that facility. For instance, having purchase an airline ticket for a trip does not guarantee the owner of such ticket as the part of the ownership of the airline business.

## **6. Instability**

Specific features that appeal to consumers sense of sight, smell, taste, hear and touch that are identifiable with tangible products are absent in the case of services. Features of measurement, weighing, display, demonstration sample, test through evaluation, etc. are not applicable since particular benefits are not readily apparent. For example, the nature of services calls for specially strategies and experts in persuading the target to patronize such services offered in the market. It is on this account that the prices of services easily differed among the service industry especially in Nigeria.

### **1.3.2 Marketing Implication of Tourism Services Characteristics**

#### **1. Intangibility**

The marketer may attempt to reduce the level of difficulty to which the characteristic of intangibility gives rise, for instance by:

- (a) Increasing the level of tangibility. For instance, by providing physical illustrations e.g. by developing a tangible representation like reports, specifying work carried out for existing clients for consultancy services or associating the services with tangible objects.
- (b) Focusing the attention of the customer upon the principal benefits of consumption.
- (c) Differentiating the service and building up its reputation, for instance by enhancing perceptions of customer service and customer value by offering excellent quality service, reliability and value for money. Such customer perception of quality and excellence must be attached as value to brand and the brands managed to secure and enhancing their market position. KLM Airlines for example, offers air transportation services in a highly

competitive international market, but are consistently rated by business travelers as providing outstanding quality of services.

## 2. Inseparability

The importance of establishing value on excellence and customer orientation. Effective customer service training will emphasize the need for quality service and reliability. The enterprise will have to invest in people in order to achieve success.

## 3. Heterogeneous

There will again be a need to establish and maintain attitude and culture that emphasizes:

- (i) Consistency of quality control, e.g., restaurant foods always served at correct temperature and presented in a specific manner.
- (ii) Consistency of customer service
- (iii) Effectiveness in staff selection, training and motivation

## 4. Perishability

The operations management process may attempt to optimize the relationship between supply and demand, for instance, by:

- (i) Using pricing variation to encourage off peak demand
- (ii) Using promotion to stimulate off peak demand.

## 5. Ownership

There are at least three alternatives to marketers, these are:

- (i) Promoting the advantages of non-ownership.
- (ii) Making available to the customer tangible symbol or representation of ownership such as certificate of membership of a professional institute.
- (iii) Increasing the chances or opportunity of ownership.

### *Self-Assessment Exercise 1*

*As a student of tourism is 'service' important either to the customer or the*

## 1.4 Similarities between Goods and Services

- (1) They are both want satisfying.
- (2) They both involve payment.

- (3) They both have price.
- (4) Their existence needs to be communicated.
- (5) They are both consumed before they can yield benefits.
- (6) They involve cost.

#### 1.4.1 Differences between Goods and Services

S/N	CHARACTERISTIC	GOODS	SERVICES
1	NATURE	Goods are produced	Services are performed
2	ESSENCE	Goods are tangible and homogeneous in nature	Services are intangible and heterogeneous in nature
3	CORE-VALUE	Core-value of a good is produced in a firm or factory or manufacturing unit.	Core-value of a service is produced at the time of buyer and seller interaction.
4	PARTICIPATION	Customers' don't participate in production process of goods.	Customers participate in the production of services.
5.	INVENTORY	Goods can be kept in the stock for future sales, inventory of goods is possible.	Services cannot be kept in stock inventory of service is not possible.
6	OWNERSHIP	Transfer of ownership of good title is possible.	Transfer of ownership is not possible.
7	CONSUMPTION	Production and distribution can be separated.	Production and distribution occurs at a point in time.
8	QUALITY	The quality of a product can be measured and compared with other products.	The quality of a service cannot be measured.
9	RETURNS	Goods purchased can be refunded if not satisfied and can get refunded.	Services bought cannot be refunded but in some cases can get refund of money.

## 1.5 Classification of Tourism Services

Tourism services are a very diverse group of product and organization which may serve more than one kind. Examples of services include car, rentals, repair, health care, hair-dressing, child care, legal advice, banking, insurance, air travels, education, entertainment, business, consulting etc. Thus, services can be classified into:

1. **Business Service:** These are services offered by individuals and corporate organizations for monetary motives.
2. **Personal Business:** These are commercial activities that are provided to individuals according to their needs for monetary purposes.
3. **Social Service:** These are essential public services. They are provided by the government and non-governmental organizations for none profit motives. Examples of these include services of education sector, sanitation, medical facilities, housing, etc.

### **The purposes of classification of services into various categories are:**

1. The classification helps to understand the nature of different services.
2. The classification is helpful to understand the attributes of a service product.
3. The classification is helpful to understand the relationship between service organizations and their customers.
4. The classification is helpful to understand the nature of a service demand.
5. The classification is helpful in solving issues connected with planning and designing of services.

Marketing services can be meaningfully analyzed by using a five-category classification scheme.

<b>CATEGORY</b>	<b>EXAMPLE</b>
Type of Market - Consumer - Industrial	Repairs, child care, Legal advice, etc. Consulting, catering services, installation
Degree of labour intensiveness - Labour/people based - Equipment based	Repair, education, hair-cuts. Telecommunications, health, public transport.

Degree of customer contract - High <b>Low</b>	Health care, hotels, air travel. Repairs, home deliveries, postal <b>services.</b>
Skill of the service provider - Professional  - Non- professional	Legal advice, health care, bank service Domestic services, dry cleaning, public transport.
Goal of service provider - Profit  Non-profit	Financial services, insurance, hotel Accommodation Health care, education, government.

### *Self-Assessment Exercise 2*

*Do you consider the classification of 'services' important as a professional in*

## **1.6 Summary**

This unit explain services marketing, the characteristics of service marketing, the marketing implication of tourism services, the similarities between goods and services and categories of services were explained in details.

## **1.7 References/Further Readings**

Baker M.J (1974). *Marketing – An Introduction Text*, 2<sup>nd</sup> Edition

Kotler, P, & Keller, K. L. (2007). *Marketing Management*. 12<sup>th</sup> Edition. Pearson Education, Inc, India

Kuwu A.E (2005). 'Revision Notes on Tourism Marketing',

Kaduna – Polytechnic: Kaduna.

## **1.8 Possible Answers to SAEs**

### **SAE 1**

- A service is any activity or benefit that one party can offer to another, which is essentially intangible and does not result in the ownership of anything.
- Service is an important element of any corporate organization.
- Without service, even physical products cannot fulfill its objectives of satisfying the customers.
- Service goes hand-in-hand with all products offered into the market for sale.
- Service is therefore important to both customers and the society.

### **SAE 2**

Classification of service is important for following reasons:

- To understand the nature of different services.
- To understand the attributes of a service product.
- To understand the relationship between service organizations and their customers.
- To understand the nature of a service demand.
- To solve issues connected with planning and designing of services.

## **UNIT 4      TOURISM   MARKETING INFORMATION SYSTEM**

### **Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Meaning of Tourism Marketing Information System
  - 1.3.1 Basic Marketing Information Requirements
  - 1.3.2 Reasons for Information Systems
- 1.4 Types and Sources of Tourism Information System
  - 1.4.1 Tourism Sources of Information could be obtained from the Following
- 1.5 Channel of Information Flow
  - 1.5.1 Problems of Information in Tourism Marketing
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### **1.1 Introduction**

Information is an integral of tourism activities across the globe. The source of information and its availability determines the usage among its target market, especially among international tourists. Tourism, is therefore, synonymous to information. Information about tourists products and services must be available in details to the end users otherwise no matters these information which are accessible to the tourists will attract less patronage.

Tourism organization must ensure information about them, accessibility and communication should be readily made available as when requested by the tourists, visitors, travellers, and the general public. No tourism organization will succeed without providing needed information to their clients which are refers to as tourists.

Information is thus an important element of any system or industry to exist and success. Tourism industry requires large amount of information on different areas. The role of information in tourism is an important for everyone. The important information covers image of destinations, products, competitor's offering, prices, quality and services, promotional and selling activities, channel and experience of tour operators. This unit examined various sources of information as they influence tourists' decisions in relations to their choices of a destination.



## 1.2 Learning Outcomes

At the end of this unit, you should be able to:

- Explain the meaning of tourism marketing information system
- Identify basic requirements of marketing information system
- Mention types and sources of tourism information system
- Identify problems of information system.

## 1.3 Meaning of Tourism Marketing Information System

Tourism marketing information system is a procedure for gathering, sorting, analyzing, evaluating, and distributing needed, timely and accurate information to marketing decision makers. It develops needed information from internal and external company records, marketing intelligence activities, marketing research process, and information analysis to managers in the right form and at the right time to help in marketing planning, implementation and control. A good tourism marketing information system balances information that a manager makes available to its clients.

### 1.3.1 Basic Marketing Information Requirements

Basic elements of tourism marketing information are considered as very important for the success of tourism organizations. Note that these are regarded as uncontrollable variables or macro elements that tourism firms and institutions should look into critically. These include:

- (1) **Tourism**
  - (a) Opinion + Preferences
    - (i) Destination image
    - (ii) Available tourist products
    - (iii) Publicity, advertising and public relations
    - (iv) Sales opportunities
    - (v) Price.
  - (b) Travel motivation + Behaviours
    - (i) Main motivation for travel
    - (ii) Pattern of travel (individual or group)
    - (iii) Cheap/expensive method of accommodation.
    - (iv) Response – Destination tourist product
    - (v) Anticipated future changes

**(2) Markets**

- (a) Characteristic trends
  - (i) Size
  - (ii) Location
  - (iii) Main segments
  - (iv) Demography
- (b) Distribution considerations:
  - (i) Role of tour-operator + travel agents.
  - (ii) Role of foreign tourist office
  - (iii) Effect of international computer reservation system
  - (iv) Strengths + weaknesses of other outlets.

**(3) Competitors (Group or Individual)**

- (i) Policies
- (ii) Product + supply component offered
- (iii) Marketing strategies of competitors

**(4) General Environment**

- (a) Economic situation
  - (i) Class of potential customers + their economic behaviour
  - (ii) Income bracket + family budget
  - (iii) Economic travel arrangements, etc.
- (b) Social Consideration + Trends
  - (i) Cultural background
  - (ii) Ethnic and norms
  - (iii) Beliefs, etc.
  - (c) Political Trend of the destination
    - (i) Analysis of political consciousness.
    - (ii) Effect of political relationship with the destination
    - (iii) Government role in facilitating travel in general, etc.
- (d) Scientific and Technological Changes
  - (i) Means of transportation
  - (ii) Automation
  - (iii) New methods of inclusive tour holidays, etc.

**(5) The Tourism Destination Product**

- (a) Natural Tourist Resources
  - (i) Climate
  - (ii) Land configuration and landscape
  - (iii) Flora and fauna
- (b) Cultural and Human Heritage
  - (i) Historical monument and remains of past civilization
  - (ii) Cultural places – museum, art gallery, library, folk-lore, cultural, hand crafts, etc.
  - (iii) Traditional events, e.g., fair, carnival feast, exhibition
  - (iv) Religion edifices-monasteries
  - (v) General infrastructure
  - (vi) Road network, sewages, electricity power, water supply system, etc.
  - (vii) Other basic needs – hospital, banks, shopping centres, garages, etc.
  - (viii) Accommodation units – hostels, motels, inns, holiday villages, etc.

The specific elements of such information needs are:

- Geographical information on location, landscape and climate, etc.
- Information Needs in Tourism Accommodation, restaurant and shopping facilities
- Accessibility through air, railway, water and road and availability of scheduled means of transport
- Social customs, culture and other special features of the place
- Activities and entertainment facilities
- Seasons of visit and other unique features
- Quality of facilities and their standard prices including exchange rates

Though the ultimate users of this information are the tourists, the actual benefits in money terms accrue to the tourism industry consisting of the destination managers and service providers. The travel intermediaries like travel agents, tour operators, and reservation system store such information in respect of each destination to service their clients and improve their business. They need the information in the easiest retrieval format so that the information needs of the clients are met as quickly as possible.

Tourists generally need both static and dynamic information. It includes details information about location, climate, attraction features, history, facilities available, etc. Information about airline, train and bus schedules, tariffs of transport and accommodation units and current availability of such facilities is considered as dynamic as they can change very frequently. These items of information have to be gathered, stored and disseminated on a real time basis. All types of reservation systems including air, railway and accommodation sectors contain such information.

### **1.3.2 Reasons for Information Systems**

Tourism globally has become a relationship and information industry. It is imperative for tourism practitioners to keep client data or information for the following reasons:

- (i) To provide evaluation and control of overall marketing performance of an organization with regards to tourists patronage and complaints.
- (ii) To provide for evaluation and control of sub-functions and individuals within the marketing departments or divisions.
- (iii) To provide specific data for any necessary action in relation to tourism products and services in the market.
- (iv) To provide information with regards to market reports, competition in the industry as well as market leadership.
- (v) Many tourism firms continue to explore the diverse applications of information technologies so as to increase the value of their services.
- (vi) Also, in the back-office of tourism firms uses information (Technology) to handle routine operational problems as well as to facilitate multi-stakeholders' interactions
- (vii) It is also used in yielding management decisions.
- (viii) Information is the key to success for any organization especially in the tourism industry when new services are launched into the market. There is need for information pertaining to customers' demand, liking, affordability. Loyalty, competitor's products, their features, prices, market strategies, distribution system, etc.
- (ix) Also, even when a tourism product and service is launched, after careful collection and synthesis of information, post-production information is required to improve and incorporate changes as desired by the tourists/consumers.

## 1.4 Types and Sources of Tourism Information Systems

Since, tourism is regarded as information, information can be classified in two ways. First as primary or secondary information; and second, personal or impersonal. These are explained below:

### A: First Classification:

#### (1) Primary Information

This is the information which originates directly from the source as a result of the particular problem under investigation, for instance conducting a survey on why prices of flowers were increased in Nigeria.

#### (2) Secondary Information

These refers to information which are already existed either in printed or documented form for use. This source include text books, films, pictures, magazines, notes, etc. It should be noted that it is usually cheaper to use this kind of information than to set up special investigations, but care must be taken to ensure that the information is relevant, reliable and can be adjusted to the needs of the tourism industry and tourists. Secondary information is normally quicker because it involves less research time and little or no field work.

### B: Second Classification

According to Foldness and Murray (1999), tourism information also classified as:

Source of Information	Impersonal	Personal
Commercial	Brochures Travel Guides Local tourist offices	Clubs Travel agencies
Non-Commercial	Magazines Newspapers	Friends & Family Personal Experience

#### 1.4.1 Tourism Sources of Information could be obtained from the following

##### (1) Internal Sources

This information source is normally obtained from the company's own record; particularly sales records.

**(a) Hotel Register**

This is a legal requirement in most country. Hotels normally record the names, address, date of arrival, and number of rooms allocated to a guest.

**(b) Reservation Request**

This often entails details of request, source of reservation i.e. either direct or indirect thorough travel agent, or hotel representatives. Methods of reservation could be through letters, phone call or online etc, the types of guest (corporate or private) and any sufficient rate or package which may apply to the guest.

**(c) Guest Index**

This is an alphabetical listing of current guests, duplication of key information from the register and reservation detail. It also includes the mode of travel (car, train, or boat), and purpose of visit (business or pleasure).

**(d) Guest Master File**

This is a file containing the name, address, occupation, phone number, room preferences of previous visit, etc.

**(2) External Sources**

- (a) In addition, there is a wealth of published information: available publication, monthly digest, statistics, business monitor, etc.
- (b) International sources: - information could also be obtained from reputable international organizations such as the W.T.O, UNO, IATA, ICAO, ECOWAS etc.

**(3) Other General Sources include**

- (a) Educational institutions offering post-graduate studies in hotel and tourism studies.
- (b) Immigration authorities
- (c) Passengers' statistics from the various mode of transport (air, rail, road, and sea).
- (d) Directorate and other organizations e.g., chamber of commerce, tourist offices and consultancies.
- (e) Tourists themselves during entry and departure period where a questionnaire is given to them to fill

- (f) Through marketing research method, etc.

## **SOCIAL MEDIA INFORMATION**

Social media is an important as tourism marketing. It has become an incredible and effective tool for businesses to interact and communicate with its target market especially tourism industry that requires information about tourists often on their expectations and satisfaction on the services offered. The actual social networks that you choose will depends on the its impact and coverage. Thus, there are various social media networks available in the market. The major ones which a tourism organization can use to it advantages are briefly explained below:

### **1. Facebook**

The Facebook is pretty much a must when it comes to social media marketing channels. The site is popular with everyone nowadays especially among the teens to grandparents. Tourism organizations like airlines, restaurants, and hotels can sign up for business pages, create groups, and even host events. The site also offers extra features ranging from targeted advertising to live broadcasting to increase your social media marketing.

### **2. Instagram**

A visually-oriented social media platform known as 'Instagram' is mainly used as a mobile app. It lets users post photos, short videos, live streams, and stories that disappear at the end of each day. The app has various active users. However, its user base is a bit younger than that of Facebook. However, as social media platforms, the value of influencer marketing is much higher on this channel. With influencers on Instagram, you can target your audience with the right type of content, especially tourism during festivities like Christmas, Sallah, Marriage and Naming Ceremonies, etc.

### **3. YouTube**

It is a social media platform that utilize videos as means of communication and interaction. This is achieved through uploading videos, share them on other sites, create playlists and interact with other users on the video created. YouTube has more than 2 billion monthly logged-in users. Even more view videos without an account. It is on this account business organization like service Firms-Airlines, and Hotels, academic institutions, as well as non-profit organization like churches and Mosques use YouTube to communicate with their clients and congregations.

#### **4. WhatsApp**

It is a mobile messaging platform that lets users add friends and create groups to chat with via text, voice and video. It's popular application globally, especially with young groups. Businesses that want to communicate directly with millennials can it useful.

#### **5. LinkedIn**

The most popular business-oriented social networking site is LinkedIn. It is great for entrepreneurs looking to boost their professional networks or reach out to B2B clients. The site offers general posts, long-form content, and even job listings. LinkedIn can be useful for growing your network, hiring, or sharing expertise with other professionals especially for tourism institutions who wish to follow-up with their clients on their response to the services offered them. LinkedIn is especially helpful for startups looking for brand recognition as part of their marketing efforts. Whether it is to attract investment or talent, a startup can do both with the right content on this social media platform.

#### **6. Pinterest**

Pinterest is part of social media sites, part creative search engine. It allows users to create different boards where they can save photos and content from a variety of sources especially for tourists while on a tourism destination sharing their experiences through Photos with their friends and relations. So businesses can use it to post products, blog posts and a variety of other content. It is extremely recommended for tourism destination managers to enhance tourists interaction.

#### **7. Twitter**

Twitter is a microblogging social media site that allows users to post short messages, photos, links and other types of media. Since it's not as visual as many other social sites, Twitter is often best for those who share information, like news outlets or B2B businesses. Twitter is a great social media platform for starting conversations, but you have to be in the right demographic to capitalize on it.

#### **8. Tumblr**

Tumblr is an interesting addition to the world of social media platforms. It's sort of a mix between a social media site and blogging platform. You can post photos, videos, text posts and even re-post or like content from other users. It has lost some popularity in recent years. However, it still has about 400 million monthly visits. It's especially popular with



young, trendy audiences. Tumblr has changed dramatically since its early days, but with the right marketing and content you can reach a very specific audience.

## **9. TikTok**

TikTok is a relatively new social network that specializes in short, viral videos. Again, it's mainly popular with a young audience. However, some of the videos get shared on other sites as well. The app gets about 800 million visitors a month. As a result, it can be a useful part of a social media marketing strategy for creative brands that want content to reach young viewers.

## **10 . Flickr**

A social photo sharing site, Flickr has lost some of its user base in recent years. However, the site still has about 90 million users a month. It lets you upload photos and videos, sort them into albums and even interact with other users in groups or comments. Photography businesses might use it as part of their social media strategy to get more people interested in their photos.

## **12. Skype**

When you think of social media, your brain probably doesn't go right to platforms like Skype. However, the popular video and audio chat platform also lets you add connections and send instant messages to connections on Skype mobile or desktop versions. With about 40 million monthly active users, it's popular with professionals and an older audience. Businesses that want to stay in touch with top clients on a personal level may find it useful.

## **13. Yelp**

Known mainly for reviews of local businesses, Yelp allows you to create a profile for your business and interact with other users through comments and more. There are more than 140 million active users per month ranging various age groups and demographics. It's most useful for local businesses like restaurants, cafes, and service businesses.

## **14 . Nextdoor**

Nextdoor is a neighborhood app meant to provide a hyper-local hub. It's mainly set up for individual use. As a result, it's not yet a big name in the world of social media marketing. However, neighborhood businesses like bookshops or corner stores could potentially post updates to their

neighbors there as well as accommodation industry like hotels and restaurants can utilize it to meet the needs of their clients. There are about 27 million monthly active users, mainly consisting of homeowners and young families.

### **15. Quora**

Quora allows you to interact with other users by submitting questions and helping other users if they have questions that relate to your industry or expertise. There are about 300 million monthly users, and even more who may come across responses on Google. When it comes to your social media strategy, answering questions on Quora could help businesses with unique expertise build brand awareness online. For example, an HVAC tech could answer a common troubleshooting question or a dentist could answer a question about oral health.

### **16. WeChat**

Another mobile chat app, WeChat offers apps for iPhone, Android and even a web version. With about a billion users, it's also popular globally, especially in China. However, it also has a growing user base in emerging markets like Africa. As a result, it may be worth adding to your social media marketing mix if you want to connect with consumers in those markets.

### **17. Viber**

Viber lets you send texts, make calls and even share photos with other users. It also offers a feature called public chats so that brands and celebs can share messages with wider audiences. It has about 260 million monthly active users. It's also another strong social media marketing option for companies with young, global consumers especially for hospitality and tourism industry.

### **18. Foursquare**

For local businesses, Foursquare can help local customers find and check in at your location. You can even offer specials or promotions to potential customers. Features like check-ins and swarms aren't as popular as they once were. However, with about 50 million users, it's still a useful social media marketing app for local shops and restaurants to get discovered. This is recommended for Hospitality and Tourism Industry which interact with customers on daily-basis to get their feedbacks and approval for the services offered.

It should be noted that there are other social media networking or channels in the market which can be used to meet the needs and expectations of the tourists. Do a search, and apply accordingly.

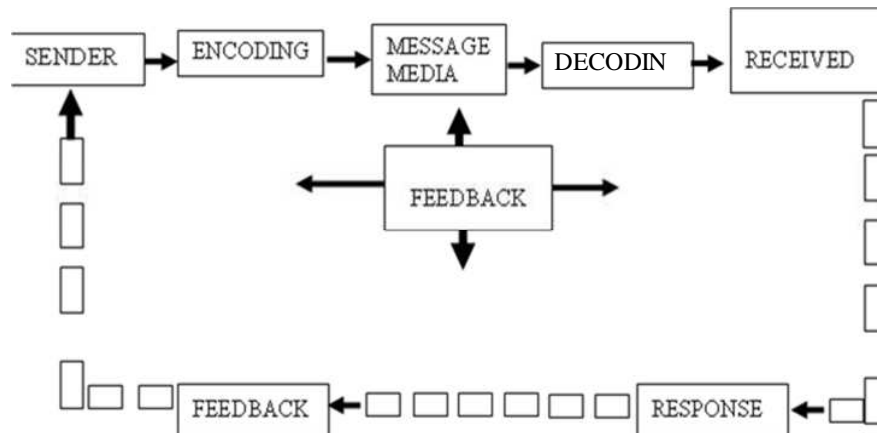
### Self-Assessment Exercise 1

*List the most important five social networking that are used to influence services*

## 1.5 Channel of Information Flow

Modern marketing calls for more than developing a good product, pricing it attractively, and making it accessible. For instance, Airlines, hotels, tour operators, transport companies, etc., must also communicate with present and potential tourists or customers and the general public. Today, there is a new view of information as an interactive dialog between the organization and its customers that takes place during the pre-selling, selling, consuming and post consuming stages. Airline, tour operators, and hotel for providers for example must ask not only “How can we reach our customer?” but also “How can our customer reach us?” Thanks to technological breakthroughs, people can now communicate through traditional media (newspapers, radio, telephone, television), as well as through new social media forms (computers, fax machines, cellular phones, WhatsApp, etc.)

Information flows through the following channels as can be seen in the diagram below.



**Fig 4.1**

Senders must know what audiences they want to reach and what responses they want to get. They must encode their messages in a way that it is easy to understand. They must transmit the message through

efficient media that the target audience can comprehend and develop feedback channels to monitor the responses.

For a message to be effective, the sender's encoding process must match with the receiver's decoding process. The more the sender's field of experience overlaps with that of the receiver, the more effective the message is likely to be. This puts a burden on communicators from one social stratum (such as advertising people) who wants to communicate effectively with another stratum (such as airline workers).

The sender's task is to get his/her message through to the receiver. The target audience may not receive the intended message for any of these three reasons:

### **(1) Selective Attention**

This established that people are bombarded by 1,600 commercial messages a day, of which 80 are consciously noticed and about 12 provoke some reaction. Selective attention explains why advertisements with bold headlines promising something, such as "How to make a million," have a high likelihood of grabbing attentions.

### **(2) Selective Distortion**

Receivers will hear what fits into their belief system. As a result, receivers often add things to the messages that are not there (amplification) and do not notice other things that are there (leveling). The communicator's task is to strive for simplicity, clarity, interest and repetition to get the main points across.

### **(3) Selective Retention**

People will retain in long-term memory only a small fraction of the message that reaches them. If the receiver's initial attitude towards the object is positive and he or she rehearses support arguments, the message is likely to be accepted and have high recall. If the initial attitude is negative and the person rehearses counter arguments the message is likely to be rejected but may stay in long-term memory. Due to the fact that persuasion requires the receiver's rehearsal of his or her own thoughts, much of what is called persuasion is actually self-persuasion.

In the case of travel and tourism, even though we are not dealing with a tangible product, we still have to find a means of delivering knowledge of our products to customers and certain tangible items associated with travel-brochures, itineraries, tickets and vouchers, insurance policies, for example. The process of communication starts with a source of

information – the person, organization or company with a message to deliver. The source must determine what message to deliver to its target, the receiver. An airline, for instance, may have many different messages which it wants to deliver to different target markets it services. To the business person, the purpose of the message may be to communicate details of convenient mid-morning flights to European capitals, or information about the airline, outstanding on-time record, while the leisure market will be more interested to hear about free airport parking facilities or low prices to the main holiday resorts served by the airline. The kind of message we want to deliver will determine the form in which the message will appear; that is how we will encode the message to achieve the greatest likelihood of it being received by our target market. If we have a lot of facts to communicate to our customers, such as a list of cheap fares and their dates of availability, we shall probably need to have the message printed, so that our customers can study it at length, absorb it and even tear it out and keep it for future reference.

Encoding means not only determining the best way of getting our message across, but also the most effective way given the typical constraints under which the company operates. With unlimited money, it is relatively easy to ensure that every potential customer is made aware of our product, but in the real world funds are always limited, and we have to ensure a profit at the end of the day. Encoding means putting the information into a form in which it will be understood and absorbed by customers. We could choose, for instance, to place an advertisement in English in an European magazine, designed to attract people to visit Britain and take a tour, but this would hardly be an effective way of getting business. Not only would many non-English-speaking Europeans fail to understand our message, but also we would anticipate some antagonism from those who do not speak the language, on the grounds that we are not making a very serious effort to sell our product if we don't put it into consideration our customers' language. If on the other hand, we are advertising for a new member of staff who speaks fluent Japanese to deal with incoming tour clients, it would be highly appropriate to prepare an advertisement in Japanese, for an English newspaper, to ensure that we do not receive an application that wastes out time. We have to design our message for impact.

The next step is to decide which channels we shall use to deliver our message if we have already decided that it must be a printed message. This partly determines the medium to use. We could advertise in magazines or papers read by our target audience, or we could place advertisements in the travel trade press, directed to travel agents, to make them aware of our product's attributes, so that they in turn will recommend our product to their clients. We could also send a newsletter through the mail to agents with the same message, or provide our staff

with a circular to give to agents during their calls. This letter technique could also give us the added advantage of being able to reinforce our message with a personal selling presentation. Having settled our strategy for putting our message across, we sit back and wait for the bookings to start rolling in. Unfortunately, though, all our best effort can be frustrated if the receiver doesn't decode our message.

Interference in the information channel can affect the decoding of messages in a number of ways. For instance, a big news story breaking in the morning paper on the day of our advertisement could mean that many of our customers will fail to notice our mail. A train derailment could mean that newspapers for one region of the country fail to get through, and nobody in that region gets to see our advertisement. Some of our potential clients may simply not be in the right mood for receiving message when they see our advertisement. Others may have a poor recent experience of our service, and are unwilling to read anything positively about the service. Some people, about to read the message in the newspaper over morning breakfast, may be interrupted by a phone call. There are many ways in which interference can prevent our message getting through, and these are frequently beyond our control. Even if the message is received many potential customers will have forgotten it within a few minutes because clients are bombarded with messages every day and only a small percentage are likely to be retained. All we can hope to do is to minimize the loss of our message by being careful with initial design of the communication process.

Fischer and Hartely have outlined some general factors that influenced the effectiveness of a communication.

- (a) The greater the monopoly of the information source over the recipient, the greater recipient's change or effect in favour of the source.
- (b) Information effects are greatest where the message is in line with the receiver's existing opinions, beliefs and dispositions.
- (c) Communication can produce the most effective shifts on unfamiliar, lightly felt, peripheral issues, which do not lie at the centre of the recipient's value system.
- (d) Information is more likely to be effective where the source is believed to have expertise, high status, objectivity, or reliability, but particularly where the source has power and can be identified with.
- (e) The social content, group, or reference group will mediate the information and influence whether or not the information is accepted.

### 1.5.1 Problems of Information in Tourism Marketing

- (1) There may be no information at all or even if it exists, it may not be reliable, or meaningful for the purpose required e.g., mere information on use of hotels by tourist is meaningless if it does not have distinction between tourists, business visitors, local people or transit visitor or statistics in air utilization without knowing the origin, destination or lengths of stay for passengers.
- (2) Data may be available and still be misleading or inaccurate. This inaccurate information was encountered in Malaysia by both Koiser Junior and Lawry Helker during a study in tourism between 1973 to 1976.
- (3) Even in developed countries information problem occurs particularly where there are no information records to guide or manage tourist as an integrate industry.
- (4) The lack of information in tourism is rather more pronounced in the developing countries where nothing at all may exist.

#### *Self-Assessment Exercise 2*

*Information is an asset to an organization, mention three problems associated with tourism marketing information system*

### 1.6 Summary

This unit treats the meaning of tourism marketing information system, the requirements of marketing information system, types and sources of marketing information system and problems.

### 1.7 References/Further Readings

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## **1.8 Possible Answers to SAEs**

### **SAE 1**

Social Networking

1. Facebook
2. Instagram
3. YouTube
4. WhatsApp
5. LinkedIn

### **SAE 2**

Information System

- Unavailability of information
- Lack of proper records.
- Secrecy of information among organizations especially in the developing countries



## UNIT 5 TOURISM MARKETING RESEARCH

### Unit Structure

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Definition of Tourism Marketing Research
  - 1.3.1 Objective of Marketing Research
  - 1.3.2 Importance of Marketing Research
- 1.4 Kinds of Marketing Research
  - 1.4.1 Steps or Process Involved in Marketing Research
- 1.5 Characteristics of a Good Marketing Research
  - 1.5.1 The Role of Marketing Research in Marketing Management
  - 1.5.2 Marketing Research Techniques
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### 1.1 Introduction

In today's increasingly complex, competitive, customer awareness and constantly changing environment, more decisions are being made on the basis of scientific research than ever before. Most organizations no longer wait for information at their tables rather they search and paid for them to enable them take informed decisions. For them to obtain the right information about their customers, products, services and the competitors, marketing research play an important role.

Every marketer needs research and it is appropriate that every business does some marketing research to be able to take correct decisions especially in the hospitality and tourism industry. For instance, the larger the business, the more detailed and elaborate its marketing activities which calls for marketing research. An organization may have its own marketing research department or use outside firms to do special research tasks or special studies. This unit examine marketing research and its contributions to both the customers and organizations.

### 1.2 Learning Outcomes

By the end of this unit, you should be able to:

- Explain marketing research
- Explain types of marketing research
- Explain the objectives and importance of marketing research
- Explain the processes or steps of marketing research

- Explain the characteristics of good marketing research
- Explain the techniques of marketing research
- Explain the role of marketing research in marketing management.

### 1.3 Definition of Marketing Research

Marketing research is the function that links the consumers, and public to the marketer through information. The research specifies the information needed, the design, the method for collecting information, and how to manage and implement the data. It also includes the collection process, the analysis of result and communicating the findings and its implications to the concerned persons.

Thus, **marketing research** is the systematic gathering, recording, and analysis of qualitative and quantitative data about issues relating to marketing of products and services. The goal is to identify and assess how changing elements of the marketing mix impacts customer behaviour.

Also, **market research** is the process of determining the viability of a new service or product through research conducted directly with potential customers. Market research allows a company to discover the target market to get opinions and other feedback from consumers about their interest in the product or service.

The field of *marketing research* is much older than that of *market research*. Although both involve consumers, *Marketing* research is concerned specifically about marketing processes, such as advertising effectiveness and salesforce effectiveness, while *market* research is concerned specifically with markets and distribution system.

Kuwu (2003), defined marketing research as the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing a company.

It is defined by the American Marketing Association as “the gathering, recording and analyzing of all facts about problems relating to the transfer and sale of goods and services from the producer to the consumer”. It involves specific inquiry into marketing problems. There are two main types of marketing research: quantitative and qualitative research.

**Quantitative Research** focuses on generating numbers, for example, what percentage of the population buys a specific product. It is conducted using surveys and questionnaires. You can do simple quantitative research yourself by talking to customers. More detailed

quantitative research can be used to identify markets and understand customer profiles while launching a new product.

**Qualitative Research** relies on facts and figures to discover what people think and feel about products/services and what factors affect their purchasing decisions. Researchers use surveys and focus groups to gather this information, while interpreting the results is a job that requires certain skills.

### 1.3.1 Objectives of Marketing Research

Marketing research is designed to achieve the following objectives:

- (1) The degree of acceptability: - this establishes to what degree a product/service is acceptable to customers.
- (2) The price which would be accepted.
- (3) The most appropriate method of appeal which could be most beneficial to stress in advertising.
- (4) To provide the true pictures of what is happening in the market.
- (5) To measure customer sales relations with competitors and the effectiveness of sales efforts to trade.
- (6) To locate market for different products/services and assess the effectiveness of marketing mix.
- (7) To ascertain the needs of customers and mode of provision.
- (8) To synthesis the sales/marketing effort by sales territories, monitor competitive advantages, competences and weakness.
- (9) Marketing research also helps to evaluate the compatibility of customer, acceptability, refusal and recommendation.

### 1.3.2 Importance of Marketing Research

The most important task of a marketer or tourism institutions is to get the right product at the right place with the right price to the right persons/tourists. Also, it is necessary to go back to get feedback whether consumer is getting optimum satisfaction, so that consumer remains loyal. These aspects made it imperative for the marketers to conduct marketing research.

#### 1. Easily Spot Business Opportunities

After you've done your market research, it'll be clear to you who you want to reach out to (your target customers), where you can reach them (your marketing channels), and what they're interested in. Once you've defined these, you'll be able to easily spot business opportunities. For example, while coming up with a tourist destination, it is imperative to conduct market research to ascertain the right tourists. At this point, the

result of any marketing research can enable a firm or tourism organization to understand the nature and structure of domestic and international market, so that tourist's needs and resources of the resort or destination can be better matched to optimize.

## **2. Lower Business Risks**

The way to make sure that your business survives for longer is to ensure that you've got a steady stream of sales and customers. To do that, you need both marketing research and market research. For instance, there are may be a need for regular check on current and potential customers to ensure the organization meet their needs and expectations. Thus, marketing research will help the tourist organizations to choose the right tourist target market, destination attractions, facilities, and promotional activities necessary for tour-operators, travel agents, etc. that will be lower business risks.

## **3. Create Relevant Promotional Materials**

One thing is to have a promotional budget, it is another to know the right promotional materials to be used to attract the target market. Conducting marketing research provides relevant promotional materials for the concerned institutions. For instance, since marketing and market research have revealed target customers wants, needs, and frustrations, it is easier to address these challenges.

## **4. Know Where to Advertise**

One of the problems associated with the small business owners is a limited budget. However, whether big or small businesses when they successfully conducted marketing research it helps to where to advertise the organization's products and services. In doing this, it helps to eliminate wastages that will be associated with large scale market that has no customers.

## **5. Outsell Competitors**

It is observed that the business that knows their customers more tends to win more. You can know your customers better through marketing research. For instance, if you or your organization can beat its competitors at finding out their customers' needs and aim to fulfill those needs, it has got a better chance of standing out from the competition.

## **6. Set Better Goals for Your Business**

When business owners set goals for their business, it's typically related

to growth in sales or customers. But without market research, you won't be able to know if your goal is achievable and how to achieve it in the first place. For instance, you might say that you want to double sales by the end of the next quarter. How would you know if this goal is feasible if you don't know whether the size of your target market is more than twice the size of your current customer base? Without knowing the current size of your potential market, you'll just be setting arbitrary goals. With marketing research and market research, you'll be able to determine the specific directions you want to grow your customer base. For example, do you want to grow your customers via a new untapped market segment? Or do you still have room for growth among your current target audience?

## **7. Decision-Making Becomes Simple**

The need for and importance of marketing research frequently comes up when making tough business decisions especially that concerned hospitality and tourism industry. Hospitality and tourism industry is an information driven industry that clients are scattered across the globe. For instance, instead of having arbitrary criteria for the decisions you make as a business owner, you can always go back to your market research report. Based on that report, will this decision lead to more customers? Will you be able to reach more people who are likely to buy from you? Will it be clear to them that your business can meet their needs? For example, marketing will be able to focus on:

- where to spend your advertising or marketing budget
- whether there's a demand for a new product you want to make
- which products to discontinue and which ones to merely improve
- destinations that will attract more patronage, etc.

### **1.4 Kinds of Market Research**

There are four kinds of market research:

#### **(1) Marketing Research**

Through market research the marketer can determine how well a particular product is likely to sell. It is the study of the nature and characteristics of a market. The information so obtained through market research can help marketers to effectively plan their advertising program and sales efforts. This should not be confused with marketing research. Market research is a subset of marketing research.

## **(2) Sales Research**

This is the study of sales data. It involves a careful study of a company's sales figures. It determines whether sales and profits are going in the same direction or whether expenses increase more rapidly. Sales research seek to know if sales are in line with the sales estimate or not and how future sales could be forecasted. It helps in improving business operations especially in tourism industry where information is critical for its success.

## **(3) Product Research**

Product research is the study of consumer reactions to a product. Sometimes, the reactions of consumers towards a product are totally negative, in which case, the product is drastically changed or abandoned entirely. Product research seeks to design new products, modify or scrap old ones. It should be noted that the product also extends to services offered into the market.

## **(4) Advertising Research**

It is a study conducted to determine the effectiveness of a company's advertising. Some companies keep scrapbooks of their advertising efforts. They paste their ads in their scrapbooks and not next to each and such information as when it appeared, how much it cost, and sales just before and immediately after the ad appeared. The scrapbooks serve as treasure house of ideas as well as tell the marketer which of the ads have proved the most successful. This aspect of market is research is very important in modern business, because there are various marketing channels available these days especially with the influx of the social media.

### **1.4.1 Steps of Process Involved in Marketing Research**

Effective marketing research involves five steps:

- (1) Defining the problem.
  - (2) Statement of the research objectives.
  - (3) Planning the Research Design
  - (4) Planning the Sample
  - (5) Data collection
  - (6) Data process and analysis
  - (7) Formulating Conclusion, Preparing and Presenting the Report
1. The first step calls for the marketing manager and marketing research team to define the problem carefully and agree on the

- research objectives. For instance, remember the old adage “A problem well defined is half solved.” The problem should not be too narrowly or broadly defined. Efforts should be made to be as specific as possible.
2. After identifying and defining the problem with or without explanatory research, the researcher must take a formal statement of research objectives which is the second step. Such objectives may be stated in qualitative or quantitative terms and expressed as research questions, statement or hypothesis. For example, the research objective, “To find out the extent to which sales promotion schemes affected the sales volume” is a research objective expressed as a statement. On the other hand, a hypothesis is a statement that can be refuted or supported by empirical finding. The same research objective could be stated as, “To test the proposition that sales are positively affected by the sales promotion schemes in a tourist destination.”
  3. After defining the research problem and deciding the objectives, the research design must be developed which formed third step. A research design is a master plan specifying the procedure for collecting and analysing the needed information. It represents a framework for the research plan of action. Note, the objectives of the study are included in the research design to ensure that data collected are relevant to the objectives. At this stage, the researcher should also determine the type of sources of information needed, the data collection method (e.g., survey or interview), the sampling, methodology, and the timing and possible costs of research.
  4. Sampling involves procedures that use a small number of items or parts of the ‘population’ (total items) to make conclusion regarding the ‘population’. Important questions in this regard may include - who is to be sampled as a rightly representative? Which is the target ‘population’? What should be the sample size—how large or how small? How to select the various units to make up the sample? The right sample for the study determines the end result of the market research.
  5. The collection of data relates to the gathering of facts to be used in solving the problem. Hence, methods of market research are essentially methods of data collection. Data can be secondary, i.e., collected from concerned reports, magazines, and other periodicals, especially written articles, government publications, company publications, books, etc. Data can be primary, i.e., collected from the original base through empirical research by means of various tools. (i) Internal sources—existing within the

firm itself, such as accounting data, salesmen's reports, etc. (ii) External sources—outside the firm.

6. Once data have been collected, these have to be converted into a format that will suggest answers to the initially identified and defined problem. Data processing begins with the editing of data and its coding. Editing involves inspecting the data-collection forms for omission, legibility, and consistency in classification. Before tabulation, responses need to be classified into meaningful categories. The rules for categorizing, recording and transferring the data to 'data storage media' are called codes. This coding process facilitates the manual or computer tabulation. If computer analysis is being used, the data can be key punched and verified.

Analysis of data represents the application of logic to the understanding of data collected about the subject. In its simplest form analysis may involve determination of consistent patterns and summarizing of appropriate details. Thus, the appropriate analytical techniques chosen would depend upon informational requirements of the problem, characteristics of the research designs and the nature of the data gathered. The statistical analysis may range from simple immediate analysis to very complex multivariate analysis.

7. The final stage in the marketing research process is that of interpreting the information and drawing conclusion for use in managerial decision. The research report should clearly and effectively communicate the research findings and need not include complicated statement about the technical aspect of the study and research methods. Note, often, the management is not interested in details of research design and statistical analysis, but instead, in the concrete findings of the research. If need be, the researcher may bring out his appropriate recommendations or suggestions in the matter. Researchers must make the presentation technically accurate, understandable and useful.

## **1.5 Characteristics of a Good Marketing Research**

A good marketing research should have the following characteristics:

### **(1) Use of Scientific Method**

Principles of scientific methods are used in a good marketing research namely, observation, formulation of hypothesis, prediction, and testing.



**(2) Research Creativity**

Developing innovative ways of solving problems

**(3) Multiple Method**

Good marketing research does not rely on only one method.  
Multiple sources of information give greater confidence

- 4) Results driven by a method chosen- The research result (data) is limited by the research method. Don't be tempted to read too much into the results. The research model you choose will eventually decide the type of information, its validity, and your aptitude to act based on findings. Therefore, always base your research efforts on hard models that are obviously defined and as explicit as probable. Marketing researchers distinguish that data are interpreted from fundamental models that guide the type of information required.
- 5) Value- It is easy to determine the cost of research, but the results have to be "valuable enough" so that management will make decisions based on the results. Stop doing research once this threshold has been reached. However, to steward resources efficiently, marketers require considering the cost of market research, the value of the information gathered, and the probability of management's ability or enthusiasm to act on such information
6. Skepticism - Be alert to flaws and blind acceptance of myths or urban legends. Often times, those in the midst of a market are incapable to obviously see the market. The "forest through the trees" situation applies here. Marketing researchers show a good skepticism toward persuasive assumptions through by managers about how a market works.
7. Ethics: Don't mix-up marketing research with leadership development or other sales related activities. It shows a strong admiration for the company, the product, and the customers and never tries to damage or take advantage of customers. The mistreatment of marketing research can be destructive or annoy consumers, rising resentment at what consumers regard as an assault of their privacy or a disguised sales pitch. Thus, obeying people rights, culture, norms, and privacy is core in research ethics.

**Self-Assessment Exercise 1**

Briefly differentiate between market research and marketing research

### **1.5.1 The Role of Marketing Research in Marketing Management**

#### **1. Understanding the Needs and Wants of Customers**

It is the contention of scholars for instance that “the most important managerial task within the organization is that of understanding the needs and wants of customers in the market and adopting the operations of the organization to deliver the right goods or services more efficiently than its competitor”.

Clearly, the first major problem of marketing management is that of understanding the needs and wants of customers in the market. Being the systematic, recording and analyzing of data about problems relating to marketing, marketing research studies market characteristics such as size, location, potential customers, their attitudes to the product etc. The purpose is to understand and address the needs of customers more appropriately. Without an exploration into the needs and wants of the customers or potential customers we cannot know how best to meet their demands.

It is important to know that it is difficult to identify the real needs of the customers. For effective marketing management, the manager must identify (through research) the various needs of the potential customers. Kotler (1994:20) identifies five types of needs: stated needs, real needs, unstated needs, delight needs and secret needs. An understanding of these various needs will help the marketer in packaging a product for the satisfaction of the consumer.

#### **2. Customer Retention and Market Demand Generation**

As a firm seeks to satisfy its customers by researching into their needs it is indirectly working towards retaining its customers. According to Kotler, it is more expensive to attract new customer than to retain current customers. Customers retention is, therefore, more critical than customer attraction. Marketers go beyond customer retention by trying to delight them. Delighting customers are more effective than all the paid advertising placed in the media (Kotler 1994).

To this end, wise companies regularly measure customer satisfaction. Research helps in identifying the dissatisfied customers. To rely on the number of customer complaints received alone so as to determine the acceptability of a product may be deceptive. Marketing research helps in determining this and efforts are made to satisfy the customers by speaking well of the product.

### 3. Cost Reduction

Marketing research plays a key role by way of avoiding costly marketing mistakes. A good number of large corporations do evaluation of new business ventures, for instance, before the venture activity is implemented. If a N100, 000.00 research study can prevent the N1, 000.000 loss associated with developing a product that has no market, then the pay-off is obvious. It is in the interest of the market that products of the organization be delivered at lower prices to attract a wider market.

### 4. Minimizing Unanticipated Problem

A primary reason for less than satisfactory performance of business is unanticipated problems. It can be argued that it is difficult to, for instance, operate a business without unanticipated problem but the fact remains that some unanticipated problems may not be investigated. The point here is that research plays a key role in minimizing unanticipated problems and developing contingency strategies for anticipated ones.

### 5. Planning, Implementation and Control

Marketing research is the marketer's map for establishing marketing objectives, planning, coordinating and integrating marketing activities. Research helps the marketer to also motivate persons who are involved in implementing marketing efforts. It is also on the basis of the research that performance of the marketing activities are evaluated and controlled.

#### Self-Assessment Exercise 2

List seven (7) steps involved in marketing research

#### 1.5.2 Market Research Techniques

Market research is a continuous process. There are various methods used to collect the data. Among the great variety of methods used, some seem to be widely resorted to because of their advantages over others. These are

- i. Desk research
- ii. Field research
- iii. Sample survey
- iv. Motivation research
- v. Use of modes

**(i) Desk Research**

This includes the collection and analysis of all available data, statistics and published information on tourist trends and markets. In tourism, much of the basic information about tourist trends and markets is available from existing sources. There are a number of international organizations like UN, UNESCO, IUOTO, WTO, EEC, IATA, ICAO, etc. which publish certain statistical information. Other data and statistics may be obtained from national tourist organizations, trade associations, carriers, hotel companies, etc. This information proves very useful in helping national tourist organization to identify their markets and determine their operational objectives. This published information is of a particular use to those countries which do not possess resources enough to undertake independent market research.

**(ii) Field Research**

This is the research work carried out in the tourist generating market itself. The special investigation in the field is to be carried out with a view to knowing more details of the market situation.

**(iii) Sample Survey**

It could be defined as the study of a given population through only a part or a fraction thereof. Much marketing information is obtained through the use of samples. In this method the population 'Universe' for which information is required is defined. For example, all households in a country might be the universe or population under investigation. Then, a statistically valid sample of the population is drawn and information is obtained from the sample. Sampling techniques consist of personal interviews of tourist, travel agents, carriers and hotel managers, etc. It can also be effected by way of personal interview with the help of prepared questionnaires or by mailing questionnaire or through telephone contact.

There are certain advantages of this method:

- (i) Low cost is the major reason why data are collected by sampling in place of complete enumerations.
- (ii) The actual obtaining of information from the sample units i.e., household in this case) is done by way of the use of interviews and questionnaires. The questionnaire is administered to the sample population and various data obtained.
- (iii) The sampling place could be anywhere. Interviews may take place at homes or offices, at the place of arrival, departure or

temporary stay. In many countries there are a number of specialized firms which carry out sample survey enquiries, as well as government agencies similarly equipped for such purpose.

The survey investigation can be classified by reference to the kind of information they seek to provide. There is the survey of market behaviour which records the holiday habits of the population, cross analyses by socio-economic and other characteristics.

#### **(iv) Motivation Research**

This attempts to describe, and forecast the motives of the population under investigation, by use of techniques originally used in psychology. Assuming that every individual knows what he wants, motivation research is oriented to discover the needs of potential tourists in order to adopt the tourist supply accordingly and thus be able to satisfy them. In other words motivation research is the investigation into the motives behind travel. It concerns itself with answering 'Why' of human behaviours in contrast to answering 'How' which is subject to sampling surveys. An analysis describes the attitudes of both but motivation research is the depth interview method. The questionnaires to be used for this method need to be carefully designed. Motivation research aims at discovering the deep, subconscious and even unconscious motives of human being. An ill-designed questionnaire is likely to reach no deeper than the conscious level where rational factors prevail.

#### **(v) Use of Modes**

The use of modes in tourism is of increasing importance and variance. Any mode is a simplified representation of area phenomenon or a real situation. It tries to provide an explanation and forecasting.

### **1.6 Summary**

This unit focused on the importance of marketing research to customers and organizations especially tourism institutions.

### **1.7 References/Further Readings**

Baker M.J (1974). *Marketing –An Introduction Text*, 2<sup>nd</sup> Edition.

Kuwu A.E (2007). 'Revision Notes on Tourism Marketing', Kaduna – Polytechnic: Kaduna.

McCarthy, J. E. (1964). *Basic Marketing. A Managerial Approach*. Homewood, Illinois: Irwin. pp. 769. ISBN 0256025339.

## 1.8 Possible Answers to SAEs

### SAE 1

- **Marketing research** is the systematic gathering, recording, and analysis of qualitative and quantitative data about issues relating to marketing of products and services. The goal is to identify and assess how changing elements of the marketing mix impacts customer behaviour.
- **Market research** is the process of determining the viability of a new service or product through research conducted directly with potential customers.

### SAE 2

#### Steps involve in marketing research

1. Defining the problem.
2. Statement of the research objectives.
3. Planning the Research Design
4. Planning the Sample
5. Data collection
6. Data process and analysis
7. Formulating Conclusion, Preparing and Presenting the Report

## MODULE 2

Unit 1	Tourism Marketing Promotion	Unit 2	Advertising in Tourism Marketing
Unit 3	Public Relations in Tourism Marketing		
Unit 4	Travel Agency Operations in Tourism Marketing	Unit 5	Tour Operators in Tourism Marketing

### UNIT 1 TOURISM MARKETING PROMOTION

#### Unit Structure

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Meaning and Objective of Promotion
  - 1.3.1 Function of Promotion to the Tourism Firms/Organization
- 1.4 The Elements of the Promotional Mix
- 1.5 Advertising
  - 1.5.1 Personal Selling
  - 1.5.2 Sales Promotion
  - 1.5.3 Publicity
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SEAs

#### 1.1 Introduction

One thing is to produce products or render services, another to create awareness about these products and services offered into the market. Creation of products and services awareness is considered as core to the success of any organization's products especially in the modern businesses where consumers are well informed about alternatives of products and services in the market. This is more pronounced in the hospitality and tourism which is driven by information. Creation of products and services in tourism marketing refers to marketing promotion. Marketing promotion is a promotional tool used to generate information about products and services in the market for potential and prospective customers.

Hospitality and tourism is an industry that demands the use of marketing promotion to enhance customer-business relationship. This involve various tool used to communicate and inform the target market, and the general public about products and services in the market.

This unit is explain the essential tools used by business, marketing, tourism, and private organizations to reach the target markets for either

immediate or future purchase decisions.

## 2.0 Learning Outcomes

By the end of these units, you should be able to:

- Explain the meaning to promotion
- Explain the objectives and functions of promotion
- Explain the various promotional mix
- Explain the meaning of advertising, personal selling, sales promotion and publicity in tourism promotion.

### 1.3 Meaning and of Objectives Promotion

In marketing, promotion refers to any type of marketing Communication used to inform target audiences of the relative merits of a product, brand or issue, most of the time persuasive in nature (McCarthy, 1964). It helps marketers to create a distinctive place in customers' mind. This can be either a cognitive or emotional route. It aims to increase awareness, create interest, generate sales or create brand loyalty. It is regarded as one of the basic elements of promotional mix.

Promotion is the function of informing, persuading and influencing the consumer's purchase decision. It is defined as any communication activities whose purpose is to move forward products, idea or service in the marketing channel in order to reach the final consumer. It therefore, affects the knowledge attitudes and behaviour of the consumers.

The traditional objectives of promotion are to inform, persuade and remind. Kuwu (1998) has listed five objectives, which:

- (i) Providing information
  - (ii) Stimulate demand
  - (iii) Differentiating the product
  - (iv) Accentuating the value of the product and
  - (v) Stabilizing sales.
- Generally, promotional objectives include:
- i. Promotion of new products or services
  - ii. Development of brand image
  - iii. Informing customers
  - iv. Showing superiority over competitors
  - v. Turning potential buyers into real customers.



## **General Promotion Marketing Functions**

Promotion generally creates awareness of the organization, its products and services. Its functions are summarized as informing, persuading, and reminding consumers about a company and its products. Promotion is therefore beneficial to both a company and the target audience because sellers expect the use of promotion to increase the sales of their products or services, while target market respond by fulfilling their basic needs as offered into the marketing by marketing organizations. The general functions of promotions are explain below:

1. **Foster Brand Awareness**  
Promotion fosters brand awareness by providing target audience on products or services in the market. This can be done through Public Relations, social media marketing, brand partnerships, influencer marketing, etc.
2. **Selling**  
Selling is a function of marketing that comprises of communication with potential customers and pursuing sales leads as a promo-tool to target customers. Selling is one the old/traditional method of promoting company's products and services, used also to promote company's services as general ways of informing and arousing target customers to buy.
3. **Product management**  
Product management revolves development, design, and improvement of products and or services. Marketers ensure that final products or services meets customer needs which is achieved through promotions. Promotion provide information about customers' needs, complaints, and feedbacks which management used to either redesign, or improve products or services offered into the market Also, promotions aid management to known its competitors, strength, and weakness, especially in relation to services offered. In addition, promotion provide platform for management to conduct market research in relation to new market, consumer attitudes towards an organization's services as opposed to competitors' services.
4. **Pricing**  
Price is a critical factor for any product or service offered by organizations into the market. Promotion help marketers and promoters of goods and services to determine the correct price to be allocated to services or products offered by tourism marketing organizations. Pricing is a sensitive factor in attracting target markets into the services offered into the market. It is promotion

that determine the actual cost and value for the services offered in the market.

5. **Marketing information management.**  
Information is money in business palace. Information pertaining to customers, attitudes, markets, channel members, producers, manufacturing, etc. are mostly generated through promotional tools. Information about tourism service improvement, tourist destinations, tourist loyalty, etc. are created through promotion media like advertising, sales promotions, etc.
6. **Financing**  
Financing products and services in the market depends on availability of funds and information. Promotion facilitate information about tourism marketing organizations that desire financial funds. This is an aspect where promoters facilitate marketing activities by financing their programmes. For instance, GLO and MTN Nigeria limited finances marketing activities of most companies as means of generating funds for the organizations.
7. **Distribution:** Distribution is one the core functions in marketing activities. It involves transporting company's products to the target customers irrespective region or nation. Most often, marketers and promoters choose the channel of distribution that best fits and satisfy target customers' needs. Promotion becomes imminent as most channel members may not financial resources to embark on aggressive marketing promotions; manufacturers and producers invest on promotions to enhance sales of their products and service in the market place. Promotions also direct target customers on where and when to obtain these services and products in the market place. This is particularly important for tourist products and services, as they are not common as opposed the traditional products in the market place.

### **1.3.1 Functions of Promotion to the Tourist Firms/ Organizations**

- (i) Promotion provides a "voice" for the tourist firms in the market place so that it can communicate its product features and benefits to potential and prospective customers.
- (ii) It helps a tourist firms increase the sales of its products especially in the competitive business world where tourists have alternative to choose services that best defined and meets their expectations.
- (iii) Promotion aids a tourist firm in establishing new products,

- especially new tourist destinations.
- (iv) Promotion assists a tourism firm in securing distribution of its products among marketing channel members, especially when tourism organization participate in international business.
  - (v) Promotion helps a tourist company in building a favourable company image especially among the loyal customers.
  - (vi) Promotion helps a tourist firm in establishing a preference for its branded products.
  - (vii) Promotion assists tourist firms to level out peaks and valley in its production schedule.
  - (viii) Promotion keeps tourist organizations like hotels, airlines, etc. in contact with the changes in the industry and market place.

#### 1.4 The Elements of the Promotional Mix

This section explains main elements of the promotional mix. This includes:

- i. Advertising
- ii. Personal setting
- iii. Sales promotion
- iv. Publicity and public relations

#### 1.5 Advertising

**Advertising** is a marketing communication that employs an openly sponsored, non-personal message to promote or sell a product, service or idea (Stanton, 1984). Sponsors of advertising are typically businesses wishing to promote their products or services. Advertising is differentiated from public relations in that an advertiser pays for and has control over the message. It differs from personal selling in that the message is non-personal, i.e., not directed to a particular individual. Advertising is communicated through various mass media including traditional media such as newspapers, magazines, television, radio, outdoor advertising or direct mail; and new media such as search results, blogs, social media, websites or text messages (Courtland & Williams, 1992). Note, the actual presentation of the message in a medium is referred to as an **advertisement: advert** or **ad** for short.

Also, Advertising defined as any paid form of non- personal presentation of ideas, goods and services by an identified sponsor to a target market to stimulate demand and persuade them to accept what is presented. Kuwu (1998) looks at “Advertising as a means to disseminate information by printed, written, spoken or pictorial presentation about ideas, product or services to compel action in accordance with the intent of the advertiser”.

While defining or describing ‘advertising’ it should focus on:

- (1) **Paid Form:** The message is paid for, it is not free unlike propaganda and publicity
- (2) **Non – Personal Presentation:** Advertising is done in a non-personal way through intermediaries or media rather than personal face –to- face presentation.
- (3) **Ideas, Goods, and Services:** Advertising presents to the target audience ideas, goods and services. Sometimes personalities like politicians, institutions, opinion leaders (traditional rulers) are used as the ad themes to attract attention of the target market.
- (4) **An Identified Sponsor:** The sponsor must be identified in the message so that the recipients will know who is behind the message. For instance, MTN sponsoring ‘Awoof’ promotion for more patronage by the customers.

### **Classification of Advertising**

Advertising may be categorized in a variety of ways such as by style, target audience, geographic scope, medium, or purpose. For example, in print advertising, classification by style can include display advertising (ads with design elements sold by size) vs. classified advertising (ads without design elements sold by the word or line).

Advertising may be local, national or global. An ad campaign may be directed toward consumers or to businesses. The purpose of an ad may be to raise awareness (brand advertising), or to elicit an immediate sale (direct response advertising).

It should be noted that the term ‘**above the line** (ATL)’ is used for advertising involving mass media; more targeted forms of advertising and promotion are referred to as **below the line** (BTL). The two terms date back to 1954 when Procter & Gamble began paying their advertising agencies differently from other promotional agencies. In the 2010s, as advertising technology developed, a new term, ‘**through the line** (TTL)’ began to come into use, referring to integrated advertising campaigns.

Although some authors adopt up to five classes of advertising, like product, institutional, national, local and corrective advertising others have accepted three. That is: product or institutional, direct or non-direct and primary or selective advertising. Here some class of ads: In discussing various types of advertising, it also refers to the media

through advertisements or messages are sent to the target audience.

### **Traditional media advertising**

Virtually any medium can be used for advertising. Commercial advertising media can include wall paintings, billboards, street furniture components, printed flyers and rack cards, radio, cinema and television adverts, web banners, mobile telephone screens, shopping carts, web popups, skywriting, bus stop benches, human billboards and forehead advertising, magazines, newspapers, town criers, sides of buses, banners attached to or sides of airplanes ("logojets"), in-flight advertisements on seatback tray tables or overhead storage bins, taxicab doors, roof mounts and passenger screens, musical stage shows, subway platforms and trains, elastic bands on disposable diapers, doors of bathroom stalls, stickers on apples in supermarkets, shopping cart handles (grabvertising), the opening section of streaming audio and video, posters, and the backs of event tickets and supermarket receipts. Any situation in which an "identified" sponsor pays to deliver their message through a medium is advertising.

### **Television advertising**

Television advertising is one of the most expensive types of advertising; networks which charge large amounts for commercial airtime during popular events like Christmas and Sallah. For instance, 'Virtual advertisements' may be inserted into regular programming through computer graphics. It is typically inserted into otherwise blank backdrops or used to replace local billboards that are not relevant to the remote broadcast audience. Virtual billboards may be inserted into the background where none exist in real-life. This technique is especially used in televised sporting events like 'Live Sport Games'. Virtual product placement is also possible. Also, an 'infomercial' is a long-format television commercial, typically five minutes or longer. The name blends the words "information" and "commercial". The main objective in an infomercial is to create an impulse purchase, so that the target sees the presentation and then immediately buys the product through the advertised toll-free telephone number or website. Infomercials describe and often demonstrate products, and commonly have testimonials from customers and industry professionals.

### **Radio advertising**

Radio advertisements are broadcast as radio waves to the air from a transmitter to an antenna and a thus to a receiving device. Airtime is purchased from a station or network in exchange for airing the commercials. While radio has the limitation of being restricted to

sound, proponents of radio advertising often cite this as an advantage. Radio is an expanding medium that can be found on air, and also online. Examples of radio ads include 'Capital Radio, Prestige FM, Radio Niger, etc. advertisements in Nigeria.

### **Online advertising**

Online advertising is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers. Online ads are delivered by an ad server. Examples of online advertising include contextual ads that appear on search engine results pages, banner ads, in pay per click text ads, rich media ads, Social network advertising, online classified advertising, advertising networks and e-mail marketing, including e-mail spam.<sup>[70]</sup> A newer form of online advertising is Native Ads; they go in a website's news feed and are supposed to improve user experience by being less intrusive. However, some people argue this practice is deceptive.

### **Product advertising**

Product advertising involves advertisements that highlight the product features, durability, benefits, uses and brand to the public. Other messages that are designed to persuade, remind or enforce purchase behaviour are all grouped under product advertising. For instance, while Toyota and Honda Companies highlight features of their branded cars as a way of persuading target customers to buy. Such advertisements may be developed to inform, persuade, remind or re-enforce depending on what the advertiser intends to achieve. Product advertising may be direct or non-direct, National or local. It may also elicit primary or selective demand.

### **Institutional advertising**

It is concerned with promoting a concept, an idea, a philosophy or the good-will of an industry, company or organization. It is often related to the public relations function of an enterprise. For instance, Kuwu (1998) regards public relations as an aspect of institutional advertising. For example NOUN uses this to sell its intuitional programmes by highlighting advantages of the university like learn at your pace, place and irrespective of distance as opposed to the conventional institutions in Nigeria.

### **Globalization of Advertisement**

It should be noted that advertising has gone through five major stages of development irrespective of the types of advertising and advertisements globally. This includes domestic, export, international, multi-national, and global. For global advertisers, there are four, potentially competing, business objectives that must be balanced when developing worldwide

advertising: building a brand while speaking with one voice, developing economies of scale in the creative process, maximising local effectiveness of ads, and increasing the company's speed of implementation. Born from the evolutionary stages of global marketing are the three primary and fundamentally different approaches to the development of global advertising executions: exporting executions, producing local executions, and importing ideas that travel

It should also be born in mind that the advertising research is key to determining the success of an ad in any country or region. The ability to identify which elements and/or moments of an ad contribute to its success.

### ***Self-Assessment Exercise 1***

*As a student of tourism, 'above-the-line and below-the-line ads' do they mean the something?*

### **1.5.1 Personal Selling**

**Personal selling** occurs when a sales representative meets with a potential client/customer for the purpose of transacting a sale. Many sales representatives rely on a sequential sales process that typically includes some steps. Some sales representatives develop scripts for all or part of the sales process. The sales process can be used in face-to-face encounters and in telemarketing.

Personal selling can be defined as "the process of person-to-person communication between a salesperson and a prospective customer, in which the former learns about the customer's needs and seeks to satisfy those needs by offering the customer the opportunity to buy something of value, such as a good or service." (Stanton, 1984). The term may also be used to describe a situation where a company uses a sales force as one of the main ways it communicates with customers.

The main aim of personal selling is to make sales. Other promotional vehicles are non-personal in nature. It is only personal selling that involves a face- to- face presentation of the company's offering to the target market. Personal selling may be defined as a seller's promotional presentation conducted on a person-to -person basis with the buyer. Due to the flexibility of this tool, sales people can tailor their messages to fit the needs and behaviours of individual customers.

While carrying out personal selling activities, different types of sales roles here identified:

- i. **Order takers** refers to selling that occurs primarily at the wholesale or retail levels. Order processing involves determining the customer needs, pointing to inventory that meets the customer needs and completing the order (Stanton,1984).
- ii. **Order getters** refers to the in-field sales activity where a sales representative travels to the client's home or work place to makes a sales representation in order to win new business or to maintain relations with existing clients.
- iii. **Missionary selling** is often seen as a sales support role. The missionary sales person distributes information about products or services, describes product attributes and leaves materials but does not normally close the sale. The missionary sales person often prepares the way for a field sales person. For example, a agro - sales representative may call on farmers and leave samples, farm product information for trial and future purchase.
- iv. **Cold calling** refers to a situation when a sales representative telephones or visits a customer without a prior appointment as experienced in in offices and homes by sales representatives selling new products of a company. It is often considered to be the most challenging of the sales activities. In a cold calling situation, the sales representative is likely to be more conscious of the customer's or client's time, and may seek to condense the sales process by combining the approach and the sales presentation into a single step.
- v. **Relationship selling (also known as consultative selling)** refers to a sales practice that involves building and maintaining interactions with customers in order to enhance long term relationships. Relationship selling often involves a problem-solving approach where the sales representative acts in a consultative role and becomes a partner in the client's problem-solving exercise. Relationship selling is often found in high-tech selling environments, for example sales of Computers, Office machine like Maikono Generators, etc.

### **The Personal Selling Process**

Some authors have developed a six or seven-step processes but this write-up intends to adopt a five-step approach:

- i. Prospecting and qualifying
- ii. Approach
- iii. Presentation
- iv. Closing and
- v. Post- sales activities



**(i) Prospecting and Qualifying**

Prospecting involves identifying potential customers. Prospects may come from sources such as previous customers, friends, other vendors and suppliers, among others. Qualifying on the other hand is determining that the prospect is really potential customer. Qualified customers are people with money and authority to make the purchase.

**(ii) Approach**

The sales person's task here is to get to know and establish a good relationship with the buyer. He might want to know what product the prospect is or was using. It is also a time to make an initial contact with the prospect. The sales person's impression here in terms of dressing, opening lines and follow-up remarks is very important. He should also select the method he wants to use either low-key or aggressive approach.

**(iii) Presentation**

When the sales person gives the sales message to the customer, he makes a presentation. The presentation describes the product's major features, uses and benefits and relates them to the customer's problems and interest. This stage also involves demonstrating the product for the prospect to see. The sales person should be ready to handle objections and any questions. Infact it is through objections and questions that the sales person will be able to explain the product features better.

**(iv) Closing**

The moment of decision in the selling process is the closing. The sales person should not have any problem if he had done a good presentation. The following are some of basic techniques for closing a sale.

- i. The alternative decision techniques pose choices to the prospects that are all favourable to the sales person.
- ii. The SRO (Standing Room Only) techniques involve telling the prospect at sales agreement should be concluded immediately because the product may not be available later.
- iii. Silence is another closing technique, since the discontinuance of a sales presentation forces the prospect to take some type of action (either positive or negative).
- iv. Extra – Inducement closes are also designed to motivate a

favourable buyer response. The extra – inducement may include quantity discounts, special servicing arrangements or lay away option. Kuwu (1998).

#### (v) **Post-sales Activities**

These activities are carried out to prevent cognitive dissonance (i.e anxiety after purchase) and encourage the prospect to make a repeat purchase. The sales person should reassure the prospect that the right decision was made by him. Through this forum, important market information may be gathered for the benefit of the company.

#### **Difference between Advertising and Personal Selling**

Advertising is an uncongenial, paid form of contact used by the marketers for the promotion of goods and services. It is a method of influencing your existing customers as well as your non-existing customers about any exacting product. There are dissimilar modes through which advertisements can be done which are – newspapers, banner, magazine, social media, and others.

On the other hand, personal selling involves direct communication of the seller with possible consumers. It is the procedure of persuading a possible consumer to buy the product. It is designed to be used as a short-term approach to boost sales – it is rarely suitable as a technique of building long-term consumer reliability.

**Advertising** – It is a means of communication, which calls customer’s awareness towards the product or service, through mass media.

- Advertising is more useful in marketing to the ultimate consumers/tourists who are large in numbers.
- Advertising is an impersonal form of communication. It is one-way communication. So, it lacked direct feedback
- Advertising involves the transmission of standardized messages, i.e., the same message is sent to all the customers in a market segment.
- Advertising is inflexible as the message can’ t be adjusted to the needs of the buyer. Its activities may result in an instant growth in sales but for the short term only.
- It reaches masses, i.e., a large number of people can be approached.
- In advertising, the cost per person reached is very low. And the product value is comparatively low and easy to use.
- Advertising can cover the market in a short time. It follows ‘Pull Strategy.’

- Advertising makes use of mass media such as television, radio, newspaper, and magazines. It is a tool used to stimulate sales by employing an incentive element to attract customers.
- Conveys the message to the end number of individuals in less time.

**Personal Selling** – It refers to an outline of promotion, wherein the sales representative sells the product to customers, by straight visiting them.

- Personal selling is more helpful in selling products to the industrial buyers or to intermediaries such as dealers and retailers who are relatively few in numbers.
- Personal selling is a personal form of communication. It is two-way communication. So, it facilitates direct and instant feedback.
- In personal selling, the sales talk is adjusted keeping view customer's background and needs.
- Personal selling is highly flexible, as the message can be adjusted. It can be seen in the long run when there is an increase in sales.
- Only a limited number of people can be contacted because of time and cost considerations.
- The cost per person is quite high in the case of personal selling. It is used when the product value is high, and it is difficult to understand.
- Personal selling efforts take a lot of time to cover the entire market. It follows the 'Push Strategy'.
- Personal selling makes use of sales staff, which has limited reach. It is an element of the promotional mix, where a salesman visits the customer and displays the goods to initiate the purchase.
- Conveys the message to a few customers only in relatively high time.

### 1.5.3 Sales Promotion

**Sales promotion** is one of the elements of the promotional mix which uses both media and non-media marketing communications for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, premiums, freebies, loss leaders, point-of-sales/purchase display, prizes, product samples and rebates.

Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase.

Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.

Sales promotions can be directed at either the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called **consumer sales promotions**. Sales promotions targeted at retailers and wholesale are called **trade sales promotions**.

Sales promotion is implemented to attract new customers, to hold present customers, to counteract competition, and to take advantage of opportunities that are revealed by market research. It is made up of activities, both outside and inside activities, to enhance company sales. Outside sales promotion activities include advertising, publicity, public relations activities, and special sales events. Inside sales promotion activities include window displays, product and promotional material display and promotional programs such as premium awards and contests (Taylor, 1978).

Also, sale promotions often come in the form of discounts. Discounts impact the way consumers think and behave when shopping. The type of savings and its location can affect the way consumers view a product and affect their purchase decision. The two most common discounts are price discounts (“on sale items”) and bonus packs (“bulk items”). Price discounts are the reduction of an original sale by a certain percentage while bonus packs are deals in which the consumer receives more for the original price (Taylor, 1978). Many companies present different forms of discounts in advertisements, hoping to convince consumers to buy their products.

Sales promotion represents a variety of techniques used to stimulate the purchase of a product or brand. Sales promotion has a tactical, rather than strategic role in marketing communications and brand strategy. It is also a form of advertisement used within a short period of time. Researchers Farhangmehr and Brito (1997), reviewed the definitions of sales promotions in marketing texts and journals and identified a set of common characteristics of sales promotion, including:

- Short-term effects and duration;
- Operates and influences only the last phase of the purchase process;
- Exhibits a secondary role in relation to other forms of marketing communication;
- Performs an accessory role regarding the products core benefits

- Is not a single technique, rather it is a set of techniques used for a specific purpose

Both manufacturers and retailers make extensive use of sales promotions. Retailer-sponsored sales promotions are directed at consumers. But the manufacturers use two types of sales promotion, namely:

1. *Consumer sales promotions*: Sales promotions targeted at consumers or end-users and designed to stimulate the actual purchase.
2. *Trade promotions*: Sales promotions targeted at trade, especially retailers, designed to increase sales to retailers, to carry the product or brand or to support the retailer in consumer-oriented promotions

The objectives of sales promotion among others include:

- Introduction of new products.
- Attract new customers.
- Increase sales and enable the company to remain competitive.
- To bridge the gap between advertising and personal selling.

### 1.5.3 Publicity

In marketing, **publicity** is the public visibility or awareness for any product, service, person or organization (company, charity, etc.). It is also refer to the movement of information from its source to the general public, often (but not always) via the media. The subjects of publicity include people of public interest, goods and services, organizations, and works of art or entertainment.

Publicity is any form of non-paid commercially significant news or editorial comment about idea, product, and service of institutions. Although a firm can influence a good publicity through the media it has

Publicity is achieved through:

1. **Press release**: Use press releases to alert the media to newsworthy events or changes regarding your business. Press releases use a specific format, tend to be short, and lead with the most important information. Once your release is written, you can distribute it to local media outlets, put it on your website, and distribute it to the necessary media like NTAi, ARISE News, AIT, Channels, etc.

2. **Network:** Develop contacts within the media to increase coverage of your business. You can do this through networking, introducing yourself and your business, and getting in touch when you hear about newsworthy items, whether they involve your business or not.
3. **Volunteer:** Get involved in charity drives, local events, or industry milestones so your business will be mentioned in press coverage of those events.
4. **Self-promotion:** Pitch yourself as an expert source for news stories using resources like opinion leaders. Journalists are often looking for people to contribute their knowledge for news articles. Keep in mind that you can't directly promote your product or service when acting as a source especially while introducing a new tourist destinations.

**The Advantages of Publicity are as follows:**

- (i) News stories have a high level of credibility over that of advertising, personal selling and sales promotion tools, whose purpose consumers perceive as manipulative.
- (ii) Publicity messages are readily accepted; selective filtering mechanisms are less likely to filter news stories.
- (iii) Publicity may be presented in a highly dramatic fashion

**Public Relations as Aspect Publicity**

**Public relations (PR)** is the practice of managing and disseminating information from an individual or an organization (such as a business, government agency, or a nonprofit organization) to the public in order to affect their public perception. Public relations (PR) and publicity differ in that PR is controlled internally, whereas publicity is not controlled and contributed by external parties (Gruinig & Hurt, 1984). Public relations may include an organization or individual gaining exposure to their audiences' using topics of public interest and news items that do not require direct payment. The exposure mostly is media-based. This differentiates it from advertising as a form of marketing communications. Public relations aim to create or obtain coverage for clients for free, also known as earned media, rather than paying for marketing or advertising also known as paid media. But in the early 21st century, advertising is also a part of broader PR activities.

**Self-Assessment Exercise 2**

*Briefly, is there any difference between 'Sales promotion and trade promotion'?*

## SELF ASSESSMENT EXERCISE 2

1. Briefly describe inside-sales promotions and outside-sales promotions.
2. Briefly explain 'Consumer sales promotions and Trade promotions.

### 1.6 Summary

This unit explain the marketing communication media used by tourism organizations and other business organizations to attract their attentions for the products and services offered for sales

### 1.7 References/Further Readings

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## Possible Answers to SAEs

### SAE 1

- Above-the-line and below-the line ads mean different thing entire.
- **Above the line** (ATL)' is used for advertising involving mass media.
- **Below the line are advertisement** targeted forms of advertising and promotions.
- The two terms date back to 1954 when Procter & Gamble began paying their advertising agencies differently from other promotional agencies.
- However, in the 2010s, as advertising technology developed, a new term, '**through the line** (TTL)' began to come into use, referring to integrated advertising campaigns.

### SAE 2

- Indeed, there are differences between sales promotion and trade promotion
- Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales.
- These efforts can attempt to stimulate product interest, trial, or purchase.
- Sales promotions can be directed at either the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called **consumer sales promotions**.
- Sales promotions targeted at retailers and wholesale are called **trade sales promotions**.



## **UNIT 2      ADVERTISING IN TOURISM MARKETING**

### **Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Definition of Advertising
  - 1.3.1 Aims and Objectives of Advertising
  - 1.3.2 Advertising Evaluation
  - 1.3.3 The Responsibilities of the Advertiser to the Company
  - 1.3.4 Responsibility to the Agency
- 1.4 Organization Chart
- 1.5 Agency Compensation
  - 1.5.1 Principles of Writing Good Advertising
  - 1.5.2 Guideline for Writing Advertising
  - 1.5.3 The Fundamentals of any Advertising Success
  - 1.5.4 Tools of Advertising
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### **1.1 Introduction**

Advertising has been the most vital tool in the dissemination of information about a company, her products, and services. The word advertising must be clearly distinguished from advertisement. Advertisement is that oral or written message which appears in any paid medium (Posters, TV, Radio etc.) embracing pictures, jingles and or drama. Advertising on the other hand is the act of formulating the advertisement. In reality advertising evolved because of the need to communicate information and develop an effective and persuasive marketing tool it has much to do with the sociological and psychological ethos of man.

### **1.2 Learning Outcomes**

At the end of this unit, you should be able to:

- explain the meaning of advertising
- explain the aims and objectives of advertising
- explain the responsibilities of the advertiser
- explain advertising agency organization.
- explain the principle and guidelines of writing good advertising.  
etc

### 1.3 Advertising Role in Tourism

Advertising is one of the most important factors that help the tourism industry to generate tourists from both the local and international marketplace. The tourism sector is responsible for promoting the natural resources, culture, heritage, etc. that help every visitor in experiencing the destination. Tourism advertising helps the visitor to get familiar with the place even before visiting it personally.

Every organisation today uses media to promote their business. For customers, in this case, tourists, go to places and plan their vacations that are more special to their heart, especially destinations where other tourists often talk about such as Obudu Range, Yankari Game Reserved, Kaiji Lake, etc.

Also, in the travel business, advertising plays a key role to entice the customer (tourist). Technically, tourism is not a product; it is intangible so unlike products, industries cannot sell it to their customers. Thus, the industries sell the destination on the basis of the customer's imagination skills and experience.

An improper advertisement can lead to a loss in the tourist business. Effective advertising does not guarantee success but will surely increase the chances for it. There are three major roles that advertising plays in the tourism industry:

- To inform tourists to visit a destination and everything tourists need to know about the place.
- Persuade tourists to visit a destination.
- To remind tourists about a destination and where to do all the bookings.

The global travel market is expanding and so is the advertising market. Advertising campaigns are predominant in western countries to promote travel destinations abroad. Many advertisers only intend to increase their revenue by promoting their services, be it flight bookings or hotel reservations. Whereas there are a few advertisers who feel the need to connect to their target audience which, also important.

#### 1.3.1 Aims and Objectives of Advertising

There is increasing use of advertising by Nigerian tourists' firms due to its effectiveness in achieving the various objectives of the firm.

- (i) Advertising is used by most organizations in order to create happiness in their target audiences, glamorize the product, the

availability of choice and influence attitudes in positive directions to the whimsical views of the sponsor.

- (ii) Advertising helps firms in their introduction of new products. When new products are manufactured, companies rely heavily on advertising for the education and generation of awareness about the new products. Advertising here tries to compel the competitors' customers to shift preference while at the same time trying to persuade non-users of competitors' products to buy.
- (iii) Advertising helps in the maintenance of company's market share. If a company does not advertise the share of the market will dwindle and initial demand pattern for her product will fall. The formulation of creative strategy involving the integration of the brand name, package design as well as communication of product benefits help in market share sustainership. Occasionally advertising messages are reformulated to create "habit" or induce image in the minds of the customers. Advertising activities designed in this direction often lead to increased market share.
- (iv) Advertising also helps to increase or build store traffic. Most retailers do advertise in order to pull the customers. Their efforts are supplemented by the manufacturer's advertisements. Advertising therefore helps in increasing the traffic flow in the store.

On the other hand, when there is increasing and constant flow of traffic the manufacturers and the middlemen often witness an increase in sales. Since advertising persuades, informs, convinces and reminds, most companies often advertise their products/services to facilitate their sales increase.

- (v) Advertising can be used to promote public cause. Advertising is used by governments, charities and other non-profit organizations to promote their activities or communicate important information to the public. A typical example is the world-wide dissemination of information on the effects of AIDS, oral dehydration, the need for environmental preservation/desertification control etc.
- (vi) Advertising campaign helps to foster the objectives of the above organizations. It enables them (the audiences) to focus attention on their problems, increase perception of the problems and to initiate positive action towards solving them.
- (vii) Advertising can be used to market a particular product or minimize the use of public utilities. When demand for any

product is excessive, firms use advertising to dissuade consumers from buying the product.

- (viii) Advertising can be used to maintain competition. It is often used to create differences in products. It provision and company offers as distinct from that of competitors. Advertising helps to product distribution, inform customers of products or services and helps in generating sales advertising campaign plan (Objectives)

### **General Objectives of Advertising**

Advertising objectives may in-corporate any of the following.

- (i) To support personal selling. The receptivity of the sales force by customers may depend on the awareness generated by advertisements.
- (ii) To inform people within inaccessible areas of an existing product and as such stimulate enquires.
- (iii) When the focus is on wholesalers or middlemen, the objectives could be to advance reasons why they should stock the product (Trade Advertising).
- (iv) Advertising objectives could be geared to break into new customers.
- (v) To increase sales by a certain percentage within a stipulated period. This is especially relevant to a new or dying product.
- (vi) The objective could be a self-defense mechanism to remedy a misrepresentation.
- (vii) To build a company's image.
- (viii) To increase employment or recruit staff, etc.

### ***Self-Assessment Exercise 1***

*List the three (3) major roles that advertising plays in the tourism industry*

### **1.3.2 Developing the Advertising Program**

Advertising program can be successful managed through the following process:

#### **1. Identifying the target Audience**

To develop an effective advertising program, advertisers must identify the target audience. All aspects of an advertising program are likely to be influenced by the characteristics of the prospective consumers or

tourists. Thus, understanding the lifestyles, attitudes, and demographics of the target market is important. This essential since no single tourist needs are the same. The more a firm knows about its target audience profile, the easier it is to develop a promotion program.

## 2. Specifying Advertising Objectives

After the target audience is identified, then the objective of the firm in relation to its advertising objectives must be specified. This should be in line with the following:

- Awareness: The ability of the target market to recognize and remember the product or the brand name.
- Interest: An increase in target market to learn about some of the features of the product or brand in the marketplace.
- Evaluation: Appraisal of the product or brand in line with the target attitudes.
- Trial: Ability to make a trial to purchase and use the product.
- Adoption: Through a favourable experience on the first trial, the audience repeat purchase and use of the product or brand should possess three important qualities: 1). Be designed for a well-defined target audience, 2). Be measurable, and 3). Cover a specified time period.

**3. Setting the Promotion Budget:** After setting the promotion objectives, a tourism firm must decide on how much to spend. Determining the ideal amount for the budget is difficult because there is no precise way to measure the exact results of spending promotions in naira. This can be done through several methods, namely:

- a. Percentage of Sales:** In this approach, funds are allocated to promotion as a percentage of past or anticipated sales in naira. For instance, 'our promotion budget for this year is 2 percent of last year's gross sales. It is a simple approach, however, it means that sales cause promotion. Sometimes, this may not be the true picture in the market.
- b. Competitive parity:** This is matching the competitor's absolute level of spending or the proportion per point of market share. Consumer response to promotion are affected by competing promotional activities, for instance if a firm run 20% radio ads week, it may not make sense if it competitor decide to run the same radio 2%. However, it should not be the only determinant in setting a company budget.
- c. All you can Afford:** This is based on the affordability of the company. For instance, the real amount needed for the ads for

example TV and Radio is #20,000.00. However, the company can only afford #5,000.00. This implies that it is simple, but not feasibility and adequate for the company advertisements.

- d. Objective and Task Method:** The approach is based on objective and task of the company as a budgeting system for the advertisements. This is based on the 1) determines its promotion objectives (For instance, spending 20% on promotion activities by 2022). 2) Outline the tasks to accomplish these objectives (For instance, it will involve engaging two professional in the advertising industry; using social media, using wider promotional media, etc.). 3) Determining the promotion cost of performing these tasks (For instance, these tasks will be amounting to #500,000.00).

This approach takes into consideration what the company wants to accomplished and requires that the objectives be specified. Note that strengths of the other budgeting methods are considered here which is tied to the objectives of the company. For instance, if the costs are beyond what the company can afford, objectives are reworked and the tasks are revised. The shortcoming of this approach is the judgement required to determine the tasks needed to accomplish objectives.

4. **Selecting the right promotional Tools:** Once a budget has been determined, the combination of the five basic tools can be integrated which include advertising, personal selling, sales promotions, public relations, and direct marketing. It should be noted that an analytical approach and experience are particularly important at this stage. Note, a specific mix can vary from a simple program using a single tool to a comprehensive program using all forms of promotion.
5. **Designing the promotion:** It is noted that the central element of a promotion program is the promotion itself. For instance, advertising consists of advertising copy and the artwork that the target audience is intended to see or hear. Personal selling efforts depend on the characteristics and skills of the sales-persons. Sales promotion activities consist of the specific details of inducements such as coupons, samples, and free gifts. Whereas, Public relations efforts are readily seen in tangible elements such as news releases; and direct marketing actions depends on written, verbal, and electronic forms of delivery. Therefore, the design of the promotion will play a significance role in determining the message that is communicated to the audience, especially tourists. Thus, successful designs are often the result of insight regarding consumer's interests and purchasing behaviour.

6. **Scheduling the promotion:** Once the design of each of the promotional elements is accomplished, it is important to determine the most effective timing of their use. The promotion schedule describes the order in which each of the promotional tool is introduced and the frequency of its use during the campaign. Note, several factors such as seasonality and competitive promotion activity can also influence the promotion schedule.

### 1.3.3 Executing the Advertising Program

This describes evaluation of the advertising program which involves pretesting and actually carrying out the advertising program. It involves two levels, that is 'before and after the advertisements are run in the actual campaign. This involves following steps:

1. Pretesting the advertising: Pretests are conducted before the advertisements are placed in any medium.
2. Portfolio Tests: Portfolio tests are used to test copy. The test ad is placed in portfolio with several other ads and stories, and then consumers are asked to read through the portfolio. Consumers are asked to give their remarks on not-very informative or not very informative.'
3. Jury Tests: Jury tests comprises of panel of consumers to rate the ads on the basis of attractive or not attractive.
4. Theater Tests: Consumers are invited to view new television shows or movies in which test commercials are also shown. Viewers or consumers register their feelings about the advertisements either on hand-held electronic recording devices used during the viewing or on questionnaires as the case may be.

### 1.3.4 Carrying Out the Advertising Program

The responsibility for carrying out the advertising program can be done through:

- 1 .The Full-Service Agencies: They provides the most complete range of services such as market research, media selection, copy development, artwork and production, etc.
2. Limited-Service Agencies: They specialized in one of the advertising process such as providing creative services to develop the advertising copy or buying previously unpurchased media space.
3. In-House Agencies: These are made up of the company's own advertising staff which may provide full services or limited range of services.

### **1.3.4.1 The Responsibilities of the Advertiser to the Company**

Advertiser who can be defined as the sponsor or promoter of advertisement the following responsibilities are encompassed in the setting of advertising appropriation and allocation of such appropriation to various promotional activities.

- He formulates advertising policy and objectives.
- He also undertakes the production of below – the-line and above the -line materials where the company has the capabilities to do so.
- The advertiser is equally in-charge of choosing advertising agency and the evaluation of advertising effectiveness.
- It is the responsibility of the advertiser to utilize all promotional tools available on the extensive services of public relations officer in the promotion of the company's name, image and activities.
- Apart from the afore-mentioned, the advertiser in executing his job maintains the confident reposed on him by the firm for the security of his organization.

### **1.3.4.1 Responsibility to the Agency**

To the agency, the advertiser has the following responsibilities:

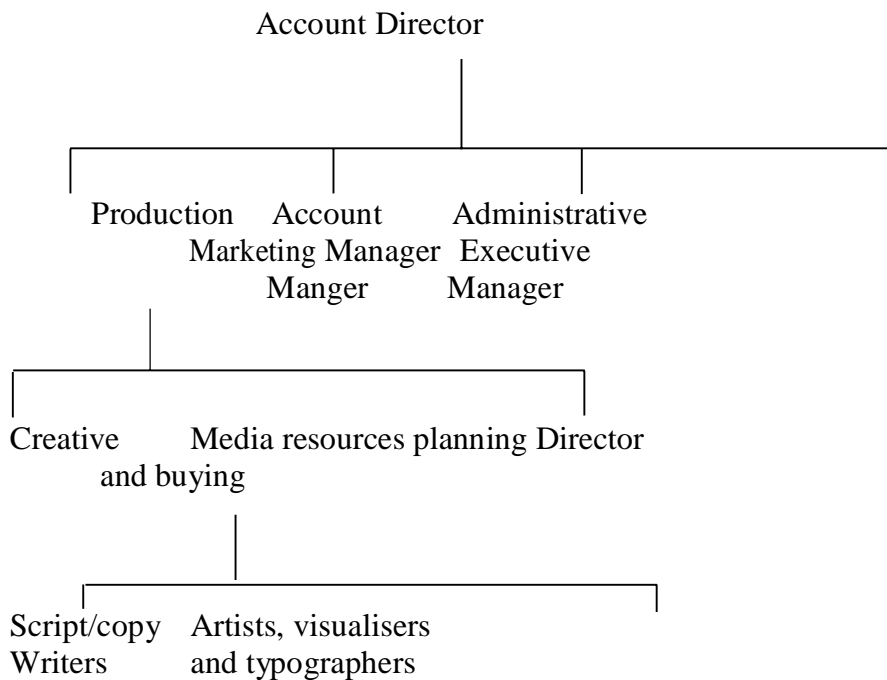
- (i) He undertakes the briefing of the agency about the company.
- (ii) He acts as a liaison officer between his organization and the advertising agency.
- (iii) He provides all the necessary material to the agency to expedite the formulation and production of advertisements.
- (iv) The advertiser reimburses the agency for her services.
- (v) He also interprets his company's objectives and policies to the agency. This, of course, forms the basis of intended advertising copy.
- (vi) The advertiser similarly supervises agency work on his



company's behalf, appraises and approves such work and summarily rejects or accepts such work.

- (vii) It is no doubt the responsibility of the advertiser to maintain good and cordial relationship with his company's account holder service agency.

**Fig. 7.1      ADVERTISING AGENCY  
                         ORGANIZATION CHART**



#### **1.4      Organization Chart**

The above chart shows a typical agency organization. At the apex is the Account Director charged with the responsibilities of coordinating the activities of various departments, formulation of policies and respects the interest of the Board of Directors. Under him are the production executive, account executive, administrative manager and the marketing manager.

The production executive is charged with the responsibility of advertisements. He is directly responsible for printers, dramatists Binders, photographers, etc. Most Nigerian Agencies lack a production department; instead they send their direct mail shots/posters to outside printers for production and finishing. While TV advertisement is contracted to television stations.

The account executive serves as the link between the clients, advertising work. He monitors the creation, planning and execution of the advertisements, making of artistic visuals, typography and selected media. He also maintains good and continued relationship with the client. The entire job under the account executive's responsibility forms the core of the advertising job and its effectiveness. Under the advertising agency is the administrative manager there is also the accountant who is in charge of the inflow and the outflows of funds, keeping of financial records and giving relevant financial advices. At the shop floor are clerks, typists, cleaners and messengers, all functionaries of administrative Department. Besides, modern agencies have marketing department with a marketing manager at the helm of affairs. The marketing department renders equitable services to clients especially in the area of marketing research, merchandising, sales promotion, provision of commando sales force, exhibition and other services.

### **Selection of Advertising Agency**

An advertising Agency is the intermediary between the advertiser and the media owner. Its main functions are:

- The creation and production of advertising copy
- Planning the purchase of media space and time.
- An advertising Agency also renders ancillary services for the advertisers; such as valuable Advices, public relations, merchandising and other consultancy services.

Advertising agency is capable and most ideal to carry out these functions because of its highly qualified or specialized personnel. The term advertising agency originates from the original advertising agents vis-à-vis news vendors. There are certain criteria in agency selection. The agency location is vital so that the client can be in close touch with the jobs execution and effect any urgent changes. The agency experience is another factor of consideration. Experience, they say, is the best teacher. It improves the efficiency of the agency. Nevertheless, the size of the agency matters a lot as the size depicts the agency ability to handle complex and large accounts. It allows for credit guarantee in terms of the ability of the agencies to carry out an advertisement preparation without prior payment. The availability of expert copy writers, media planner, artist, etc, is a necessary consideration because the anticipated quality of finished advertisement can best be imagined and ensure confidence in the agency's work. Another issue to be considered is the type of accounts held. Minor accounts holders may not cope with large account. While major accounts holders may handle small accounts effectively.

## **1.5 Agency Compensation**

Conventionally, advertising agencies are compensated by commission system. The media allows a fixed (10% - 17.5%) percentage space/time cost to recognized agencies. This fixed percentage varies with the nature of advertisement e.g., international advertisements require increased percentages commission. The commission system is nevertheless remarkable for its universality on the basis of its cordial acceptability as an agency reward system. On the contrary, wise agencies could be compensated by payment of fees which is presently a growing source of income.

Fees are often charged on below- the – line jobs, e.g., brochures, sales promotion, research, posters, loose sheets, etc. Overseas advertising and small appropriation accounts and ancillary services equally warrant payment of fees. There has been dissatisfaction about the commission system amongst advertising agencies. Continuous search has been evolved for a payment system commensurate with agency jobs. As far as the agency is concerned, the commission system stipulates that financial success rest on volume, creativity and experience.

For the media owner it saves him the inconvenience of attending to multiple advertisers, constant space/time and prompt payment is guaranteed by commission system. The problem of conforming to the advertising code of practice can bequeathed to the Agencies by media owner.

### **1.5.1 Principles of Writing Good Advertising**

Writing a good advertising involves certain principles. If these principles are well pursued, it will lead to achievement of organizational goals or objectives. Good advertising principles always start by identifying the target market and the buyer's behaviour.

The principles must start with:

#### **(i) A Clear Target Audience in Mind**

In term of the potential buyer of the company's products, current users, deciders, or influencers, individuals' groups, particular public or the general public. The target audience is a critical influence on the communication decisions on what to say, how to say it, when to say it, where to say it and to whom to say it. Therefore, writing advertising involves putting into cognizance advertising objectives, advertising budgets, advertising strategy and evaluation of advertising campaign.

**(ii) Setting the Advertising Objective**

This is the principle that a manager or marketer must consider in writing good advertisement. These objectives should be based on past decisions about the target market, positioning and marketing mix, which define the job that advertising must do in the total marketing programme. An advertising objective is a specific communication task to be accomplished with a specific target audience during a specific period of time. The advertising objective can be classified by primary purpose whether the aim is informative, persuasive or reminder.

**(a) Informative Advertising**

Features heavily in the pioneering stage of a product category, where the objective is to build primary demand. Thus, the yogurts nutritional benefit.

**(b) Persuasive Advertising**

Becomes important in the competitive stage, where a company's objective is to build selective demand for a particular brand. For example, chiva regal attempts to persuade consumers that it deliver more taste and status than other brands of Scotch Whiskey. Some persuasive advertising uses comparative advertising

**(c) Reminder Advertising**

This is important with mature product. Expensive four colors coca-cola advertising in magazines is intended to remind people to purchase coca-cola.

The advertising objectives should emerge from a thorough analysis of the current marketing situation. If the product class is mature, the company is the market leader and brand usage is low, the proper objectives should be to stimulate more usage. If the product class is new, the company is not the market leader, but the brand is superior to the reader, then the proper objective is to convince the market of the brand's superiority. Therefore, in order to come up with good advertising and written programmes, setting the objectives of advertising must serve as a guide or principle to be observed in order to achieve the explanations.

**(iii) Setting the Advertising Budget**

This is also another principle to be considered in writing good advertisement. After advertising goal has been determined the next

principle is to decide advertising budget for each product bearing in mind the reasonable amount of money that would be spent, which is devoid of over spending or not meeting the amount required. A brand's advertising budget often depends on its stage in the product life cycle. For example, new product typically needs large advertising budgets to build awareness and to gain trail. In contrast, matured brands usually required lower budgets as ratio to sales.

Market share impacts on the amount advertising needed. Building the market or taking share from competitors requires target advertising spending than does simply maintaining current share. High share brands usually need more advertising spending as a percentage of sales. Also, brands in market with many competitors and high advertising clutter must be advertised more heavily to be noticed above the noise in the market. Undifferentiated brands, those that closely remember other brands in their product class may require heavy advertising to set them apart. When the products differ greatly from that of the competitors, advertising can be used to point out the differences to consumers.

No matter what method is used, setting the advertising budget is no easy task. How does a company know if it is spending the right amount? Some critics charge that large firms tend to spend too much on advertising and business to business marketers generally under spend on advertising. They claim that on one hand, the large consumer companies use lots of image advertising without really knowing its effects. They overspend as a form of insurance against not spending enough. On the other hand, business under-estimates the power and produces image to build customer awareness and knowledge.

Specially, five factors are to be considered when setting the advertising budget. These are market share and consumer base competition and clutter, advertising frequency, stage in the product life cycle, and product suitability. A good advertising for a new product typically needs large advertising budget to build awareness and keeping the product in customer's mind and to gain customers trails. It is worthy to note that, advertising for any product involves accurate spending of money to avoid overspending or inability to reach the target market.

#### **(iv) Creating the Advertising Message**

A good advertising involves two major elements. These are: message and advertising media. Formulating the message will requires solving four problems, what to say (message content), how to say it logically, how to say it symbolically and who should say it. Ideally the message should gain attention, hold interest, arouse desire and action. Therefore, a good marketer will always take this into consideration in order to

reach a good advertising writing.

The first step in choosing the advertising message is to know how to generate the possible advertising appeals. The generation could take a form of deductive framework or inductively by talking to consumers, dealers, experts and competitors.

It is worthy to note that, no matter how big the budget is, advertising can succeed only if commercials gain attention and communicate well. Therefore, there is every need for a company to generate plain, straight forward, meaningful, believable and distinctive advertising appeals.

A good advertising always pays attention on one core selling proposition. The advertiser should conduct market research to determine which appeal works best with its target audience to execute the message that would capture the target markets attention and interest. The creative people must find best style, tone, word and formulation for executing the message.

#### **(v) Developing Advertising Strategy**

Advertising strategy consists of two major elements; creating advertising message and selecting advertising media. Writing a good advertising message should take into consideration the issue of social and legal norms. There are laws and regulations governing advertising. Therefore, to write good advertising message care must be taken not to offend ethnic groups, racial or special interest group. What should be advertised should be reasonable.

Media decision: In writing a good advertising, consideration has to be taken on the reach, frequency and impact. The percentage of people in the target market who are exposed to the campaign during a given period of time and how many times the average person in the target market is exposed to the message and the qualitative value of an exposure through a given medium.

#### **(vi) Balance**

Balance is attained when equal weights in terms of color, object size, etc., and are placed equidistant from the focal point of the advert. This format gives a formal balance to the advert. This is dependable, conventional traditional, conservative, dignifying and simple. The novelty of this arrangement draws quick attention to readers or viewers.

#### **(vii) Proportion**

A good written advertisement must have proportional allocation of space

to every element in the advert space. Allocation must conform to the importance, and role playing of each element. It must maximize the optical effect of viewers and readers. It is deplorable to have every element in the advert in equal proportion; such is often devoid of creativity and animation. Elements size variability engenders attraction and optimizes visual effectiveness.

**(viii) Unity**

Every element makes unitary contribution to the harmonious whole; unity can be achieved through typographical writing consistency, duplication of distinctive features of shapes and advert encasement using borders.

**(ix) Contrast**

The world looks lively due to biological variability of objects within the same clusters. Since advert writing tends to be natural, variation in size, colors and shape gives it a layout and emphasizes the selected elements. Each element must be endowed with striking, noticeably different qualities that initiatively yoke the advert together. Contrast gives the advert spatial competition among the elements and remarkably distinguishes one advertisement from another.

**(x) Eye Movement**

Advertising should be designed in such a way as to drag the reader or viewer from one object in the advertisement to another, while simultaneously moving him or her from awareness stage through to purchase behaviours. Eye movement can be developed by considering audience reading patterns as the case of “Arab” writing from right to left as opposed to the European left to right. In-built eye movements consist of gaze and structured motion.

**(xi) Evaluation of Advertisement**

This is the last principle of writing good advertisement, among others. When writing advertising, the advertising programme should evaluate both the communication effects and the sales effects of advertising. Regularly measuring the communication effects of an advertising copy testing, tells whether the advertising is communicating well. Before the advertising is placed, the advertiser can show it to consumers, ask how they like it and measure reaction or attitude changes resulting from it.

### **1.5.2 Guidelines for Writing Advertising**

The following comprises the guidelines in writing advertising

#### **(i) Emphasis**

Specifically, elements of advertising must bear in mind that to emphasize everything is to emphasize nothing. The feature used must substantiate organizations claims and draw attention of the company's unique selling point.

#### **(ii) Specificity**

When writing advertisement, certain words are undependable because they tend to describe nothing. They are used to describe product or organization because of lack of clarity as to the nature of product or store distinctiveness. Words must be carefully chosen. Words like best, better, extra, special, area at satisfaction, high standard, ideal are loosely used in Nigerian adverts. Today words can be technically avoided, for instance, rather than saying "Milk with the highest quality" the advertiser can say "milk with, creamy texture" promise you a rich cheese flavour throughout.

#### **(iii) Truth and Believability**

Avoidance of puffy and exaggeration is necessary. On the other hand, accurate claims in writing and guiding advertising that give detailed information are highly credible.

#### **(iv) Readability**

Legibility of writing and printing techniques are necessary for ease of readability. Easy reading is of greater importance in writing and guiding advertising than any other media of communication. The same situation applies to listen ability and viewable and readable commercial when speak in to consumers on their own level and in their own terms.

#### **(v) Headlines**

The headlines serve to signal or serve as a cue. It is an attention getting devices. Written and guiding advertising must not attract curiosity seekers but positive actions. Therefore this principle is very important in written and guiding advertising.



**(vi) Simplicity and Human Interest**

Copy readability depends on its simplicity and inherent interest. Copy should contain no words that stop the readers flow of thought, choice of familiar words and product related humor is vital.

**(vii) Clichés and Superlatives**

The use of clichés and superlatives may sound so outlandish. It may sometimes seem boring that they reduce the effectiveness of written and guiding advertising. Expression or clichés should be carefully selected and those that retain interest and emotional appeal long after their use are preferable. When clichés are accepted and a change is needed later confusion may ensue.

**(viii) Connotation**

In written and guiding advertising, copy writer must be aware of both the denotation or literal meaning and connotation or direct implication of words. Words with negative connotation are prone to different meaning by the audience. They tend to induce sympathetic and shameful appeal.

**(ix) Working Words**

In good written and guiding advertising, copy writing is distinguished from editorials, newspapers report, magazine stories, etc. It contains words that are not padded, stuffy, empty, and puffy or phases. Effective use of words that communicate the unique selling proposition make a good writing and guiding advertising copy.

**1.5.3 The Fundamentals of any Advertising Success**

The essentials are set out as follows:

**(i) First**

Advertising must be truthful; lying and misrepresentation will inevitably be found out and will in the end defeat the purpose.

**(ii) Second**

There must be knowledge of human nature, which is the finest fruit of experience. He who does not know how the human animal reacts to the various stimuli of life is but ill-equipped to make a successful appeal. This is the so-called “psychology of advertising”.

**(iii) Third**

Be clear and moderate in your language Remember always that the weakest language is the language of superlatives. Endeavour to leave with your reader the impression that you claim no more for goods than their merit justifies.

**(iv) Fourth**

Before you advertise at all, let your market know what classes of persons your goods will appeal to and be of real use. Find those persons and address your advertising directly to them.

**(v) Fifth**

Advertise one but sound goods. Although advertising is a mighty force it cannot perform miracles and it cannot induce people to continue to buy merchandise that they have tried and found wanting.

Any campaign passed on these fundamentals and carried on with prudence, persistence and plain common sense, has an excellent chance to succeed. Without them, there will be no probability of a permanent success.

**1.5.4 Tools of Advertising**

What tools then are available to the man who wishes to advertise? They are numerous and varied. We shall simply enumerate the principal forms and minor forms.

**Principal Forms**

- (a) Letters and advertising letter heads
- (b) Catalogues
- (c) Small descriptive books or booklet
- (d) Large folders or broadsides
- (e) Envelopes and packages enclosures
- (f) Announcements

**Minor Forms**

- (a) Novelties and “good will reminders”
- (b) Folders and cut-outs of unusual forms.
- (c) House bulletins and manuals
- (d) Mailing cards

- (e) Picture stamps, coupons etc.

### ***Self-Assessment Exercise 2***

*As a student of tourism studies, you are approach by a new client to advise him on how to compensate advertising agency, kindly advise him/her appropriately.*

## **1.6 Summary**

This unit explain the role of advertising as one the key tool used by tourists to reach their target audience were discussed, the agencies involved and their responsibilities were highlighted and explain. Also, steps involved in determining and developing advertising program were explained.

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## 1.8 Possible Answers to SAEs

### SAE 1

- The creation and production of advertising copy
- Planning the purchase of media space and time.
- An advertising Agency also renders ancillary services for the advertisers; such as valuable Advices, public relations, merchandising and other consultancy services.

### SAE 2

- Advertising agency are compensated based on the services rendered on advertisement on behalf of the principals through 'commission basis.'
- Also, they receive some amount from the clients especially when there is high demand for such services when the services are under their control.

## **UNIT 3 PUBLIC RELATIONS IN TOURISM MARKETING**

### **Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 The Meaning of Public Relation
  - 1.3.1 The Objectives of Public Relations
  - 1.3.2 The Importance of Public Relations
  - 1.3.3 The Function of Public Relations
- 1.4 Principle of Good Public Relations
  - 1.4.1 The Media of Public Relations
  - 1.4.2 The Techniques of Public Relations
  - 1.4.3 The Tools of Public Relations in Tourism
- 1.5 Public Relations Strategies
  - 1.5.1 Problems Associated with Public Relations
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### **1.1 Introduction**

Public relations assume a special significance in the field of tourism because of the peculiar nature of the product. The need for making complete information and facts available to both potential and actual tourist assumes special importance. It involves measures designed to create and improve the image or the tourist's product. It creates a more favourable climate for its advertising and sales support activities, especially in regard to travels, trade intermediaries and news media.

Favourable acceptance of any tourist destination by the public is of utmost importance. Public relations in tourism are used to create and maintain a positive image for a country. It is oriented towards creating and maintaining an atmosphere whereby the traveling public at large is convinced of the advantage of visiting the country concerned.

Public relation is one of the important functions of the tourist organization. In fact, tourist organizations primarily are public relations organizations. The objectives of public relations in the field of tourism are two-fold; firstly, the dissemination of information and secondly, the creation of a favourable image for the tourist's product. Thus, this unit examines importance of public relations in relations to tourism organizations.

## 1.2 Learning Outcomes

By the end of this unit, you should be able to:

- Explain the meaning of public relations
- Explain the objectives and functions of public relations
- Explain the tools and techniques of public relations
- Explain the media of public relations
- Explain the public relations strategies
- Explain the principles of good public relations.

## 1.3 Meaning of Public Relations

Public relation is a planned programme of policy and conduct directed to build confidence in and increase public understanding of its sponsor. It is the art and science of planning and implementing honest two –way communication and understanding between a company or an organization and many different groups with which it is concerned in the course of its operation. Public relations deal with several different publics of which its consumers are only one. Companies will want to build good relations with their shareholders, with suppliers, distribution channels and, where pertinent, with trade unions. The general public does not constitute public relations but a specific and reasonable homogeneous group. Each group must be bound together by a number of forces. Public that constitutes public relations are:

- (i) Customers
- (ii) Employees
- (iii) Suppliers
- (iv) Competitors
- (v) Host community
- (vi) Federal state and local government
- (vii) Shareholders
- (viii) Pressure groups
- (ix) Media houses, etc.

Kuwu (2007) observed that Public Relations is a management function which tabulates public attitudes, defines the policies, procedures and interest of an organization followed by executing a programme of action to earn public and mutual understanding, confidence and acceptance. According to American Public Professionals, “Public relations is a planned effort to influence opinion through good character and responsible performance based upon mutual satisfactory two-way communication.”

Public Relations is a deliberate planned and sustained exhortation of a service firm to establish a rapport between the firm and the potential clients who constitute her publics. It is the art and science of managing communication between an organization and its key constituents to build, manage and sustain its positive image. Public relations is the process of aligning the perceptions of targeted audiences (or publics) with the current realities and prospects of entity of the organization.

Public Relations is about building public relations which involves:

- (i) Evaluation of public attitudes and opinions.
- (ii) Formulation and implementation of an organization's procedures and policy regarding communication with its publics.
- (iii) Co-ordination of communication programmes
- (iv) Developing rapport and good-will through a two-way communication process.
- (v) Fostering a positive relationship between an organization and its public constituents.

International Public Relations Association defines public relations as the art and social science of analyzing trends, producing their consequences, counseling organization leaders and implementation of planned programmes of action which services as the public interest.

It is also considered as involving the establishment of two - way communication of resolving conflicts of interest, seeking common grounds or areas of mutual interest and establishing understanding based on truth, information and knowledge.

The main function of public relations therefore, is to inform the public about the activities of an organization. In other words, it is a part of an organization's total communication efforts. Its purpose is to create the best possible reputation for the organization by ways of presenting facts. The field with which public relations is most closely identified is advertising. However, advertising provides for the print space, airtime or electronic space in order to sell a specific product, while on the other hand public relations which may include some forms of advertising as its tools, covers a much wider and broader range.

### **1.3.1 The Objectives of Public Relations**

- (i) To remain and be seen as a leader in your industrial sector
- (ii) To be the best employer.
- (iii) To be the best in community services.
- (iv) To be seen as a responsible and friendly corporate man.
- (v) To be seen as the producer of higher quality product.

- (vi) To establish a near permanent goodwill and enhance company prestige, etc.

These can be done through.

- (i) Sponsorship of social events.
- (ii) Sponsorship of community projects.
- (iii) Prompt payment of dues, levies, salaries, etc.
- (iv) Complementary product allocation or humanitarian services.
- (v) Awards.
- (vi) Exhibitions, etc.

### **1.3.2 Importance of Public Relations**

- (i) Public Relations help to understand a company policy, services and product.
- (ii) It enhances the product or services of a firm and thereby boosts the sales of the firm's products.
- (iii) It creates understanding and confidence in the firm's products.
- (iv) It monitors the opinions, criticisms and aspirations of every one that is important to the firm.
- (v) It gives feedback for corrective measure to be taken on people's impression about the firm.
- (vi) It advises management to put things right and when all things are put right, it makes the firm known to the public.

### **1.3.3 The Functions of Public Relations**

- (i) Public relations communication lies in its selectivity and tailoring of messages to desired needs and interests of the target audiences.
- (ii) It carries the public attention on personal or mutual issues that can improve the working atmosphere of the firm.
- (iii) It interprets the board's policies.
- (iv) It also involves the establishment of harmonious working atmosphere between the employers and the employees as well as maintaining friendly relations between the firm and members of the public.
- (v) The public relations department of companies is also responsible for correspondence, selection of suitable media, staff selection, placement and training. These duties are either executed solely by the public relations department or in concert with other functional specialists.
- (vi) The public relations officers equally involve in the arrangement and participation of the firm in exhibitions and trade fairs.
- (vii) The public relations activities cover the arrangement of official visits by special guests to the firm and organizing business



- gathering.
- (viii) The public relations involved in the preparation of editorial handouts for press, radio and television coverage.
  - (ix) The public relations help in devising news worthy activities for editorial publicity.
  - (x) The public relations activities also include the production of brochures, literatures and other related materials. It encourages good publicity
  - (xi) The ability to avert bad publicity can only be possible through planned public relations activity. Public relations may always fill the information vacuum that may occur, the absence of which information may be released which might be harmful to the progress of the firms.
  - (xii) It has a forward-looking function to creating positive publicity for the organization and may be used at various stages during the life cycle of the facility, e.g., if a food unit is to be opened in a busy town centre, a public relations exercise would typically be to create a favourable environment and attitude within the local community before its opening.
  - (xiii) Public relations activities can take the form of gift distributed to members of the public. The gift can include articles such as biro, pens, rulers, folders, singles caps, and calendar.

The organization may print its name and emblem on the gifts. This type of gifts endears the firm to the recipients. The gifts may also have inscription that give certain information about the firm's products. In this way gifts from organizations not only serve as advertisement but also perform a public relations function.

- (xiv) Public relations activities can be executed through trade fairs, manufacturer, distributors of goods and services and other business men display their products to members of the public. This affords them the opportunity to demonstrate or explain the use of their product and services.

The products and service are sold to members of the public at the organization's quoted prices. It is usually cheaper to buy such product and services at trade fairs where appreciable discount on the prices are usually allowed. The interactions at trade fairs are very friendly and cordial. All organization uses the opportunity to build a good image and to become popular.

- (xv) Public relations activities can be executed through exhibition. Different goods and services are displayed to create awareness of the existence of such goods. It affords the organization the opportunity to exhibit its new goods and demonstrate their use

and functions to members of the public.

- (xvi) The public relations department is the audio-visual service of the organization. The department should be a repository of expertise upon all aspects of internal and external communication, maintaining expertise in techniques and the facilities and contacts to enable them to be used where appropriate.
- (xvii) It is also the function of the public relations department to carry out research project to bridge information gaps.
- (xviii) Constant monitoring of organizational activities for information dissemination and control. Effective and efficient public relations require believability through provision of authentic testimonies and telling the truth at all times.

### ***Self-Assessment Exercise 1***

As a student of tourism studies, do you consider Public Relations important especially to tourism industry?

## **1.4 Principles of Good Public Relations**

- i. The extent to which the community understands and respects the organization.
- ii. The attitudes expressed by distributors and consumers regarding the organization's product or services.
- iii. The reputation of the organization, its products and services.

The company's sales objectives would be attained if these three elements are in favour of the organization which will indirectly be an aid to salesmen's campaign efforts. Good public relation means only the above and not:

- (i) Finding women for visiting personalities.
- (ii) Bribing corporate or government officials.
- (iii) Spending unnecessary time at public centers, drinking and telling stories.
- (iv) Putting on neat suit and walking around the street meeting wrong public, those who have nothing to offer to the organization.

### **1.4.1 The Media of Public Relations**

A firm can carry out its public relations policies through the following media

**(i) Trade Fairs**

Trade fairs are large gathering places where different manufacturers gather to exhibit their goods. This may be held annually or at much longer intervals. Many local and international firms do participate in a trade fair. An organization would participate by booking and setting up a stand to promote its products. Samples of their products can be played to appeal to the emotions of the potential buyers.

**(ii) Exhibitions**

This is a medium through which organization display their products to members of the public in selected places. Many exhibitions do not involve total sales but creating public awareness about goods and services exhibited. It is a special way where goods are well arranged with the price tags fixed on them. Exhibition may be local or international and may be organized by one firm producing a particular product or by different firms producing a variety of products.

**(iii) Free Samples/Gifts**

Manufacturers use variety of gifts with their names and logo embossed on such gifts as means of reaching the public and boosting public image. Such may be in form of calendars, pens, trays, pocket and desk diaries, etc.

**(iv) Feature Article**

This is a medium of public relations which is concerned with the publication in the national dailies or magazines of information about the company's products, its quality, uses and benefits.

**(v) Seminars, Workshops and Conferences**

An organization can organize seminars and press conferences to highlight its various activities to the general public.

**(vi) Participation in Community Projects**

Many firms participate in the execution of projects in the community where they are located.

**(vii) Sponsoring of Sports Competitions**

Firms sponsor sport competitions as means of promoting their public image and bridging the communication gap between them and members

of the public.

### **(viii) Participation in Charitable Ventures**

Firms participate in charitable and philanthropic ventures as means of promoting the image of their firms and fostering closer relationship with members of the public.

### **1.4.2 The Techniques of Public Relations**

- (i) News and feature stories
- (ii) Press release
- (iii) Films and slides
- (iv) Booklets and brochures
- (v) Photographs, displays and exhibits
- (vi) Advertising
- (vii) House journals
- (viii) News letters
- (ix) Stockholder reports etc.

### **1.4.3 Tools of Public Relations in Tourism**

- (i) Organizing familiarization tours for travel writers, editors, travel agents, photographers and other key personnel from different parts of the world as quest to visit the country and to get first-hand knowledge about it. These persons then write about the country visited in the well-known travel and other general interest magazines.
- (ii) Organizing radio and television contests featuring the destination country.
- (iii) Organizing press release and arranging press conference with key personnel connected with the tourist's field with a view to dissemination of information about the destination.
- (iv) Arranging seminars and workshops at a place where the tourist promotion office is located.
- (v) Organizing cultural programme musical and folk shows, TV interviews, exhibitions and national friendship weeks in the country where the national tourist office is located.
- (vi) Organizing various types of contests about the country.
- (vii) Encouraging large departmental stores, organizers of fashion

shows and manufacturing companies to project the country or a part of the country as a promotion showcase in their premises.

- (viii) Encouraging large departmental stores, organizers of fashion shows and manufacturing companies to project the country or a part of the country as a promotion show case in their premises. Public relations planning and organization should be an integrate part of an organization's management strategy and must be conducted on continuing basis. Public relations function of an organization cannot be considered as an end in itself or something which can be introduced at a short notice to cope with a crises situation. An organization should have a positive and planned public tourist and devote considerable effort to their public relations programme.

## **1.5 Public Relations Strategies**

Public relations activities can be executed internally or externally using trade and techno-media. The internal organization allows the use of the organizations' public relations departments' staff. In addition to the above functions, their responsibilities entail the provision and arrangement of slides, visual film documentaries, demonstration and seminars. The external organization makes use of public relations and advertising agency, subsidiary of advertising agencies, village assemblies and trade tools, independent public relations consultants, marketing consultants, government workers and public relations counselors. Public relations require identification of audience, personalities and devising compatible action plan to achieve public relations objectives through audience preferred media.

### **1.5.1 Problems Associated with Public Relations**

There are many difficulties which public relations activity faces in an attempt to propagate and popularize the public relation profession or that reduce its efficiency or that may slow the pace at which it moves thereby reducing its level of impact on the general public. The difficulties include.

#### **(i) Cost of Publicity**

This is a problem that is associated with public relations. Since public relations involve giving the most favourable impression about the image of an organization the cost is always high. Adequate publicity must be used effectively in carrying out the publicity. The cost of publicity therefore, poses a problem which the organization must put into consideration in order to be able to be in market for a longer period.

**(ii) Corruption**

Many corrupt practices were on the contrary described as public relations and have negatively affected the integrity of the profession because corrupt practice was a common factor amongst the public relations practitioners and the public needs to be properly educated to entail a clear distinction between public relations and bribery and corruption.

**(iii) Carrier Determination**

This is another factor that has affected the practice of public relations during the early days in Nigeria. Then, there were no research centres where practitioners of public relations could conduct any research pertaining to their projects. The literature in the library and archives then was poor and contained no information of public relations practice. After the graduation of the few Nigerians that went overseas for training things changed for the better because they not only have reliable materials but also helped in developing skills of the local members.

**(iv) Inadequate Financing**

This has also contributed greatly to lack of career determination to promote early public relations practice. There were very few practitioners and they could not have funded the required funds to conduct necessary research. There were no seminars and workshops for journalist and public practitioners to produce and enforce guidelines on all the aspects of public relations that would help in promoting the public relations.

**(v) Accreditation of Tertiary Institutions**

Before in Nigeria no tertiary institution exists where public relation is taught as a discipline on its own. In this respect, the government, public and private sectors and other parastatals could not do much to promote the practice in the country. All that has been done in some institutions to promote public relations is allowing it as a minor course. The University of Lagos allowed teaching of public relations under mass communication; the University of Nigeria NSUKKA allowed it under Public Administrations, Marketing and also Mass Communication. Accrediting public relations on its own in higher institution would definitely help in developing its growth.

**(vi) Lack of Trained Personnel**

The practice of public relations is slowed down by the lack of trained personnel. The few trained personnel have risen to high ranks and are graduates of other disciplines like psychology, journalism, linguistics, and marketing and did not receive any formal training in public relations to get them well informed to function effectively in government or other organizations.

**(vii) Professionalism**

Public relations as a profession have not been understood by Nigerians and this has contributed to the reverse on promotion of public relations practice in Nigeria. In this light, Nigeria did not see it necessary to invest money and her resources in training public relations practitioners charged with the responsibility of communication.

**(viii) Academic Exposition**

It has been discovered that the poor academic background of some practitioners has been responsible for the poor state of the profession. Any professional body depends on the academic quality of its members. If there be proper training and education which is the best tool to the success of public relations practices the professional body would have been effective. Wendell has advocated the need for trained public relations practitioners to occupy positions in both government and business organizations to guarantee effectiveness and efficiency.

***Self-Assessment Exercise 2***

*As Public Relations expert, do see any problem associating with public relation in relation to tourism industry?*

**1.6 Summary**

This unit treated public relations, the objectives and functions of public relations, the media, tools/techniques and principles of good public relations as well as problems of public relations. It is a unit which provide and equipped students with the details they need to know with regards to public relations in order to be able to relate with their target audience and the general public effectively.

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### **1.8 Possible Answers to SAEs**

#### **SAE 1**

Public Relations is extremely considered important to tourism industry as illustrated below:

- Public Relations help to understand a company policy, services and product.
- It enhances the product or services of a firm and thereby boosts the sales of the firm's products especially tourism products.
- It creates understanding and confidence in the firm's products.
- It monitors the opinions, criticisms and aspirations of every one that is important to the firm especially as tourism has become globe village.
- It gives feedback for corrective measure to be taken on people 's impression about the firm, especially destinations.
- It advises management to put things right and when all things are put right, it makes the firm known to the public.

#### **SAE 2**

Tourism industry is an exemption in the practice of public relations only the applications that varied, therefore problem associated with practice of public relations in tourism industry are:

- Cost of Publicity
- Corruption
- Inadequate Financing
- Accreditation of Tertiary Institutions for public relations in Nigeria are limited
- In adequate Personnel in the industry, etc.



## **UNIT 4 TRAVEL AGENCY OPERATIONS IN TOURISM MARKETING**

### **UNIT STRUCTURE**

- 1.1 Introduction
- 1.2 Learning Outcome
- 1.3 Definition of Travel Agency
  - 1.3.1 The Functions and Role of Travel Agencies
  - 1.3.2 Travel Agency Functions
- 1.4 Travel Organization
  - 1.4.1 Sources of Revenue of the Travel Agency
  - 1.4.1 Travel Agency Set-up
  - 1.4.2 Registrations of Travel Agents
- 1.5 Travel Agency Commission
  - 1.5.1 Problems of Travel Agency
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### **1.1 Introduction**

Travel retailing is the outcome of the urge of people to travel in an organized way. This necessarily means using the services of retailers who are in a position to offer them on a comparatively cheaper price as they have entered into an agreement with the providers of these services to buy them in bulk and pass them on to the consumers on payment or credit. These services include transport, accommodation, sightseeing and several other ancillary services which a prospective traveler wishes to pay for.

Travel in the past used to be a simple affair. All those formalities existing today were absent. Besides, in the absence of various modes of transport, communications as motivation to travel as it exists today were not there. It was only after transportation systems were developed, especially railroad and the emergence of the urge to travel to see different lands that the organized travel began to take a shape. The rising incomes as a result of industrialization and urbanization were another important factor that helped the growth and development of organized travel. This unit examine the meaning, functions , sources and communication tools of the travel agencies.

### **1.2 Learning Outcomes**

At the end of this unit, you should be able to:

- Explain the definition of travel agent in tourism marketing
- Explain the functions of retail travel agent
- Explain the sources of revenue of the agency
- Identify the problems of travel agency in marketing tourism
- List the organizational set-up of the agency
- Identify the travel agency commission.

### **1.3 Definition of Travel Agency**

The travel agent is a professional in the travel business who acts as a mediator, counselor and retailer on the travel product. He is a professional retailer who sells his principal's services. He is therefore a coordinator between the producers and the traveling public. The word retailer here is not related in any sense with retailers in the manufacturing industry. This is because the travel agent does not carry stock of travel products as retailers in the manufacturing industry and equally does not purchase travel products in advance for resell to customers. This lack of carrying stock in advance has two important implications for the business of travel distribution. First, the cost of setting up the business is comparatively small compared to other retailing business. Secondly the agent is under no obligation to dispose a product he has not purchased and therefore he has less brand loyalty towards a particular product or company.

Most travel principals sell their products to customers through the medium of travel agents. Such agents have been in existence for over a hundred years (selling mainly shipping and rail services before World War II) but their major growth has coincided with the growth in air travel and package tours. With the development of air transport, the airlines found that since the airports were away from market centers and there was already established a satisfactory network of travel agents to handle sales, the additional cost of setting up a chain of direct sales offices were not justified. In turn, agents expanded in number to meet demand for air tickets.

If the agent is able to sell the tour for his principal, he receives an agreed commission for tours organized by operators that are members of ABTA (Association of British Travel Agents). An agent can only get a commission if he is a registered member of IATA (International Air Travel Association).

Travel agents can be classified in a number of ways. There is firstly the distinction between those who are members of various organizations like IATA, ABTA, NANTA, etc. and those who are not. They can also be differentiated by the type of work in which they specialize and also by the location of their offices.

Travel agencies are however located in major city centers, in the suburbs of large towns and in small towns particularly in developing countries. To be successful, however, they need to be sited close to the centre of shopping facilities.

### **1.3.1 Functions and Role of Travel Agencies**

The main role of retail travel agents is to provide to their customers a convenient location for the “purchase” of various elements of travel like transport, accommodation and several other ancillary services associated with holiday and travel. The travel agents act as booking agents for holidays and travel and disseminate information and give advice on such services. This role can be summed up as follows.

- (i) To give advice to the potential tourist on the merits of alternative destination and
- (ii) To make necessary arrangement for a chosen holiday which may involve booking of accommodation, transport or other relevant services associated with his travel.

A travel agent, in order to give an advice to his potential customers on the merits of a destination, must possess knowledge, expertise and an up-to-date information about that destination. Besides, a travel agent has close contacts with providers of services, i.e., their principal from whom they purchase services for their customers. In other words, a retail travel agent is an intermediary providing a direct link between the consumer and the supplier of tourist services, such as airlines, transport companies, hotels, car rental companies, etc., The retail agent is the one who acts on behalf of the principal, i.e., the original provider of tourist services such as an airline company, hotel company, shipping company, insurance company, railways or a tour operator. An agent sells the principals services and is rewarded by commission.

### **1.3.2 Travel Agency Functions**

The scope and range of travel agency operations would depend on the size of an agency. If the company is large in size, the range of activities will be more comprehensive. In this case the agency will have specialized departments, each having to perform different functions. To deal with the subject of a travel agency, the best method of approach is, perhaps, to consider the functions of a travel agency. These may be broadly classified as follows.

**(i) Provision of Travel Information**

One of the primary functions of a retail travel agent from the point of view of the tourist or the general public is to provide necessary information about travel. This information is provided at a convenient location where the intending tourist may ask certain questions and seek clarifications about his proposed travel. This is a very specialized job and the person behind the counter should be a specialist having excellent knowledge of various travel alternate plans. He should be in a position to give update and accurate information and accurate information regarding various services and general information about travel. etc. The presentation to the potential customer must be forceful, and exciting variations must continually be devised to help sell tours. A good travel agent is something of a personal counselor who knows all the details about the travel and also the needs and interests of the intending traveler. Communication plays a key role in dissemination of any type of information. This is equally true in the case of dissemination of travel information. The person behind the travel counter should be able to communicate with the customer in his language. The knowledge of foreign language therefore is an essential prerequisite for personnel working in a travel agency.

**(ii) Preparation of Itineraries**

Tourist itinerary is a composition of a series of operations that are a result of the study of the market. A tourist journey is characterized by an itinerary using various means of transport to link one locality with another. Preparation of different types of itineraries is another important function of a travel agency. A travel agent gives advice to intending travelers on the type of programmes which they may choose for their holiday or business travel. The study and the realization of the itineraries call for a perfect organization (technical and administrative) and also knowledge of the desires of the public for a holiday and the propensity to receive tourists by the receiving localities.

**(iii) Liaison with Providers of Services**

Before any form of travel can be sold over the counter to a customer, contracts have to be entered into with the providers of various services. These include transportation like motor cars or coaches for transfer to and from hotels and also for general servicing requirements. The work carried out under this heading is usually that of the owners or senior employees of agencies concerned. In the case of a large agency with worldwide branches, the liaison work involves a great deal of co-ordination with the principals.

**(iv) Planning and Costing Tours**

Once the contracts and arrangements having been entered into, there comes the task of planning and costing tours, both for inclusive programmes and to meet individual requirements. This job is intensely interesting and at the same time challenging. The job calls for a great deal of initiative and drives, for travel to those places which are to be included in the itineraries they prepare. This is essentially a job for a meticulously minded person and calls for considerable training and ability. Many agencies with the cooperation of airlines and other transportation companies take the opportunity of arranging educational tours for such staff to destination with which they deal.

Many large agencies have experts who are authorities on particular countries and in addition to a general programme, many will issue separate programmes dealing with holiday offers based on specific forms of transportation, e.g., air, rail, road or sea. Programmes also have to be prepared to cover different seasons of the year.

Publicity is an important part of the programme. Having spent considerable time and money on preparing all that goes into the issue of a programme, publicity must feature considerably in the activities of a travel agency and more so if the agency happens to be a large one. The majority of large travel agencies have their own publicity departments under the management of an expert in the publicity field.

**(v) Ticketing**

Selling tickets to clients using different modes of transport like air, rail, and sea is yet another important function of a travel agency. This calls for a thorough knowledge of schedules of various modes of transport. Air carriers, railways and steamship companies have hundreds of schedules and the person behind the counter should be conversant with all these. Ticketing is however, not an easy job as the range and diversity of international airfares is very complex and varied. There are several different types of fare combinations on the North Atlantic route alone. Changes in international and local air schedules and additions of new flights from time to time make the job of the travel agent one of constant challenge. An up-to-date knowledge about various schedules of air companies, steamship companies and railways are very essential.

Computerized reservation system has in the recent years rather revolutionized the reservation system, both for air and rail seats and also a room in a hotel. Many large travel agencies are using this system. This system comprises a computer network that can be used by the travel agent to reserve an air or rail accommodation and also accommodation

in a hotel.

**(vi) Settlement of Account**

Linked with the function of ticketing and reservation of accommodation in a hotel is the settlement of accounts of the clients. Accountancy plays an important part and is one of the major duties to be performed by the travel agency. Dealing with the settlement of accounts in all parts of the world, calls for a thorough knowledge of foreign currencies, their cross-values and above all, the intricacies of exchange control regulations, which vary from country to country.

**(vii) Provision of Foreign Currencies**

Provision of foreign currencies to intending travelers is another specialized activity of a travel agency. Some of the large travel agencies deal exclusively in the provision of foreign currencies, traveler's cheques, etc. This is an important facility to intending traveler as it saves them a lot of time and energy in avoiding visit to regular banking channels.

**(viii) Insurance**

Insurance, both for personal accident risk and of baggage is yet another important activity of the travel agency. Some of the larger travel agents maintain sizeable shipping and forwarding departments aimed at assisting the traveler to transport personal effects and baggage to any part of the world with a minimum of inconvenience.

The multifarious activities mentioned in the above paragraphs show that the travel agency's range of services in modern times has expanded a great deal. The field of expertise is quite large and is constantly growing with the fast-changing travel needs of the people. The job description of a modern travel agency can be summed up in the following words:

- (i) Preparation of individual pre-planned itineraries, personally escorted tours and group tours and sale of pre-paid package tours.
- (ii) Making arrangement for hotels, motels, resort accommodation, meals car rentals, sightseeing, transfer of passengers and luggage between terminals and hotels and special features such as music festivals and theatre tickets.

- (iii) Handling of and giving advice on the many details involved in modern day travel, e.g., travel and baggage insurance, language study materials, travelers cheques, foreign currency exchange, documentary requirement (Visas and passport) and health requirements (immunization and inoculations).
- (iv) Possession of professional knowledge and experience, as for instance, schedules of air and train connections, rates of hotels, their quality whether rooms have baths, etc. all of this is information on which the traveler, but for the travel agent, will spend days or weeks of endless phone calls, letters and personal visits.
- (v) Arrangement of reservations for special interest activities such as conventions, conferences, and business meeting and sports events, etc.

#### *Self-Assessment Exercise 1*

*Do ticketing serve the purpose as one of the functions of travel agents?*

### **1.4 Travel Organizations**

There are various activities which a travel agency has to perform in order that an intending traveler undertakes his proposed journey and enjoys a holiday of his choice. There are various steps involved from the time a traveler visits a travel agent to buy a ticket until he returns back home after visiting a place of his choice.

Organized travel by a travel agency can be of two types i.e.

- a. Single client and
- b. Group client. In order to effect the journey, the following main elements (in both types of travel) need to be considered:
  - (i) Study of the journey.
  - (ii) Estimate of expenditure.
  - (iii) Execution of the journey.
  - (iv) Presentation of accounts.

#### **Individual or Ordinary Trips**

The following steps are involved in organizing individual or ordinary trips:

- (i) The client turns to the travel agent to organize for him a particular journey (Cultural, natural, business, religious, etc.).
- (ii) The agency from this angle will examine as to what will be involved, e.g., scope of journey, when the journey is to take place, various services needed and the accessories required.
- (iii) Based on the above evaluation and other elements in his possession, the travel agent will suggest itinerary and will then communicate to the client the estimated maximum cost for the client's approval.
- (iv) The travel agent will then compile the definite estimates, a total of a series of various costs added up, e.g., transport, accommodation, and the services such as those of guides, operative cost such as (postage, telex telefax, e-mail, telephones, etc.)
- (v) The travel agent then will present a document of the amount of money to be paid in duplicate to the customer. The client returns one of the debit copies signed on acceptance accompanied with a deposit (in anticipation); the deposit normally is about 25 percent of the total cost.
- (vi) Once the client's approval has been obtained, the travel agent's operation departments then execute journey.
- (vii) The travel agent prepares the tourist itinerary which will accompany the client through the entire journey. It will indicate the tickets to be used, the hotels and other services booked and will include vouchers, etc. Normally the itinerary is made in triplicate. One for the clients, another for the agency and the third to the hotelier or those who will provide the required services paid by means of vouchers.
- (viii) The operation department's task now is to book for the established dates the transport and various other services. After the booking confirmation has been received the travel agent issues the vouchers.
- (ix) The last formality is the delivery to the client vouchers, confirmed tickets and the technical itinerary.
- (x) When the group is particularly large e.g., for sports the travel agent needs to take an extra care by way of informing public authorities for purposes of security, etc.

Travel agents in a highly developed market cover all the above activities and range of services. The range of activities of a travel agent in any country depends upon the extent of the economic development of that



country, the travel patterns of the population in advanced countries and people with high incomes taking more holidays as compared to developed countries. The services of travel agents are increasingly utilized in developed countries. In some of the advanced countries like the USA, Canada, Germany and Japan, a very large percentage of tourists are utilizing the services of a travel agent.

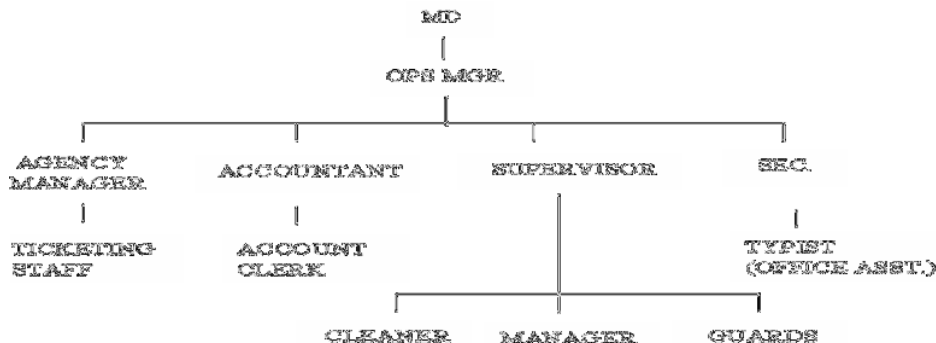
#### 1.4.1 Sources of Revenue of the Travel Agency

The travel agency in order to keep his business running must have some funds. The main sources of revenue to the agents are.

- (i) Commission on ticket sales he made for his principal. Thus, the higher the risk of an agency the higher is his remuneration. But he does not keep stock of the goods (tickets) and therefore he gains 10% as commission from the sales he makes.
- (ii) Commission from ancillary services such as travel insurance and the charges he makes from such services as travel cheques.
- (iii) Income from short-term investment of money received from his customers as deposits and pre-payment.
- (iv) Profits earned from the sales of his own various tours, if he operates as a tour operator.

#### 1.4.2 Travel Agent Set-Up

A travel agency may be large or small in size. A large travel agency calls for more hands for its management, while small ones call for few hands to manage its affairs. In large travel agencies, complete services are offered, i.e., airline ticketing tour packaging, cargo, shipping and rail booking, while small organized travel agencies confine their operation to only specific areas. Normally a large and medium travel agency has headquarters and branch offices.



### **Managing Director**

He is the overall head of the agency. He could either be a private owner of the agency or be employed by the principal. It is in his hand that the authority of the company is vested. His functions are similar to that of the chief executive of airline organization. Some of his functions are:

- (i) He represents his principal,
- (ii) He ensures that legal requirements are made
- (iii) He sees that the company operates in compliance with IATA guidelines
- (iv) He lays down strategy, general policy and sectorial policy for the operation of the agency.
- (v) He serves as the spokesman of the agency on public statement relating to the organization.

### **Operations Manager**

Immediately after the Managing Director is the Operations Manager, this means that he ranks second in the operation. He is the man to put to action the designed objectives by putting to work all elements involved. He at times formulates policies and allocates all staff works.

### **The Agency Manager**

He is ranked next to the Operations Manager. He is responsible for passenger care; he makes provision for tickets from the principal to the customers. He is in charge of the distribution channel, i.e., the agency main offices and supervises all work under him. He represents the principal on an airline to sell his products to the intending travelers. He provides travelers with information regarding destination and choice of destination.

### **Ticketing Staff**

He is under the Agency Manager. He is the salesman who sells the principal's product directly to the travelers in regard to the quoted price. He operates on directives from his boss and ensures that tickets are always available for travelers in order not to keep them stranded.

### **Accountant**

He keeps all financial/account records of the agency especially on the sale of tickets and tours. He is responsible for the staff payment by

preparing their salary voucher. He relates with the banks by opening an account for the agency. This is imperative because at times when the agency needs funds, he approaches the banks where they either borrow or withdraw. Besides, he directs all financial spending. The accountant has under him the account clerk who acts as assistant to the accountant by helping him to keep financial records and also effects some payments by preparing voucher and wages of staff.

### **Supervisor**

He supervises all affairs of the agency by overseeing and monitoring the activities of staff under him. This ensures that the staff carry out their functions diligently and respectively to the delight of the customers.

His appearances induce the staff to be more committed and responsive to their functions. Under the supervisor there are cleaners who carry out cleaning operations in the agency, the messenger is always around and serves as a servant to the manager.

### **Guard**

He is the security operator of the agency that keeps the agency on surveillance.

### **Secretary**

He serves as assistant to the manager. He keeps records of all activities of the agency. He receives the records of customers that visit the organization. The office of the secretary provides correspondence. Under the secretary is the typist who assists in typing all the agency official documents, both going and coming mails.

## **1.4.3 Registrations of Travel Agents**

The National Association of Nigerian Travel Agencies controls the registration of travel agencies, operating within the Federal Republic of Nigeria. However, the Association has two categories of members, namely.

### **(a) Full Members**

Travel agencies within Nigeria holding license from the International Air Transport Association (IATA) and NANTA.

## **(b) Associate Members**

Tour companies and IATA travel agencies that have not yet been given license by IATA are expected to pay N15, 000 while allied members are expected to pay N1000 per year as registration fees.

An annual contribution is expected from every registered member which amounts to N2, 500 as an annual registration fee while new and intending members normally apply for membership with a non-refundable fee of N1000

An annual contribution should be paid by individual travel agency failure to which called for disciplinary action which involves expulsion from the organization

There are over (300) three hundred travel agencies scattered all over the country with a larger concentration in Lagos. Of these only 50% are registered and only about 35% are active and financial members. However, with the massive campaign which the organization is currently carrying out membership condition is expected to improve tremendously. Being a member, the operation and services of all travel agencies are standardized by IATA and NANTA and also see that travel agencies conform with their laid down rules and regulation. Offending members are dealt with according to the constitutions. The activities of the registered members are monitored by NANTA secretariat staff.

### **1.5 Travel Agency Commission**

Most of the travel agents especially in Nigeria sell their principal's products and in return they are given commission. The commission offered to travel agents varies on the basis of products. Normal commission on an international airline ticket to travel agents is something about 8% to 10%. The commission given to travel agent for the sale of inclusive tour (Package) is 10% from the wholesale transporter.

Travel agents charged 10% on booking Hotel. Often this percentage varies. Some Hotel offers higher commission to travel agents to attract more business, especially group business. There is no standard regulation for commission on sea travel in Nigeria. In the North Atlantic, it is 12% on services between U.S.A and Europe.

#### **1.5.1 Problems of Travel Agency**

- (i) Inadequate of professionalism.
- (ii) Inadequate of funds to operate travel agency business.

- (iii) Hardship in registration of members of travel agency with IATA.
- (iv) Most Nigerian travel agencies engaged in the sales of ticket rather than embarking on other activities.
- (v) Bad location and facilities affect the smooth operation of the agency.
- (vi) Inadequate of tourism consciousness.
- (vii) Inadequate of marketing and promotion of services in Nigeria.
- (viii) Some principals or airlines have started selling directly to the public, which is a sign of dissatisfaction of the services of the travel agency.
- (ix) The travel agent is also facing competition from his colleagues in the trade.

### ***Self-Assessment Exercise 2***

*Travel agency is important to tourism industry, is there any problem associating with travel agency in Nigeria?*

### **1.6 Summary**

This unit treats the nature and definition of the travel agency, the role and function, sources of revenue of the agency, the set-up of the agency, the commission of the agency and the problems facing the agency.

### **1.7 References/Further Readings**

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## 1.8 Possible Answers to SAEs

### SAE 1

#### **Ticketing**

Ticket is one of the instruments for travel purposes for airlines, rail lines, etc. Ticketing as a process of obtaining the ticket from the travel agencies served following purposes:

- Selling tickets to clients using different modes of transport like air, rail, and sea is yet another important function of a travel agency.
- This calls for a thorough knowledge of schedules of various modes of transport. Air carriers, railways and steamship companies have hundreds of schedules and the person behind the counter should be conversant with all these.
- Ticketing is however, not an easy job as the range and diversity of international airfares is very complex and varied.
- An up-to-date knowledge about various schedules of air companies, steamship companies and railways is very essential.
- Computerized reservation system has in the recent years rather revolutionized the reservation system, both for air and rail seats and also a room in a hotel. Many large travel agencies are using this system.

### SAE 2

Travel agency as an important organ in tourism industry. It served as a link between the travel institutions and their customers. It has following problems especially as it applies to Nigeria travel and tourism industry:

- Inadequate of professionalism.
- Inadequate of funds to operate travel agency business.
- Difficulties in registration of members of travel agency with

#### IATA.

- Most Nigerian travel agencies engaged in the sales of ticket rather than embarking on other activities.
- Bad location and facilities affect the smooth operation of the agency.
- Inadequate of tourism consciousness.
- Inadequate of marketing and promotion of services in Nigeria.
- Competition industry

## **UNIT 5      TOUR OPERATORS IN TOURISM MARKETING**

### **Unit Structures**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 The meaning of Tour Operator
  - 1.3.1 Duties and Responsibilities of Tour Operator
  - 1.3.2 Types of Tour Operator
- 1.4 Marketing a Package Tour
  - 1.4.1 Tour Brochure
- 1.5 Skills and Contribution of Tour Operator
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### **1.0 INTRODUCTION**

No matter how a destination is well packaged, there must be tour operators who creates awareness about the destination. Thus, the growth of tour operators not only enhance tourism activities but also extend tourists activities. Different tour is used by tourism industry to enhance their activities. This unit discuss the role of tour operators, types of tours and their impact on tourists activities particularly in the travels and transport industry.

### **1.2 Learning Outcomes**

By the end of this unit, you should be able to:

- Explain the meaning of tour operator
- Explain the duties and functions of tour operation
- Explain the types of tour operator
- Explain the tour brochure
- Explain the tour guide

### **1.3 Meaning of Tour Operator**

An attempt to really understand what the term ‘tour’ denotes will give a clearer picture of who the tour operator is. A dictionary meaning states that a tour is a journey out of home or place of work and back during which several or many places are visited. Such trips are normally well planned in advance to ensure their success, as well as encouraging visitors or tourists to make a repeat journey.

A ‘Tour Operator’ is a person or company that thinks up of ideas for

holidays, researches the ideas, designs the holiday itinerary and content, contracts the services needed for the holiday, accommodation, transport, guides, tour leaders or resort representatives, etc. and then markets the resultant package. They sell the package either directly to the consumer/tourist or use the services of a travel agent to do so.

A tour operator sells the product that they themselves create. They do not sell anybody else's packages; they sell only their own creations. And a tour operator in law is referred to as a "principal", meaning they take responsibility for the package that they create and cover that liability with license and/or some form of bonding to ensure that the consumer/tourist gets their money back if the tour operator fails, or is flown home if they are abroad when a tour operator fails.

Tour operator is an organization, firm, or company who buys individual travel components, separately from their suppliers and combines them into a package tour, which is sold with their own price tag to the public directly or through middlemen.

More precise tour operators are primarily responsible for delivering and performing the services specified in a given package tour. They can provide these services themselves as some have their own cars and coaches, hotels, and other travel-related services or can obtain these from the other suppliers. That is why they are called **manufacturers of tourism products**.

Tour operators are sometimes called **wholesalers** but this is partially true because a wholesaler buys goods and services in bulk at his own account to prepare a tour package and then retails it through the travel agencies or directly to clients. Holloway (1992) stated that tour operators undertake a distinct function in the tourism industry, they purchase separate elements of tourism products/services and combine them into a package tour which they sell directly or indirectly to the tourists.

Looking at the above definitions, therefore, it can be said that a tour operator is one who initiates and organizes all the proposals concerning a tour. He makes sales for airlines, hotels as well as other tourist services and sometimes deals directly with his clients/tourists.

It is the tour operator who buys air craft seats and hotel beds and certain other facilities such as surface transport or entertainment and makes up the package. Historically the tour operator has mostly emerged from retail travel agency. However, today a clear distinction must be made between a tour operator and a travel agent. The latter, the retail agents, undertakes to sell the travel services of his principal, i.e., airline companies and other transport undertakings, hotel groups, shipping



lines and the provision of such ancillary services as traveller cheques, insurance, etc.

The tour operator is a manufacturer of a tourist product unlike the travel agent who is the retailer of the tourist products. He plans, organizes and sells tours. The tour operator makes all the necessary arrangements – transports, accommodation, sights-seeing, insurance, entertainment and other matters and sells this ‘Package’ for an all- inclusive, rice. A package tour is designed to fit a particular group of travelers. There may be special interest tours, i.e., trekking, wildlife tours, etc., and can be escorted. For instance, an escorted tour normally includes transportation, meals, sightseeing, accommodation, guide services etc. It is the “escort” or the “group leader” who is responsible for maintaining the schedule of the tour and for looking after all the arrangements.

Also, specialist operators may be subsidiaries of carried out or provide accommodation, organizes, etc. which exist to provide a sales outlet for the organization’s products. It is, however, convenient to group specialist operators into five categories namely:

- (i) Those offering tours to specific groups of people which may follow a policy of market segmentation.
- (ii) Those offering tours to specific destinations, such as Yugo tours or Swiss travel services serving Yugoslavia and Switzerland respectively. They are often owned by or have strong links with firms or state government in the destination country.
- (iii) Those tour operator companies using specific forms of accommodation for their tours. Such as camping holidays or holiday villages, e.g., Euro camp or haven leisure.
- (iv) Those using specific forms of transport for their tours. These may well be owned by transport businesses such as the ferry companies or the orient express programme
- (v) Those offering specialist interest tours such as big game safaris, cruising, cycling or hiking holidays. Over the past 20- or 30-year specialist tour operators have proliferated. Usually, they have identified a need and sought to cater for it, taking advantage of fashion trend in tourism.

The above classification can be group into four namely:

1. Inbound Tour Operators
2. Outbound Tour Operators
3. Domestic Tour Operators
4. Ground Operators

### 1.3.1 Types of Tour Operators

#### **Inbound Tour Operators**

These are also known as **incoming tour operators**. Technically, the operators who receive guests, clients/tourists, and handle arrangements in the host country are called **inbound tour operators**. For instance, tour operators making arrangements for tourists from the America to Nigeria.

#### **Outbound Tour Operators**

These are tour operator who promote tours for foreign destinations, maybe business tour or leisure tour which is called **outbound tour operators**. For example, a group of American tourists going to a trip in Nigeria and ABC Company makes arrangement in America like as ticket reservation, hotel booking etc. then ABC Company is called Outbound Tour operators in the context of America.

#### **Domestic Tour Operators**

Domestic tour operators are those who assemble, combine tourist components into inclusive tours and sell it to the domestic travelers. In general, these tour operators provide travel services within the tourist's native country.

The domestic tour operators operate within the boundary of the home country and offer package tour to the travelers viz. Domestic inclusive tours or independent tours.

#### **Ground Operators/Destination Management Companies**

These are commonly known as **handling agencies** and their main function is to organize tour arrangements for incoming tourists on the behalf of overseas operators. For instance, when a tour operator himself promotes beach holidays, wildlife holidays, adventure tours, heritage tours at the different places, the difficulty arises. It is the ground operator then who by handling the incoming travelers in the same season but at different places ensures that the entire operation is according to the package tours or agreements.

The following functions are performed by ground tours operators:

1. Making tour package
2. Providing travel information
3. Contract and negotiate with other vendors
4. Reservation

5. Travel management
6. Planning and organizing local package tour
7. Escorting the tourists
8. Providing market information
9. Costing and pricing package tour.
10. Promotion of tour packages
11. Taking care of Glitch/Problem

### **1.3.2 Difference Between Travel Agent and Tour Operator**

There is a lot of confusion about the difference between tour operators and travel agents what exactly makes them different. The main difference between a Travel agent and Tour operator are following as:

1. A travel agent is a person who has full knowledge of tourist product – destinations, modes of travel, climate, accommodation, and other areas of the service sector. He acts on the behalf of the product providers/principals and in return get a commission.
2. Tour operator is an organization, firm, or company that buys individual travel components, separately from their suppliers and combines them into a package tour, which is sold with their own price tag to the public directly or through middlemen.
3. Tour operators are like wholesalers and travel agents are the retailers.
4. A tour operator makes the package holidays up and the travel agents sell them on.
5. Tour operator taking up the bulk of the responsibilities and his fee is obviously much greater than a travel agent.
6. A tour operator has the responsibility to look after the finer details of a vacation or tour such as hotel, accommodation, meals, conveyance, etc.
7. Also, the wholesale travel agencies may offer or operate the package tours or may specialize in developing tours for inbound as well as outbound travelers. They are often referred to as tour operator.

### **1.3.3 Duties and Responsibilities of Tour Operator**

When travelling was a relatively limited activity, both in the sense that complex journey was not common and in the sense that the total volume of travel was still small, the traveller could make his own arrangements. However, when there were sufficient transport undertakings, a need arises for a specialist travel organizer who could assemble journeys on his behalf. He issues tickets to cover the whole journey as an agent for the transport, hotel and other related services.

They purchase separate elements of transport, accommodation and other services combining them into a package, selling it directly or indirectly to tourists or travellers. They are wrongly referred to as wholesalers as they can best be described as light assembly operators who only assemble and sell as does a fitter who puts together a wardrobe.

It is a profession that deals with different people of different characters, tastes, colours, status, and language, all of whom must be attended to without bias. Though a commercial undertaking it is yet humanitarian, encouraging unity and affection between people of different parts of the world.

All travels between destination countries help in balancing of trade between them through foreign exchange generated from such trips.

He is also responsible for the itinerary of the package tour. In this context there are usually two tour operators involved. There is the one who initiates the idea of the tour normally at the originating country and one that is based in the receiving country or destination. Here, while the former operator is busy selecting tourist destination to be visited and extending invitation to agents at various destinations, the latter, however, will be busy arranging for accommodation, ground transportation, places of interest to be visited, etc.

As a result of negotiation and division of labour involved in the tour structure, it is evident that without demand there will be no supply. In other words, without the initiator at the origin, the tour might not be successful, since package tours require pre-arrangements to ensure repeat visit.

The tour operators are sometimes referred to as wholesalers, but this is only partially accurate as unlike the wholesaler who buys on his account, breaks bulk, all of which the tour operator does, also the tour operator alters the product he buys before selling to the customer. The wholesaler, however, does not alter the product he buys before selling.

Tour operation is a highly competitive business, with success dependant upon the operator maintaining the lowest possible price while continuing to give value for money. This they do by restraining their profit margins and seeking cost saving. Such cost saving originally came about through the chartering of an entire air craft instead of merely purchasing a block of seats on a scheduled flight or by "time series charters" through this, aircrafts were leased over longer period of time rather than for ad-hoc journeys ultimately, larger tour operators purchase their own aircrafts and form charter airline to carry their

clients partly as a cost saving exercise but equally to ensure that growing demand outstrips supply.

#### *Self-Assessment Exercise 1*

*What is the main difference between a tour operator and travel agent?*

### **1.4 Marketing a Package Tour**

In a competitive world market situation, where there is a choice of several alternate holiday destinations, a tour operator has to make a careful decision regarding promoting and marketing a particular package. After considering various alternatives, a tour operator has to narrow down the choice to few potentials' destinations. A realistic appraisal of the potential of the selected destinations is to be made.

Selection of a potential destination by a tour operator is to be based on several factors, some of the factors include the:

- (i) Number of tourists which the area presently attracts.
- (ii) Growth rate in tourist arrivals. In these areas.
- (iii) Share of the competing companies.
- (iv) Estimate of the total share of the market which the company could expect to gain in the next few years of operation.
- (v) Availability of suitable and convenient connections to a destination.
- (vi) Negotiation with principals like the airlines and hotels and
- (vii) Negotiation with local handling agents at the destinations. Etc.

#### **1.4.1 Tour Brochure**

Once all the above factors have been considered, a tour operator would then package a tour and incorporate it in a brochure known as "Tour brochure" a brochure is a document bound in the form of a booklet. It is a voluminous publication with special emphasis on the quality of a paper, the graphic design of the cover and the layout of pages. The tour operators' brochure is the most vital marketing tool for selling his product. Since tourism is an intangible product which cannot be pre-tested by the prospective consumer prior to the purchase, the brochure becomes the important channel of informing a customer about the product and also motivating him to buy the product.

Tour Brochure is defined as a small booklet or pamphlet, often containing promotional material or product information about

destinations or travel services. A brochure (also referred to as a pamphlet) is a type of leaflet. Brochures are most commonly found at places that tourists frequently visit, such as museums, major shops, and tourist information centers. A type of brochure is interpersonal brochures, which are brochures based on other people. The two most common brochure styles are single sheet, and booklet (folded leaflets) forms.

The most common types of single-sheet brochures are the bi-fold (a single sheet printed on both sides and folded into halves) and the tri-fold (the same, but folded into thirds). A bi-fold brochure results in four panels (two panels on each side), while a tri-fold results in six panels (three panels on each side).

Brochures are often printed using four color process on thick gloss paper to give an initial impression of quality. Businesses may turn out small quantities of brochures on a computer printer or on a digital printer, but offset printing turns out higher quantities for less cost. Compared with a flyer or a handbill, a brochure usually uses higher-quality paper, more color, and is folded. Despite the ubiquity of travel information on the Internet, many people still turn to the traditional travel brochure when preparing their vacations or business trips. Travel brochures provide a wealth of information about specific locations, all in an easy-to-read, colorful, handy booklet that you can throw into your suitcase and take with you wherever you go.

It is noted that the 'Internet' offers many deals and discounts as well as reviews from fellow travelers about hotels, destinations and airlines, but it's hard to beat the portability and ease of the travel brochure.

**Portability:** Travel brochures have the advantage of being small and portable enough to fit into a purse, backpack or suitcase. Even a big stack of brochures can lay flat and be bundled up into a neat package to take along with you on your next vacation. When you're having breakfast at your hotel restaurant or hotel, and wondering how to spend your day, it's much easier and more convenient to pull out those handy brochures and browse through them as you plan your vacation itinerary especially where there are so many destinations to be visited like Egypt as tourist destination in Africa.

**Ease of Storage and Filing:** A great advantage of collecting travel brochures is the opportunity to store them for future reference. For example, when you cross the state line at an interstate highway, you will often find a state "welcome center." It typically has a collection of travel brochures, maps and other useful information about the state and its most popular destinations. For instance, if you a tourist in Nigeria, this will be very much useful because diverse destinations in the

country.

**Convenience:** Brochures allow vacationers who prefer a more spontaneous approach to set their itinerary as they go. If you'd rather spend your time enjoying your vacation and less time actually organizing it, travel brochures are the way to go.

#### 1.4.2 Components of A Brochure

The following are some important areas which need to be taken care of while getting the tour brochure printed.

- (i) Quality of paper
- (ii) Layout
- (iii) Quality of printing
- (iv) Photography
- (v) Detailed itineraries
- (vi) Special features
- (vii) Weather conditions
- (viii) Maps of areas
- (ix) Tour conditions
- (x) Hotel information
- (xi) Terms and conditions of
- (xii) Tour.

Sometimes, some big tour operating companies get their brochures designed and printed in their own advertising departments. Some get the brochures printed in conjunction with the design studio of their advertising agency who in turn negotiate with the printer to obtain the best quotation and ensure that the print deadlines are adhered to. Adhering to the print deadline is extremely important as the company has to introduce the brochure at a predetermined date coinciding in most cases with travel trade and consumer holiday fairs. The introduction of a brochure at these events both to travel trade and consumer is crucial for marketing tourism packages attractive and reachable.

#### 1.5 Skills and Contribution of Tour Operator

Services offered by tour operators vary widely and are limited only by the imagination. Services may include meeting the client with fanfares and ceremony upon arrival at a destination. For instance, operators can operate from the destination of an event like a wedding and naming ceremony or cultural festivals in Nigeria.

Tour operators may account the complete responsibility for the tour, from the beginning to the end. The cost may cover everything that the traveler would ordinarily have to pay – luggage, gratification, accommodation, airfare, meals, sight-seeing, and entertainment. Prices for a tour package may last for some days to months for almost any trip imaginable.

Tour operator involves a multitude of details and adds a variety of skills including sales ability. Tour operators must be administratively capable, also to speak and write well. He must have the talent for visualizing the step-by-step details of a complicated tour arrangement. They are constantly planning the future and anticipating change in markets and tour details. At times they work under tremendous pressure.

Some tour operators concentrate largely or completely on certain travel destinations e.g. Hawaiian Holidays, Cultural festival, adventure, and business tour.

### **1.5.1 Tour Guide**

It is observed that working as a tour guide can be a great way to meet new people, travel, share incredible experiences and learn more about a culture or place. Becoming a guide is often an educational and rewarding experience.

Tour guides, or tourist guides, are members of the hospitality and travel industry who show visitors around places of interest. Tour guides may lead groups or individuals through historical sites, museums, geographic destinations and on outdoor excursions. Typically, tour guides possess relevant cultural, historical and practical knowledge they can share with tourists. Tourism firms and related destination organizations often hire guides to provide a worthwhile experience for guests.

### **1.5.2 Tour Guide Duties**

- Tour guides provide many services, and their responsibilities depend on the type of tour guide they are. While group size, transportation method, age and trip length may differ, tour guides are typically responsible for entertaining guests, answering questions and sharing relevant information to the groups or individuals they are guiding.
- A tour guide is a mediator whose function is to shepherd, guide and look after group of tourists. Tours are employed by carriers and tour operators. While some are self-employed-working freelance for tour operators or themselves. They are very



important source of infrastructure to tourists.

- Tour guides are retained by tour operators for their expertise in general or specialist subjects and usually employed or engaged during full season. They are also known as tour escorts, tour leaders or tour managers. Training courses in guiding are offered by technical colleges and private institutions.

It should be noted that their duties revolve around the following areas, namely:

- Museum guide
- Nature guide
- City guide
- Park guide
- Freelance guide
- Work environment, etc.

### ***Self-Assessment Exercise 2***

*Do you consider tour brochure important in tourism industry?*

### **1.6 Summary**

This unit examined the meaning, differences, and types among tour operators, brochures, and tour guides. Their functions and responsibilities were discussed.

### **1.7 References/Further Readings**

Kuwu E.A. (2007). *'Revision Notes on Tourism Sales and Marketing'*, Federal Polytechnic: Kaduna.

Burkart A.J. and Medlick (1981). *Tourism Past, Present and Future*, 2<sup>nd</sup> Edition London: William Heninemar.

Bhatai A.K. (2001). *Tourism Management and Marketing*, 1<sup>st</sup> Edition Sterling Publishers Private Limited New Delhi: India.

## 1.7 Possible Answers to SAEs

### SAE 1

The main difference between tour operator and travel agent are:

- A travel agent is a person who has full knowledge of tourist product – destinations, modes of travel, climate, accommodation, and other areas of the service sector. He acts on the behalf of the product providers/principals and in return get a commission.
- Tour operator is an organization, firm, or company that buys individual travel components, separately from their suppliers and combines them into a package tour, which is sold with their own price tag to the public directly or through middlemen.
- Tour operators are like wholesalers and travel agents are the retailers.
- A tour operator makes the package holidays up and the travel agents sell them on.
- Tour operator taking up the bulk of the responsibilities and his fee is obviously much greater than a travel agent.
- A tour operator has the responsibility to look after the finer details of a vacation or tour such as hotel, accommodation, meals, conveyance, etc.
- Also, the wholesale travel agencies may offer or operate the package tours or may specialize in developing tours for inbound as well as outbound travelers. They are often referred to as tour operator.

### SAE 2

- Tour Brochure is defined as a small booklet or pamphlet, often containing promotional material or product information about destinations or travel services.
- A is a type of leaflet. Brochures are most commonly found at places that tourists frequently visit, such as museums, major shops, and tourist information centers.
- Tour brochure is generally important as its promotion tourism destinations.

**MODULE 3**

- Unit 1      Marketing Mix Concept in Tourism Industry
- Unit 2      Channels of Distribution in Marketing
- Unit 3      Marketing Environment
- Unit 4      Market Segmentation
- Unit 5      Consumerism in Tourism Marketing

**UNIT 1      MARKETING MIX CONCEPT IN TOURISM INDUSTRY****Unit Structures**

- 1.1    Introduction
- 1.2    Learning Outcomes
- 1.3    The Meaning of Tourism Marketing Mix
  - 1.3.1    Coordinating of the Mix
  - 1.3.2    Relevance of Marketing Mix
  - 1.3.3    Limitation of Marketing Mix
- 1.4    Marketing Organization
  - 1.4.1    Factors Influencing Marketing Organization
  - 1.4.2    Interdepartmental Conflicts
- 1.5    Marketing Organizational Structure
  - 1.5.1    Functional Organization
  - 1.5.2    Product Organization
  - 1.5.3    Geographical Organization
- 1.6    Summary
- 1.7    References/Further Readings
- 1.8    Possible Answers to SAEs

**1.1    Introduction**

The term marketing mix is used to denote the instrument or tools that the marketers use to influence demand of a given product/service. In other words, marketing mix means mixture of elements which interact and complement each other to achieve the targeted results. The term ‘marketing mix’ was introduced by Professor Neil Bordes in the year 1953. Professor Bordes got the cue from a study of management of marketing costs by Professor James Gulliton who described the marketing executives as a mixer of ingredients. It means that the firm or the organization can use a variety of marketing ‘instruments’ with regards to its products or services, pricing, distributions, sales or promotion. The combination of specific activities chosen by a firm is usually called the “marketing mix”. This unit examine the meaning, function, and impact of marketing mix on tourism services.

## 1.2 Learning Outcomes

By the end of this unit, you should be able to:

- Explain the meaning of marketing mix
- Explain the four Ps of marketing mix in tourism
- Explain the marketing organization
- Explain the factors influencing marketing organization
- Explain the structure and function of marketing organization.

## 1.3 The Meaning of Marketing Mix

The process of marketing or distribution of goods requires particular attention of management because production has no relevance unless products are sold and consumed. That process of selling and consumption become inevitable in marketing, the basis of marketing mix. Marketing mix is thus the process of designing and integrating various elements of marketing in such a way to ensure the achievement of enterprise objectives.

The elements of marketing mix have been classified under four heads - product, price, place and promotion. That is why marketing mix is said to be a combination of four Ps. These are the marketing manager's controllable factors or variables which include product, price, promotion, and place that he or she can use to solve a marketing problem in an organization. The marketing mix elements are called 'controllable factors or variables', because they are under the control of the marketing department or manager in an organization.

The marketing mix consists of controllable tools within the company's product or service. In tourism, these are variables which service organizations like hotels, airline, tourist destinations, etc. have control over and use according to resolve an organization problem as they arise. According to Philip Kotler, 'marketing mix is the mixture of controllable marketing variable that the firm uses to pursue the sought level of sales in the target market.

Therefore, the marketing mix indicates the appropriate combination of four Ps - product, price, promotion, and place—for achieving marketing objectives. The components are also known as marketing mix variables or controllable variables as they can be used according to business requirements.

According to Philip Kotler, 'Marketing Mix' is the mixture of controllable marketing variable that the firm uses to pursue the sought level of sales in the target market. Therefore, the marketing mix

indicates the appropriate combination of these four Ps which are product, price, promotion, and place, for achieving marketing objectives. The components are also known as marketing mix variables or controllable variables as they can be used according to business requirements. These classifications are explain below:

- (i) Product (Product policy)
- (ii) Price (Pricing policy)
- (iii) Place (Distribution policy)
- (iv) Promotion (Promotion policy)

### **(A) The Product**

This refers to what the business offers for sale which comprises of products or services. Philip Kotler observed that product decisions include the "quality, features, benefits, style, design, branding, packaging, services, warranties, guarantees, life cycles, investments, and returns". In tourism, service decision includes accessibility, affordability, and promptness of these services offered to the general public and tourists. This situation applies to a new product or service offered to the target market.

In managing existing product, it is expected of the management or tourism service organization like hotels to look into target customers complaints, in line with these complaints and feeds backs from the target users of the products, adjustments are made on the existing products. For instance, this can be colour, features, packaging, warranties, etc. It should be noted that the marketing department must work with the management to effect the desire adjustments for the existing customers and prospective customers.

In some situation, the entire products need some modification to meet the expectation of the current and prospective customers. In that respect, the marketing department in conjunction with the management shall take into consideration to modify the products accordingly. For instance, in tourism service, customers observed that the service offered by ABC Hotel and MYG Airline is poor. The marketing department must look into the exact complaint of the customers. It is assumed that the reception of the above organization is not friendly to the customers, no electricity and internet supply in the day time, the room are not properly clean and the bedsheets are old. Based on the assumption listed above, it is expected of the marketing department and the management to make modification in line with the expectations of the customers. The same principle can be applied to Airline, tourist destinations, etc.

Product rationalization. This means complete removable or abandoned of an existing service or product in the market. This implies that either the product has outlived its life span or the competitors in the market offered better features and design than the company's own. This calls for a new product to be designed in line with target market expectations and demands.

However, for a new product to be introduced, it must pass through seven stages.

### New Product Development

At this stage, the market department in conjunction with the management of the organization for instance ABC Airline Limited shall follow these stages for it to come with a brand-new product for its Nigeria customers/markets:

- Idea Generation
- Idea Screening
- Concept development and testing
- Market strategy/Business analysis
- Product development testing
- Market testing
- Market entry/Commercialization.

It should be noted that some of these stages can be combined or optional, depends on the target market expectations, demands, and loyalty of the customers to the competitors' services in the market.

### **(B) Price**

This refers to decisions surrounding 'list pricing, discount pricing, special offer pricing, credit payment or credit terms. Price refers to the total cost to customer to acquire the product, and may involve both monetary and psychological costs such as the time and effort spent in acquisition. Distribution channels are taken into consideration that includes retailer, wholesaler, Business to Business OR Business to Customer while fixing prices of products including services offered into the market.

It also includes credit terms for distributors and retailers, as well discounts available both members of the distribution channels and the target customers. In considering the marketing mix element, it is important for the tourism organization like Airlines and Hotels to take into consideration, the competitor's price for example YYZ Airline is new in Nigeria market. It should be able to take into consideration the

Peace Airline, Arik Air, Dana Air, etc. prices into account before fixing its own price for its customers.

This is important firstly to the customers because the value attached to the price of a company's products varied from one individual to another. Also, the economic situation and purchasing power of the customers should also be taking into consideration.

Secondly, to the marketing organization, price is viewed by many marketers as the most important component in the marketing mix since it is the only element by which an organization directly earns revenue and income, whereby all the other components are seen as costs or expenses.

Thus, pricing, particularly of the tourist product, is a complex matter since individual suppliers of tourist products and services e.g., airlines, hotels, transport firms, tourist destinations, event centres, etc. tend to determine their prices independently especially in Nigeria where there is no regulatory body for price control, therefore, tourism products and services should be fix with caution in Nigeria. However, there are various types of pricing system available for consideration namely:

- Penetration pricing
- Skimming pricing
- High-Low pricing
- Premium pricing
- Psychological pricing
- Bundle pricing
- Competitive pricing
- Cost-plus pricing.

Whatever pricing system/policy adopted, consideration must be given to decision as well as adopt up-market or mass market tourism development strategy. Up-market entails higher price packages for citizens who either politicians or top civil servants and businessmen. Mass market for other citizens who are classified as low-income earners in Nigeria.

Similarly, the destination capacity must be taken into account and ascertain if it can satisfy the demand that will arise if supply exceeds demand; should price be lowered or if demand exceeds supply, should price be increased, etc.

### **(C) Place**

One of the scholars in Marketing, Riley (2011) observed that is “one thing having a great product, sold at an attractive price, but what if:

- Customers are not near a retailer that is selling the product?
- A competing product is stocked by a much wider range of outlets?
- A competitor is winning because it has a team of trained distributors or sales agents who are out there meeting customers and closing the sale?"

This illustrates the importance of getting distribution right which is a key part of being competitive. Distribution is achieved by using one or more distribution channels, including:

- Retailers
- Wholesalers
- Distributors/Sales Agents
- Direct marketing (e.g., e-commerce/marketing)

Place is therefore defined as the "direct or indirect channels to market, geographical distribution, territorial coverage, retail outlet, market location, catalogues, inventory, logistics, and order fulfillment". Place refers either to the physical location where a business carries out business or the distribution channels used to reach markets.

Place may refer to a retail outlet, but increasingly refers to virtual stores such as "a mail order catalogue, a telephone call centre or a website. Example, firms that produce luxury goods like Toyota Cars employed an intensive placement strategy by making their products available at only a few exclusive retailers. In contrast, lower priced consumer goods like toothpaste and shampoo, typically employed an extensive placement strategy by making their products available to as many different retailers as possible.

It should be noted that place is the third element in the marketing mix and is a shorthand term for methods of distribution. The activity allied to this is also the physical place where the products are purchased. In the hospitality industry, distribution is concerned with sending information about the product to potential customers through what is known as the distribution channels. That is having 'the right product at the right place.'

It can be summarized that the 'place' element in marketing mix means:

1. The Right Place: Having the right products/services at the right place
2. The Right Time: Having the right products/services at the right time.
3. The Right Quantity: Having the right products/services at the right quantity.



A distribution channel in tourism is the chain of the organization and individual between the hospitality marketers and his potential customers which is used to make the product more accessible and convenient. Each organization or individual is known as marketing intermediaries or channels. To function properly, there must be a flow of information and persuasion from marketer to customers i.e., information about location, price, reservation system, menu, style, etc.

Some of the factors required for determining distribution policy include location of point of sales, distribution cost, effectiveness of the marketing effort, organization image, and consumer motivation regarding tourist product. Similarly, the distribution system must be efficient, positive and dynamic.

Although there are 4Ps in the marketing mix, 'place' is important because it represents the physical outlet/store/showroom or the store from where the customer can purchase the product or avail the service. Place is likened to convenience for the customer so investing in product displays, shelves, interior of the store, its ambience, lighting, background music all sort of these things attracts the customer and they tend to spend more time there. They will also spread positive word-of-mouth which will further lure other customers to join in. Even having a big spacious parking lot outside a store is also integral (Riley, 2011).

#### **(D) Promotion**

The role of promotions is an integral part of the marketing mix. In general, promotions tend to focus on how to attract the attention of consumers and motivate them to take action or make a purchase via marketing channels or e-commerce. The role of promotion in the marketing mix is critical for firms for brands to ensure the right consumers are reached and objectives of the firms are met.

Sales promotion includes several marketing communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes. Sales promotion uses both media and non-media marketing communications for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

Sales promotions can be directed at either the customers, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called **consumer sales promotions**. Sales promotions targeted at retailers and wholesale are called **trade sales promotions**. Sales promotion is implemented to attract new customers, to hold present customers, to counteract competition, and to take advantage of opportunities that are revealed by market research. It is made up of activities, both outside and inside activities, to enhance company sales. Outside sales promotion activities include advertising, publicity, public relations activities, and special sales events. Inside sales promotion activities include window displays, product and promotional material display and promotional programs such as premium awards and contests (Gattorna 1978; John 1984).

Sale promotions often come in the form of discounts. Discounts impact the way consumers think and behave when shopping, especially for tourist destinations. The type of savings and its location can affect the way consumers view a product and affect their purchase decision. The two most common discounts are price discounts (“on sale items”) and bonus packs (“bulk items”). Price discounts are the reduction of an original sale by a certain percentage while bonus packs are deals in which the consumer receives more for the original price. Many companies present different forms of discounts in advertisements and sales promotions especially in the hospitality and tourism industry where information is the single key for driving the industry and the customers with the hope of convincing consumers to buy their tourist products in the market.

It should however be noted that no matter the element chosen in the promotional mix strategy, the following factors should be taking into consideration:

- Product type
- Product usage
- The target market segment
- Availability of funds
- Marketer’s competence

#### Benefits/Advantages of Promotional Marketing Mix

Some of the benefits of promotional mix are:

- Increase brand awareness
- Segment identification
- Increase customer traffic

- It simplifies and brings together different concepts of Marketing into one, making Marketing easier to do and manage
- Allows separation of marketing from other company activities and delegation of marketing tasks to specialists
- Enables a company to vary its Marketing activities according to its resources, market conditions and customer needs
- Decisions cannot be made on a Marketing Mix element without taking into account its impact on other elements.

### **1.3.1 Limitations/Disadvantages of Marketing Mix**

- The Marketing Mix does not consider client behavior, but it is internally oriented.
- The Marketing Mix considers clients as passive; does not allow interaction and cannot capture relationships.
- The Marketing Mix does not take into account the unique elements of service marketing.
- Product is indicated in the singular, but most companies do not sell a product in isolation. Sellers sell products, product lines or brands, all interconnected in the mind of the consumers.
- The Marketing Mix does not mention building relationships with the consumer that has become a major marketing focus, or the brand experiences that consumers buy.

### **1.3.2 Relevance of the Marketing Mix**

- (i) The marketing mix helps the integrated approach to tourism marketing.
- (ii) It helps the marketing manager of a firm to understand where marketing action can be initiated to improve the acceptability of the tourist product and stimulate demand.
- (iii) Marketing mix has both short term and long-term aspects. The short-term aspects relate to meeting the immediate move of competitors and include aspects like price reduction, aggressive promotion, introduction of new products etc. The long-term aspects are based on longer range plans derived from the study of all kinds of trends like natural condition, economic, social and technological factors.

### **1.3.3 Limitation of Marketing Mix Application**

Marketing mix application is limited by legal requirements, company resources, customer dispositions cultural permissibility and infrastructural availability especially in developing countries like

Nigeria. The marketing mix decision itself could be a handicap because

to get an optimum blend would require professional thinking unlike the prescription of most marketing texts that optimum mix need quantitative data or use of mathematical and statistical models. However, a thorough analysis of customer segments, company/products, mission and measurement of her resources will provide a robust answer to what could be said to the optimum marketing mix.

### ***Self-Assessment Exercise 1***

*Briefly identify two (2) importance of marketing mix as it applies to tourism industry*

## **1.4 Marketing Organization**

The amount of money devoted annually for the execution of organizational activities is so enormous that firms need to be effectively structured to cope with her responsibilities. A good organizational structure involves job allocation, sectionalization or departmentalization. The marketing organizational structure is a web of formal and informal relationships linking the activities of every individual in an organization. Marketing organizational structure is necessary for the following reasons.

- (i) Minimizes of conflict amongst staff.
- (ii) Avoidance of duplication.
- (iii) Creation of communication channel.
- (iv) Serves as an instrument of evaluation
- (v) Creates room for accountability
- (vi) Provides integrated work flow
- (vii) To ensure co-operation
- (viii) It allows appropriate allocation of resources.

### **1.4.1 Factors Influencing Marketing Organization**

There are various variables that influence marketing organization. They are:

- (i) Functional disparity: some organization performs many functions in a bid to accomplish their organizational objectives. This phenomenon makes for sectionalization of the marketing department for functional excellence.
- (ii) The size of the market: where the market is extensive, the firm has to structure her marketing department as influenced by the type of customer served or a firm's marketing management can

- design the marketing department to achieve customer's satisfaction.
- (iii) Management objectives and policy also influence the marketing structure.
  - (iv) Funding certain organization entails a lot of expenses. The structure of the marketing department in this case rests on available resources of the firm.
  - (v) The marketing structure is affected by the quality of personnel and the number of staff available in that department.
  - (vi) The marketing organization is influenced by competitive structure and performance. Increased competitive excellence sometimes leads to re-organization of the marketing department for improved performance
  - (vii) Another influencing factor on marketing organizational structure is the demand pattern where demand is overfull; the marketing department can be structured for easy accessibility.

#### **1.4.2 Interdepartmental Conflicts**

The relationship between different departments in an organization is often characterized by conflicts. Conflicts arise as a result of disparity in the attention received by each department especially in vote allocation. Where a department seems to get preferential share, others would not like it. Moreover, departmental objectives can engender conflict especially if one department objective runs counter to another department for instance, through research, the marketing department may discover a product that will give customers satisfaction and improve the organizations' profit drive. The account department may not give sufficient funds to the production department for its production due to the need for savings. The production department may not produce to specification as a result of low funding. On the other hand, the accounts and production departments may think that the money spent on advertising would have been more valuable for other purposes.

Conflicts stem from rivalry and differences in opinion as to what is best for the firm. It can arise due to a claim of superiority by each departmental head. In some organization's most departments tend to assume that they are the most important section of the firm. They feel other department should accord them respect and give them a sort of preferential treatment.

Apart from departmental conflict, conflicts do occur within departments arising from wrongful allocation of responsibility or duplication of jobs.

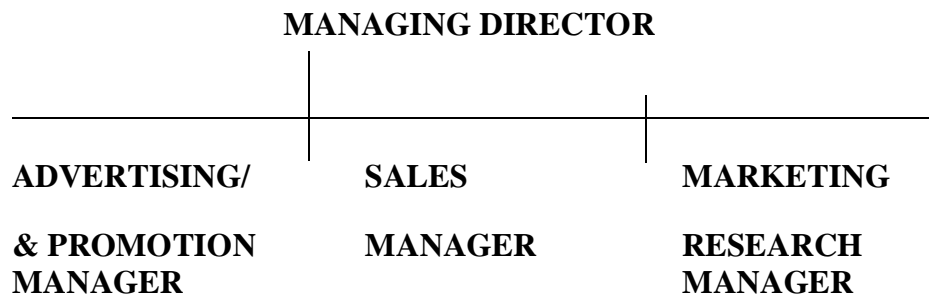
Rivalry and distrust. Conflict of various magnitudes can be solved through tacit job specification and description. It can also be solved

through the establishment of the hierarchy of authority and seniority structure.

## 1.5 Marketing Organizational Structure

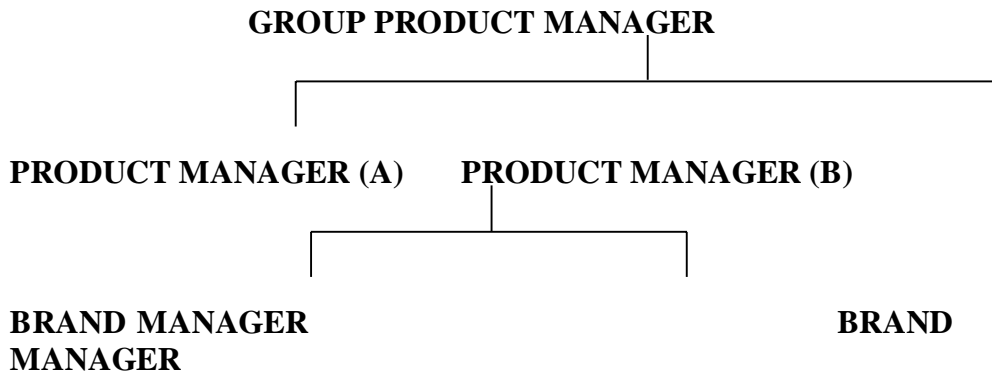
Marketing organizational structure provides the basis for putting plans into action. Structure can routinize activities, establish efficient work flows and create lines of responsibility and authority; it also allows for specialization and direction. It enables objectives to be achieved. Marketing organization can be structured according to functional, geographical or product formats.

### 1.5.1 Functional Organization



The functional structure takes care of functional specialist or experts within the firm. It also allows for effective utilization of the marketing concept. As a firm, the accounts and production departments may think that the money spent on advertising would have been more valuable for other purposes. Conflicts stem from rivalry and differences in opinion as to what is best for the firm. It can also arise due to a claim of superiority by each departmental head. In some organizations most departments tend to assume that they are the most important section of the firm, The functional specialist reports to the managing director. These functional specialists are made up of new product manager, advertising manager, and sales manager and after sale service manager. The specialist may be classified under the main sub-groups (operation and planning). These subdivisions will be headed by planning manager responsible for sales, customer services and advertising. Functional managers are mainly resources managers. The next organizational format is product management structure.

### 1.5.2 Product Organization



It augurs well with companies with a variety of product. Product managers are programme managers. The decision to establish product market structure is influenced by product heterogeneity and sheer quantity of product market system creates a focal point for planning and responsibility for individual product. The product manager's role here is to formulate strategies and plans, see to the implementation and control. Product management introduces some advantages.

The manager can harmonize and balance the various functional marketing inputs needed by a product. The product manager can react speedily to market changes, smaller brands can be given due attention. Product management is an excellent training group for young prospective managers; it allows for accountability and maximum input of entrepreneurial efforts.

The product manager is often found in larger organization that produces different products. The function of a product manager is to manage specific products. His responsibilities include the preparation of annual marketing plan and sales forecast. He engages in product planning, objectives and strategy formulation. He is involved in progress monitoring, co-ordination, budget development and control. He is also responsible for coordinating with other departments on product cost and quality.

He however, lacks authority over certain critical functions such as pricing and advertising. He has some advertising functions to perform but in consultation with competent executives in this area. Just recently the product managers responsibilities have been projected in areas such as long-range planning, achievement of profit objectives and product decision. The product manager also harbours continuous intelligence on the product performance.

### 1.5.3 Geographical Organization

The third structure is the geographical structure which takes care of customer's disparity. This is quite common to larger organizations. Multipurpose companies develop a corporate marketing staff with fossilized marketing responsibilities. This structure makes the marketing manager to react quickly to unique needs of customers in a particular region. It can be used in conjunction with other types of structures; it allows for responsible span of managerial control over the sales force also and for extensive market coverage. With the geographical structure, it is easy for the marketer to acquire current information, counter competitive strategies and study market trends.

The geographical structure makes capital investment easy, since comparative assessment of various territories can be readily made with limited effort. This structure is constrained by limited funds and control requirements; occasionally the geographical structure is characterized by lack of co-ordination or compartmental individuals.

#### *Self-Assessment Exercise 2*

*Interdepartmental conflicts are unavoidable in any organization, state two (2) main reasons responsible for these actions.*

### 1.6 Summary

This unit examined the four main marketing mix elements namely product, price, place and promotion. Their roles, functions, benefits and limitations in consumers purchasing decisions were also discussed. The marketing organization structure were also discussed in relations management of the interdepartmental relationships and conflicts.

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## **1.8 Possible Answers to SAEs**

### **SAE 1**

Importance of marketing mix as it applies to tourism industry are:

- It provides an integrated approach to tourism marketing.
- It provides basis for understanding where marketing action can be initiated to improve the acceptability of the tourist products and stimulate demands.
- It also provides basis for organization-customer relationship planning

### **SAE 2**

Interdepartmental conflicts occur due to:

- Conflicts do occur within departments arising from wrongful allocation of responsibility or duplication of jobs.
- Rivalry and distrust.

## **UNIT 2 CHANNELS OF DISTRIBUTION IN MARKETING**

### **Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Meaning of Channels of Distribution
  - 1.3.1 Characteristics of channel of Distribution
  - 1.3.2 Rationale Behind Using Marketing Channels
  - 1.3.3 Functions of Channels of distribution
- 1.4 Types of Channel Intermediaries
  - 1.4.1 Factors Influencing Choice of Distribution Channels
- 1.5 Designing Channels of Distribution
  - 1.5.1 Conflicts and Cooperation among Channel Members
- 1.6 Summary
- 1.7 Glossary
- 1.8 References/Further Readings
- 1.9 Possible Answers to Self-Assessment Exercise(s) within the content

### **1.0 INTRODUCTION**

Reaching prospective and potential buyers, either directly or indirectly through is a prerequisite for successful marketing firms especially tourism firms, because buyers (tourists) benefit from the distribution systems used by firms. Distribution consists of the physical movement of product from one point to another. Distribution is crucial to marketing, for without good distribution, some target market may not be able to see, buy, and consume firms' products and services in the market. It thus involves a product's movement from the stage of procuring raw materials, through manufacturing stage, to the final stage of selling the product to the prospective and potential users. Indeed, raw material offers little or no satisfaction until they reach the hands of a manufacturer who transforms them into a final product of some kinds. Distribution is an important marketing function aimed at getting the right product to the right market segment at the right quantity, price, and at the right time. Its activities include among other for example, transport, inventory management, warehousing material handling and order processing. All the activities involved in distribution can only be carried out either directly by the manufacturers or by the specialized and legalized agents which is the focus of this unit.

## 1.2 Learning Outcomes

By the end of this unit, you will be able to:

- Explain the meaning of distribution in marketing
- Mention characteristic of distribution channels in tourism marketing
- Mention the rationale behind using distribution channels in modern business.
- Explain the functions of channel of distribution
- Analysis the causes of conflict in distribution channel in tourism marketing
- Analysis the types of conflict in distribution channel in tourism marketing
- Evaluate factors for cooperation and conflict among channel members in marketing

## 1.3 Meaning of Distribution and Channel of Distribution

You can image consuming services and products that are manufactured by firms, and companies outside the country Nigeria. These are made possible through the role and activities carried out by the manufacturers, specialized and legalized agents across the continents of the business world. Channel of distribution sometimes also known as marketing channel consists of individuals and firms involved in the process of making a product or service available for use or consumption by consumers or industrial users (Kerin, et.al. 2003). This therefore involved physical movement of these goods and services from the manufacturers to the consumers. These physical distribution entails transportation, material handling, packaging, warehousing, inventory, location, and order processing.

Marketing channels make possible the flow of goods from a producer/manufacturer through intermediaries to a buyer. Intermediaries are known by different names based on the functions and activities carried out. For instance, some of these intermediaries bought goods from the sellers and resell to the buyers. Also, some intermediaries such as brokers and agents represent sellers but they do not actually take title to products. Their role is to bring a seller and buyer together. It should be noted that the importance of intermediaries is made even clearer when we consider the functions they performed and the value they create for buyers in our society.

A channel of distribution is a network of interdependent and interrelated institutions that perform all the activities necessary to move products from manufacturers to ultimate consumers. Channels

of distribution are made up of the manufacturers, intermediaries and customers.

A channel of distribution or marketing distribution channel is an inter-organization system, comprising of a set of interdependent institutions and agencies involved with the task of moving anything of value from its point of conception, extraction or production to point of consumption or use. It always includes both the producer and the final consumer for the product, as well as all intermediaries involved in the title transfer.

*A marketing channel is the series of interdependent marketing institutions that facilitate transfer of title to a product as it moves from producer to ultimate consumer or industrial user. The title may be transferred directly, as and when the commodity is bought or sold outright, or indirectly, as and when the transaction is negotiated through a functional middleman such as an agent or broker who does not take credit to it.*

In tourism, distribution channel is concerned with sending information about the tourist product to enquires through the travel agent, tour operator, principal or manufacturer by means of brochures, publication in newspaper, television, radio, magazines, social media networks, information communication technologies like Telephone, e-commerce, YouTube, etc. especially for tourists who may be far away from the tourism destinations.

### ***Self-Assessment Exercise 1***

1. Describe the term 'distribution channel in marketing.'
2. Define the term 'intermediary' in channel distribution.

### **1.3.1 Characteristics of Marketing Channels**

- Channels create utility, improve exchange efficiency and help match supply and demand.
- They bring suppliers and buyers together.
- Each channel system has a different potential for creating sales and producing costs.
- The chosen channel will significantly affect and be affected by the rest of the marketing mix. A channel's vertical dimension (length) is determined by the number of types of participants in the channel.

There are no intermediaries in the most direct channel (a zero-level channel) as shown in Figure 1. This gives producers greater control over their products distribution. Intermediaries stand between the producers and final buyers in indirect channels. A channel's horizontal dimension (width) is determined by the number of participants of any type on the same level in the channel. The situation varies considerably from one line of goods to another. Many manufacturers find it necessary to use more than one kind of channel for the same market.

### 1.3.3 Rationale Behind Using Marketing Channels

- i. Many organizations **lack the resources** (financial as well as other resources), to carry out direct marketing and reach out to their customers without the help of any intermediary. For this purpose, marketing channels are used to take the products from the manufacturing organizations to the final consumers. For tourism destination that involve dissemination of information, the information about tourist destinations have to be disseminated via social media these days like WhatsApp's, Facebook, Telephone, etc. these functions are carried by tour operators, destination managers, etc. who are considered as experts.
- ii. For many smaller products, **direct marketing** may not be feasible considering that exclusive retail outlets for small products may not work, and having to stock other products might end up in having just another grocery or food outlet which would not serve the purpose. Setting up exclusive retail stores for marketing of small products like chocolates would not be a feasible idea. For instance, in our neighbourhood, small retail stores are available, where we buy sweets, biscuits, top-up, toilet soaps, etc. are examples of complementary functions and role played by the intermediaries in business world.
- iii. Given the lower return on investments in the retail business, organizations would be **better off investing their money in their main business** rather than taking up retailing or other channel functions. As such, the use of intermediaries is mainly to make the goods available and accessible to target markets. Intermediaries, because of their specialization, experience, and scale of operations, are able to achieve more than what the organization can in terms of reaching the target markets.
- iv. Superior distribution efficiency -The use of middlemen, largely boils down to their **superior efficiency** in making goods widely available and accessible to target markets. Marketing intermediaries through their contacts, experience, specialization and scale of operation, offer the firm more than it can usually achieve on its own.

### 1.3.3 Marketing Channel Functions

A marketing channel mainly performs the task of moving goods from the producers or manufacturers to the final users. The channel is instrumental in overcoming the gaps between the producers and consumers in terms of time, place, and possession or ownership. The functions carried out by these intermediaries are explain below:

1. **Information dissemination** – The marketing channels perform the task of collecting and disseminating of marketing information about customers, competitors as well as products/services, and other market forces.
2. **Promotion** – Persuasive communication is disseminated through the channels to the customers. The channels also often help in the design of these communication messages since the intermediaries have direct contact with the prospective customers.
3. **Negotiation** – The channel members are the ones who negotiate with other channel members and customers to facilitate the transfer of ownership.
4. **Financing** – The marketing channels work towards the acquisition and allocation of funds required to finance inventories at different levels of the marketing channels especially for multiple channels.
5. **Risk taking** – The channel members assume the risk for carrying out the channel work.
6. **Physical possession** – The channel members also take the responsibility of storage of goods during the successive stages to the final consumers.
7. **Ordering** – This function is with regards to the communication of channel members regarding the intention to purchase especially with the inflow of information communication technologies in the market like Telephone, Facebook, YouTube, etc.
8. **Payment** – The channel members also assume responsibility for the buyers honouring their payments to the sellers through banks and other financial instruments.
9. **Title** – The channel members facilitate actual transfer of ownership from one organization or person to the other.
10. **Contact** - They also find and communicate with prospective buyers who would be interested in their product. When more contacts are made, the demand for the product will increase.
11. **Matching** - The distribution channel also indulges in shaping and fitting the offer to the buyers needs including such activities as manufacturing, grading and assembling of packaging products.

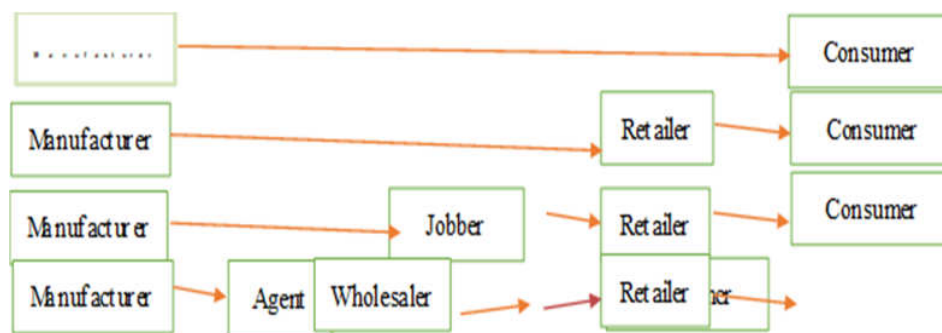
### ***In-Take Question***

***As a student, you are approached by tourism destination manager on why channel marketing is eminent on tourist management. Kindly educate him or her.***

#### **1.4 Types of Channel Intermediaries**

Types of channel intermediaries depends on the nature of the products, nature of customers and policy of the company. This subsection explains the various types of channel intermediaries, see figure 1:

Figure 1: Types of Channel Intermediaries



From the Figure 1 above, the following channels can be deduced:

##### 1. Direct Channels:

In direct channels, the company/manufacturer take full responsibility for delivering products or services to consumers. It means that goods do not go through marketing intermediaries before delivering to the target customers in the market. It is also means that the manufacturers take total control over the distribution channel. This is mostly adopted by a company with perishable goods and goods which are considered expensive like Aircrafts. This refers to as one level of distribution channel.

##### 2. Indirect Channels

In indirect channels, products or services are delivered through the marketing intermediaries to the final consumers in the market. These marketing intermediaries are wholesalers, retailers, distributors or brokers/jobbers. They are specialist who take title to the goods and serve the final consumers according to their demands and receives rewards either as commission or profits depends on their individual titleship. The producer or manufacturer do not take control over this distribution

channels. These marketing intermediaries, sell larger volume and to different kinds of customers. The prices of these goods are higher because of commissions paid to them. These are referred to as two, three or more levels of channels of distribution as shown in Figure 1.

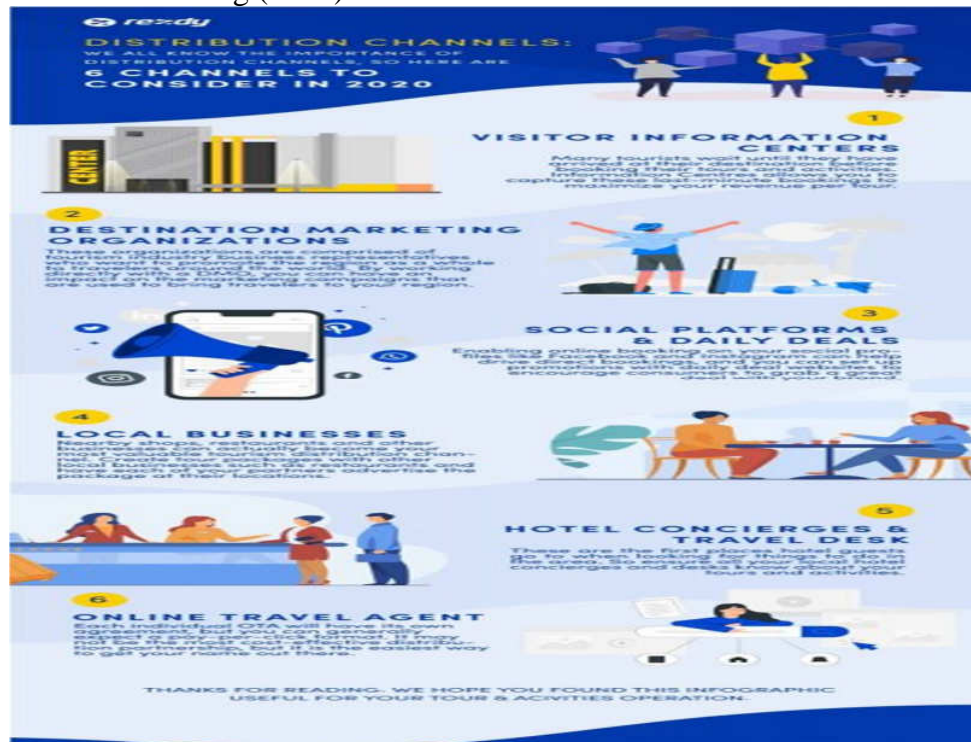
### 3. Hybrid Channels

This is a mixture of direct and indirect channels which depends on the nature of products, customers, and policy of the company. It means that the manufacturer has a partnership with intermediaries, however, they take control with regards to contact with customers. For instance, in tourism firms, online services through appointment of authorized tour operators.

Figure 2 provides details channels in tourism industry. It reveals that there are six various ways through which the tourism firms in the hospitality and tourism industry distribute and disseminate information to their customers. These channels are visitor information centre (VIC), destination marketing organizations (DMOs), social platforms and daily deals (SPDDs), Local businesses (LBs), hotel concierges & travel desk (HCTD), and online travel agent (OTA).

Figure 2: Channels of Distribution in Tourism

**Source:** Blake Ng (2018): Distribution Channels





Also, Figure 3 provides summary of various types of channels in tourism industry. They are classified into two, offline and online respectively. The offline include hotels, restaurants, information centers, trade shows, and local partners. The online channels include social networks, review platforms, mobile location-based services and OTAs.

**Figure 3:** Types of Distribution Channels in Tourism



**Sources:** Orioly (2021) <https://www.orioly.com/best-distribution-channels-travel-tourism/>

#### 1.4.1 Factors influencing Choice of Channels of Distribution

##### **Market Consideration:**

Size of the customer, potential volume of sales, concentration of buyers, size of the purchase order, and so forth are some of the factors which are considered before choosing the distribution channel. However, in the tourism industry, the information management, accessibility to information, destination attractions, courtesy are among the factors to be considered.

##### **Product Considerations:**

Factors related to perishability, bulkiness, product value, etc. related to the product are taken into consideration while making a choice between

the channels of distribution.

**Middlemen Considerations:**

Types of intermediaries, services provided by middlemen, the attitude of middlemen, availability of middlemen, and channel competition are the factors that influence the choice of channel.

**Company Considerations:**

Cost of distribution, management's ability, services provided by seller, long-run effect on profit, the extent of channel control, financial resources, and experience and ability are the company considerations.

### 1.5 Designing Channels of Distribution

The task of designing channels of distribution requires to provides answers to the following questions:

1. Which channel and intermediaries will provide the best coverage of the target market?
2. Which channel and intermediaries will best satisfy the buying requirements of the target market?
3. Which channel and intermediaries will be the most profitable?

**Target Market Coverage:** To achieve total market coverage will depend on the distribution policies adopted which include:

- Intensive distribution which means firms distributes its products and services in as many outlets as possible. This strategy is usually chosen for convenience products or services like fast food and soft drinks.
- Exclusive distribution, it is an adoption of one outlet in a specialized geographical area that carries the firm's products. Examples of these products include automobiles.
- Selective distribution is a selection of few retails in a specific geographical area to carry firm's products. This is mostly associated with shopping goods and services.

**Satisfying Buyer Requirements:** Satisfying buyers' requirement is a must, which is a function of information availability, convenience, variety of products to choose, and attendant services. It is only these conditions are fulfilled by firms especially tourism firms that they will be able to satisfy buyer requirements. For instance, Kerin, et al. (2003) note that attendant services provided by intermediaries are an important buying requirement for products such as large household appliances that

require delivery, installation, and credit.

**Profitability:** The last consideration factor is the profitability which is determined by the margins earned for each channel member and for the channel as a whole. The cost associated with the profitability expected to be earned include distribution, advertising, and selling expenses. Karin et al. (2003) notes that the extent to which channel members share these costs determines the margins they will received.

### 1.5.1 Conflicts and Co-operation among Channel Members

#### Conflict

Where two or more individuals cohabit, there bound to be a conflict. This also applies to business world which engages with individuals, corporate and organizations with diverse interests and needs. Recall, channels consists of independent individuals and firms facilitating distribution and dissemination of products and services to the target market. In the course of performing these functions, there bound to be disagreement on who perform which functions, profit sharing, etc.

The channel conflicts arise when one channel member believes another member is engaged in behaviour that prevent it from achieving its goals. These conflicts are classified into two, vertical and horizontal conflicts.

- **Vertical Conflict:** It occurs between different levels in a marketing channel, for instance conflict arising between manufacturer/producer and wholesaler, wholesaler and retailer. For instance, the conflict could be when a channel member bypasses another member, and sells or buys products directly which is known as **disintermediation**. For example, the dealers and distributors of Coke-Cola, and Vital Form might decide not give due attention to the company's products due to conflicts in terms of profit-sharing formula or who take total control of a particular region in Nigeria, etc.
- **Horizontal Conflict:** This conflict occurs between intermediaries at the same level in a marketing channel. This includes between two retailers or wholesalers for carries a particular firm's products; for example, among the dealers of Mouka Form in North Central of Nigeria. The conflict usually occurs when a manufacturer increases its distribution c overage in a geographical area against the other; dual distribution when different types of retailers for instance carry the same brands. For example, dealers of Mouka Forms also carry Vital Form plus other Forms in the market which is a deviation to the rule in the

business.

## Self-Assessment Exercise 2

**Briefly evaluate why conflicts among marketing channels?**

### Cooperation

Having explained the conflicts elements among channel members, it also necessary to look at the cooperation as one way to resolve these conflicts. It is necessary to secure cooperation among channel members. Cooperation according to American Marketing Association Dictionary refers to the willingness of channel members to work together to ensure important channel functions are performed. One way through which cooperation can be secured is through **Channel Captain**.

A channel captain refers to a member that coordinates, directs, and supports other channel members. It can be a producer, wholesaler, or retailer. For instance, in the Soft-Drink Industry in Nigeria, Coke-Kola assumed this role.

A firm assumed the role of channel captain due to the fact it has the ability to influence the behaviour of other members. The influence can take the form of:

- Economic influence – ability to reward other members given its strong financial position or customer franchise.
- Expertise – knowledgeable in the management of the channel members.
- Identification with a particular channel member.
- Legitimate right of one channel member to direct the behaviours of other members. Channel influence can be used to gain concessions from other channel members.

### 1.6 Summary

This unit examined role of channels of distribution in relations to products and services in the market. The characteristics of the channel members were discussed and explained. Rationale using the marketing intermediaries were explained. The key functions performed by these channel members were enumerated and explained. The types of channels of distributions and factors influencing designing channel of distribution were discussed, especially channel of distribution in tourism.

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## **1.8 Possible Answers to Self-Assessment Exercise(s) within the content**

### **SAE1**

1. A distribution channel in marketing is an independent organization system, comprising of a set of interdependent institutions and agencies that transport goods and services from the manufacturers to the consumers.
2. Intermediaries are the middlemen who bought goods from the manufacturers and re-seller to the end users.

### **SAE2**

Conflicts arose among marketing channels due to cheating by a member either in distribution coverage, price fixing, geographical spread, profit sharing and blocking one another from fair treatment by the principal which is the company, who engaged their services.

Instead of using their number as a strength for the company, the conflict disenfranchised them from getting adequate company's attention

## **UNIT 3      MARKETING ENVIRONMENT**

### **Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Meaning of marketing environment
  - 1.3.1 Reasons for marketing environment
  - 1.3.2 Features of marketing environment
- 1.4 Environmental influences to marketing (Micro environment)
- 1.5 Macro environment
- 1.6. Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### **1.1 Introduction**

In any organization, the practitioners especially in the service industry like tourism industry are exposed to micro and macro environment which must keenly be study to harness potential of these environment. The micro environment comprises of controllable variables which the management can manipulate to achieve the organization objectives. However, the macro environment composed of environmental variables which the management must study and apply to the situation in relation to the organization objectives, goals, and policy of the government. This unit examine these variable as they affect tourism marketing activities.

### **1.2 Learning Outcomes**

By the end of this unit, you should be able to:

- Explain the nature and meaning of marketing environment
- Explain the reasons for studying the marketing environment
- Explain the micro environment
- Explain the macro environment

### **1.3 Meaning of Marketing Environment**

The term marketing environment explain the world external/internal to the organization which exerts considerable influence on the activities of such an organization, especially for its survival and growth. Marketing organizations, especially tourism marketing organizations need to critically examine these environmental variables as they affect its activities.

Therefore, the marketing environment refers to all internal and

external factors, which directly or indirectly influence/affect the organization's decisions related to marketing activities. These internal factors are within the control of an organization; whereas, external factors do not fall within its control. The internal factors include the suppliers, price, product, distribution channels, organization's strength and weaknesses, competencies, etc. The external factors include government, technological, socio-economic factors, and competitive forces; whereas, organization's strengths, weaknesses.

It is therefore, important for organization managers to monitor this environment in order to be able to predict accurately into the future about the organization decisions. This also facilitate business strategies to be adopted.

### **1.3.1 Reasons for Marketing Environment**

Thus, the following reasons are advanced for the study of marketing environment:

- To fulfill the concept of marketing
- To ensure profitability at all times for the organization.
- To gauge societal response to marketing exploits
- To measure personnel responsibilities against management policies and objectives.
- To monitor societal perceptions of organizational tasks and remodel such efforts to appeal to the whims of the society
- To guarantee continuity and coordinated efforts of all tourism marketing activities.

### **1.3.4 Features of Marketing Environment**

Modern business environment is dynamic therefore, the management must be a brace to the changes. The features of marketing environment include:

- Customers and investors: These are specific features which affects the marketing activities. Customers and investors are critical to the survival of any marketing organizations. Its survival and growth depend on their interest on the organization's activities.
- Socio-Economic factors: These are factors which are uncontrollable to the organization which must not be taken for granted as the organization processes. For instance, the legal, the technological and government policies, etc.



## 1.4 Environmental Influences to Marketing

### Micro Environment

Micro environment refers to the environment, which is closely linked to the organization, and directly affects organizational activities. It can be divided into supply side and demand side environment. Supply side environment includes the suppliers, marketing intermediaries, and competitors who offer raw materials or supply products. On the other hand, demand side environment includes customers who consume products. These are explained as follows:

#### i. Suppliers

It provides raw material to produce goods and services. Suppliers can influence the profit of an organization because the price of raw material determines the final price of the product. Organizations need to monitor suppliers on a regular basis to know the supply shortages and change in the price of inputs especially for developing countries like Nigeria where there is no price control both for raw materials and finished products.

#### ii. Marketing Intermediaries

It helps organizations in establishing a link with customers. They help in promoting, selling, and distributing products. These are referred to as marketing intermediaries. Their existence for any product in the market is imperative, since it is not possible for the manufacturers to have contact with the entire target customers. Examples of these include:

##### a. Resellers:

It purchases the products from the organizations and sell to the customers, for example, wholesalers and retailers.

##### b. Distribution Centers:

It helps organizations to store the goods. A warehouse is an example of distribution center.

##### c. Marketing Agencies:

It promotes the organization's products by making the customers aware about benefits of products. An advertising agency is an example of marketing agency.

d. **Financial Intermediaries:**

It provides finance for the business transactions. Examples of financial intermediaries are banks, credit organizations, and insurance organizations.

**iii. Customers**

Customers buy the product of the organization for final consumption. The main goal of an organization is customer satisfaction. The organization undertakes the research and development activities to analyze the needs of customers and manufacture products according to those needs. Customer satisfaction play a significant role in customer's loyalty. Thus, customers must be study and their needs should be paramount consideration.

**iv. Competitors**

It helps an organization to differentiate its product to maintain position in the market.

Competition refers to a situation where various organizations offer similar products and try to gain market share by adopting different marketing strategies. Customers are the liberty to choose product/service to provide maximum satisfactions. Service organization like tourism institutions should look into customer satisfactions as the main reason for their existence.

**1.5 Macro Environment**

Macro environment involves a set of environmental factors that is beyond the control of an organization. These factors influence the organizational activities to a significant extent. Macro environment is subject to constant change. The changes in macro environment bring opportunities and threats to an organization. These factors are:

**i. Demographic Environment**

Demographic environment is the scientific study of human population in terms of elements, such as age, gender, education, occupation, income, and location. Also, it means geographical distribution and density, its age distribution, its social composition, trend in birth rate, death rate and marriage.

For instance, it composed of women activities and changes in technological environment. Demographic environment is responsible for

the variation in the tastes and preferences and buying patterns of individuals. The changes in demographic environment persuade an organization to modify marketing strategies to address the dynamic changing needs of customers.

However, many governments have expressed deep concern about the world's population explosion. The origin of this fear is the possibility of the world's resources diminishing and the inadequacy of these resources in supporting the population growth.

Another major demographic concern is the fact that many countries that are industrially underdeveloped like Nigeria and Chad are directly involved in higher population growth. It is world-wide observation that the poor labourers often have more children and this reinforces the lineage of poverty in developing countries as obtained in Nigeria.

The rate of increase in world population has great impact on business. A growing population means an increase in human needs and growing market for certain products. The growth in population will also lead to move demand for food and other resources which will consequently shoot up cost and greater profit; many industries will be affected differently by population growth especially the hospitality and tourism industry as being affected by COVID-19 pandemic. Some industries will thrive; others will be compelled to reformulate their strategies while many more will go into oblivion. In addition, declining birth rate also will pose its own problem, industries catering for babies and expectant mothers will suffer a big blow and may be forced to change their marketing programmes.

Thus, all organizations selling to a particular age group must watch what is happening to its size and behaviour. A decline in marriage life for instance may negatively affect the sale of life insurance, engagement and wedding rings. Therefore, the progressive firms especially the service industry like tourism must always forecast the demographic trend and forge a better product and market that best suit the forecasted trend.

## **ii. Economic Environment**

Economic environment affects the organization's cost's structure and customers' purchasing power. The purchasing power of a customer depends on the current income, prices of the product, savings, and credit availability as well as business environment. The critical factors that affect economic environment are:

**a. Inflation:**

It influences the customers' demand for different products. For example, higher petrol prices lead to a fall in demand for cars, especially where petrol marketers sell at their own prices.

**b. Interest Rates**

It determines the borrowing activities of the organization. For example, increase in interest rates for loan may lead organizations to cut their important activities especially in Nigeria where the government and the manufacturers depends on importation for almost everything, for that reason, Nigeria is referring to as a consuming nation.

**c. Unemployment**

It leads to a no income state, which affects the purchasing power of an individual. It is situation where individuals are willing to do a work either with the public or private sector, but the job is not available. This is situation of Africa countries especially Nigeria.

**d. Customer Income**

It regulates the buying behavior of a customer. The change in the customer's income leads to changed spending patterns for the products, such as food and clothing.

**e. Monetary and Fiscal Policy**

It affects all the organizations. The monetary policy stabilizes the economy by controlling the interest rates and money supply in an economy; whereas, fiscal policy regulates the government spending in various areas by collecting the revenue from the citizens by taxing their income.

**iii. Natural Environment**

Natural environment consists of natural resources, which are needed as raw materials to manufacture products by the organization. The marketing activities affect these natural resources, such as depletion of ozone layer due to the use of chemicals. The corrosion of the natural environment is increasing day-by-day and is becoming a global problem. Examples of these are:

### **a. Natural Resources**

It serves as raw material for manufacturing various products. Every organization consumes natural resources for the production of its products. Organizations are realizing the problem of depletion of resources and trying best to use these resources judiciously. Thus, some organizations have indulged in de-marketing their products.

For example, war and weather. It leads to opportunities or threats for the organizations. For example, in summer, demand for water coolers, air conditioners, cotton clothes, and water increases while in winter, the demand for woolen clothes and room heaters rises. The marketing environment is greatly influenced by the weather conditions of a country.

### **b. Pollution**

It includes air, water, and noise pollution, which lead to environmental degradation.

Now-a-days, organizations tend to promote environment friendly products through its marketing activities. For example, the organizations promote the usage of jute and paper bags instead of plastic bags.

#### *Self-Assessment Exercise 1*

Looking at the economic environment components, do they affect developing countries like Nigeria too?

### **iv. Socio-Cultural Environment**

Socio-cultural environment comprises forces, such as society's basic values, attitudes, perception, and behavior. These forces help in determining the type of products customers prefer, what influences the purchase attitude or decision, which brand they prefer, and at what time they buy the products. The socio-cultural environment explains the characteristics of the society in which the organization exists. For instance, there certain products cannot offer to a group in some region; for example, pork meat and alcoholic drinks may not stive well in the north part of Nigeria because of their rooted Islamic religious beliefs. Similarly, Banriga dressing may not strive well in the eastern part of Nigeria because of their Christianity beliefs. Therefore, the analysis of socio-cultural environment helps an organization in identifying

the threats and opportunities in an organization. For example, the lifestyles of people are changing day-by-day; for instance, women are perceived as an active earning member of the family. If all the members

of a family are working then the family has less time to spend for shopping. This led to the development of shopping malls and super markets, where individuals could get everything under one roof to save their time especially for developed countries like USA, UK, etc. It should be noted that each man grows up in a particular human culture that defines his relation to other man and the world in general. For instance, different life styles, expenditure pattern, tastes, behaviours, and values are exhibited by different people across religious beliefs, and culture changes slowly as every day pass-by, bringing in a set of new ideas, desires and behavioural norms which service organizations like tourism must be abreast with. Organizations that recognize these changes and design their activities to suit the new needs are likely attract target customer patronage.

#### **v. Technological Environment**

Technological development has revolutionized all sphere of endeavor. It is imperative for all organization both private and public to critically look into technological changes as they affect their industries especially in the service industry where keen competition and customer satisfaction has become keys for surviving the 21<sup>st</sup> century business.

It should be noted that technology contributes to the economic growth of a country and its components. Organizations that fail to track ongoing technological changes may find it difficult to survive in today's competitive environment. Technology acts as a rapidly changing force, which creates new opportunities for the marketers to acquire the market share especially tourism firms. Marketers with the help of technology can create and deliver products that matches the life style of customers. Thus, marketers should observe the changing trends in technology, examples of these include:

##### **a. Pace of Technological Change**

It leads to product obsolescence at a rapid pace. If the pace of technological change is very rapid then organizations need to modify their products as and when required.

However, if the technology is not changing at a rapid pace, then there is no need for the organization to bring constant changes into its the product and service.

##### **b. Research and Development**

It helps in increasing growth opportunities for an organization. Many organizations have developed a separate team for R&D to bring

innovation in its products.

Pharmaceutical organizations, such as M & B put in greater force in R&D and these efforts have led to great opportunities in global market especially among the developing countries like Nigeria and Ghana.

### c. **Increased Regulation**

It refers to government guidelines to ban unsafe products. Marketers should be aware of these regulations to prevent their violation. For instance, in the pharmaceutical industry, they take the approval of the Drugs Controller of Nigeria which lays down the standards for drugs manufacturing, for example 'SON.'

#### *Self-Assessment Exercise 2*

*The technological environment is considered to be dynamic; does it affect developing countries like Nigeria?*

### vi. **Political and Legal Environment**

Political and legal environment consists of legal bodies and government agencies that influence and limit the organizations and individuals. Every organization should take care of the fact that marketing activities should not harm the political and legal environment prevailing in a country especially in the developing countries like Nigeria where the winner takes all. The political and legal environment has a serious impact on the economic environment of a country. For example, in Nigeria individuals and corporate organizations that fail to support the government in power are at the risk of being affected by government legal restrictions.

Also, most nations of the world are becoming regulated economies. The attitudes and reactions of people, social critics and governments are becoming increasingly important to managers because they all affect the political environment. The law, public opinion and public policy constitute a set of environmental factors that are increasingly affecting decisions on the marketing of goods and services. Government regulation occurs for one of these three reasons:

- To protect businessmen from one another.
- To protect consumers from businessmen.
- To protect the larger interest or the society against unbridled business behaviour.

The marketing executives cannot plan intelligently without good working knowledge of the major laws and regulation that protect competition, consumers and the society at large. They must be acquainted with National, International and Local laws affecting the conduct of his marketing activities and the many consumer organizations that have potential impact on his activities, especially in tourism industry.

Moreover, the saliency of Nationalism must not be neglected. These feelings can block marketing activities and reduce sales in some international markets. Nations may dictate who to sell their country's products, grant business operating permission, emphasize the employment of Nationals by foreign firms or indigenize firms. Political environment may offer new marketing opportunities to foreign investors as well as local investors. Thus, political and legal environment should be critical study as its affect business activities.

## **V. Competition**

The competitive environment reflects the number, type and behaviour of competitors facing a particular firm especially in service industry where ICT has made interaction with the target customers friendly and homely. It should be noted it uncontrollable variable which the marketing manager must try to manage by adopting strategies which will avoid head-on competition.

Competition may be direct i.e., between firms producing items that can satisfy similar needs. On the other hand, it can be generic, product form, or enterprise. Competitors can be few or many in some cases. For a better understanding of the nature of competition, four kinds of market situation must be looked into, they are: pure competition, oligopoly, monopolistic, and monopsony.

When competition is pure, many competitors offer the same price e.g., homogenous products with many buyers and sellers. With few knowledge of the market; there is ease of sellers. In oligopolistic situation, special market features are prevalent. There is essentially homogenous product e.g., cement companies, toilet soap and beverage manufacturers. Thus, there is fairly inelastic industry demand curve. This is due to firms not understanding the true market situation and resort to price cuts to get business.

Moreover, a big increase in demand or supply changes the basic nature of the situation and leads to price cutting which may sometimes be drastic. Oligopolistic competition faces equilibrium as long-term trend with profit driven to zero. This happens when there is price



competition. In most situations, the marketing managers may try to avoid price competition and rely more on other aspects of the marketing mix. Rather, they used aggressive marketing mix in order to gain adequate control. Where they have to face some fairly direct competitors, the situation is called monopolistic competition. This situation prevails where there are heterogeneous products in the eyes of the customers, this also apply to services. The vigorous features of pure competition are reduced where each monopolistic competitor has little freedom with the industry, the degree of elasticity determines whether price would be raised or lowered. It is therefore important for the service industry to note all these situational market changes as they affect their services.

### **1.6 Summary**

This unit examine the micro and macro business environment as they affect business in particular the tourism business. The marketing implications of the micro and macro environmental elements were discussed.

### **1.7 References/Further Readings**

- Kuwu E.A. (2007). 'Revision Notes on Tourism Sales and Marketing', Kaduna Polytechnic: Kaduna.
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## **1.8 Possible Answers to SAEs**

### **SAE1**

Economic environment is the same both at the developed and developing countries, but what differs among the countries is the application of monetary and fiscal policies by the government in power. Thus, the economic elements should be taken into considerations irrespective whether developed or developing country:

- Inflation
- Interest Rates
- Unemployment
- Customer Income
- Monetary and Fiscal Policy

### **SAE 2**

Technological environment is not the same across countries. The advancement of the technological environment depends on its stage and political-will of the government in power. However, the following elements should be paramount as its affect tourism industry:

- Pace of Technological Change
- Research and Development
- Increased Regulations.

## UNIT 4 MARKET SEGMENTATION

### Unit Structure

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 The Meaning of Market Segmentation
  - 1.3.1 Objectives of Market Segmentation
  - 1.3.2 Benefits/Advantages of Market Segmentation
- 1.4 Basis of Market Segmentation
  - 1.4.1 Geographic Segmentation
  - 1.4.2 Demographic Segmentation
  - 1.4.3 Psychographic Segmentation
  - 1.4.4 Behavioural Segmentation
- 1.5 Market Segmentation Strategy
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### 1.0 Introduction

Tourism market is dynamic and therefore, tourism organizations must segment the market to tailor their needs according to their specific demands. This is imperative, tourism firms and organizations can be accessed via social networks, friends, and relations, therefore, their services must meet specific needs of the market as well as the individual tourists. Besides, it is impossible to serve the entire market no matter the resources of the organizations, tourists need varied and they may be scattered instead of cluster. More so, tourists' destinations are not the same and therefore, market segmentation will assist these tourist destinations to provide specific market needs. Hence, there is a need to segment the market to take care of the tourists' needs irrespective of where they reside and location. This unit discusses market segmentation in relation to tourism markets and destinations as it influences tourist patronage either positively or negatively.

### 1.2 Learning Outcomes

By the end of this unit, you should be able to:

- Explain the meaning of market segmentation
- Explain the benefits of market segmentation
- Explain the importance of market segmentation
- Explain the bases of market segmentation

### 1.3 The Meaning of Market Segmentation

Different scholars have defined market segmentations based on their needs and market situation. In this unit, we are looking at the market segmentation based on tourists needs and destination specifications.

Thus, market segmentation is the process of dividing a targeted audience into subgroups based on commonalities, ranging from age, gender or location to priorities, values and behavior. This is a critical part of building marketing plan, as it allows you to effectively determine consumers' purchasing habits.

Segmenting your market can help you understand what personal, cultural, economic or social factors may influence clients' dealings with your offerings, that is products or services. Segmenting your customers will give you better insight into their wants and needs. It shows how specific groups of consumers are more likely to seek or buy a product over others, as not every customer is alike. By grouping your audience into niches, you'll be able to market in a more cost-effective manner rather than focusing your resources either on an individual level, or on a level that's too broad. It is defined too as the process of dividing prospective consumers or tourists into different groups depending on factors like demographics, behavior and various characteristics.

It also defined as the process of dividing a targeted audience into subgroups based on commonalities, ranging from age, gender or location to priorities, values and behavior.

Market segmentation is the process of identifying groups of buyers of the total market with different buying desires or requirements. Most markets are too large for an organization to provide all the products and services needed by all the buyers in that market, therefore, this call for market segmentation (Stanton, 1971.).

Market segmentation is the process of identifying groups of buyers of the total market with different buying desires or requirements. Most markets are too large for an organization to provide all the products and services needed by all the buyers in that market.

It should be noted that in each market segment, there are typically three things that are common to all segments - homogeneity, distinctiveness, and reaction. In each, individual group, or potential customers are generally homogeneous. That is, they are generally fairly similar in terms of their common needs., for example students in the same class reading the same course like Pharmacy.

In addition, the members of each individual grouping are distinct from the other groups – or, they are different in some ways than customers in other groupings, for instance the age group of 5-10 has distinctive needs as opposed to the age group of 13-18.

Lastly, customers or tourists in each group have similar (or relatively similar) reactions to various marketing, advertising and products directed at their segment, and tend to perceive the full value of products differently than others in different groups. For instance, the group A and Group D which patronized tourism destination Z in Abuja tend to perceived the destination differently.

### **1.3.1 Objectives of market segmentation**

Market segmentation aimed to achieved the following objectives:

1. Better service
2. Market segmentation will lead to market specialization which allows tourism organizations to sell in large quantities
3. Optimum utilization of resources – targeting the markets provide details of the customers and their needs, thus, help tourism organizations to provide effective services to their tourists.
4. Increase efficiency – Segmenting the market minimizes the size of the market that an individual tourism firms will be attempting to satisfy without result because of the mass market.
5. Easy of updating changes in the market place – It is easier to make changes with regards to tourists needs especially based on their demands if the market is segmented rather than to concentrate on mass market.
6. Can develop marketing programmes and budgets on the basis of a clearer idea of the response characteristics of specific market segments.
7. Better placed to spot and compare marketing opportunities
8. Makes final adjustments of the product and marketing appeal possible to cater for the needs of the buyers.

### **1.3.3 Benefits/Advantages of Market Segmentation**

1. Improves campaign performance

Market segmentation help tourism organizations like Air Lines and Hotels to improve the performance of their marketing campaigns through targeting the right people/tourists with the right messages at the right time. Thus, this segmentation enables these tourism firms to learn more about their target customers so that their services are tailor to their specific needs and demands.

It should however be noted that the more specific your target market, the more beneficial targeting the services can be tailor to them. For instance, it best to advertise 'Water' to the general public but 'refill water' to a group of customers who demand them often. Also, Sellers can make best possible adjustments of their product and marketing appeals. Instead of one marketing programme aimed to draw in all potential buyers, sellers can create separate marketing programmes designed to satisfy the needs of different customers. Proper advertising and sales promotional appeals can be made depending on the target audience and their specific needs.

- 2 Develops consumers insights – Market segmentation provides basis for tourism organizations like hotels to render services that better meet the needs of the market. For instance, designing products/services with the needs of the customers in mind will facilitate selling of these products/services, hence, making the customers happier because you understand them and their specific needs. Thus, marketing campaigns is much easier to be conducted.
- 3 Improves brand loyalty and customer engagement – If the market is properly and appropriately segmented, it improves customer brand loyalty and engagement in patronizing organizational products and services. Market segmentation also help businesses to focus their efforts, which enables them to establish a brand identity and specialize in a particular type of products that the customers demand often.
- 4 Determining market opportunities:  
Market segmentation enables businesses to identify market opportunities where they can explore either to expand or extend market shares in the market. The marketer can therefore study the needs of each segment in the light of current offerings by the competitors. From such study, the marketer can find out the current satisfaction of customers in order to serve the customer better.
- 5 Media selection:  
It helps in selection of advertising media more intelligently and in allocating funds to various media. The funds are allocated to various media depending on the target audience, impact of the media, competitor advertising. Thus, market segmentation helps businesses to identify audience segments that they are not currently reaching with their marketing efforts and then expand into new markets. Also, it helps in setting the timings of the promotional efforts so that more emphasis is placed during those periods when response is likely to be at its peak.
- 5 Better service to customers: Market segmentation enables a company to concentrate its

- marketing efforts in a particular market area, thereby, providing a better service to the target customers. Proper marketing segmentation will facilitate customer satisfaction.
- 6 Efficient use of resources: By tailoring marketing programme to individual market segments, management can do a better marketing job and make more efficient use of the marketing resources. For example, a small firm can effectively use its limited resources – money, sales force, etc. – in one or two segmented markets instead of concentrating on the entire market.
  - 7 Assist in distribution strategies: Segmentation also assists in adopting suitable distribution strategies. Different market segments may require different distribution mix. For example, if the product is of very high quality intended to target the upper class, then it must be distributed at prestigious outlets located at selective places. For example, marketing five Star hotels will more appropriate to businessmen and government official rather than civil servants of the society.
  - 8 Helps in fixing prices: The marketing segmentation also enables businesses to fix prices of the goods and services render to the society. Since different market segments have different price perceptions, it is necessary to adopt different pricing strategies for the markets. For instance, the prices for lower-income groups have to be lower and the product and promotional efforts should be tailor accordingly.
  - 9 Inform other business decisions: Market segmentation can also help to inform other important business decisions regarding how you get your product to customers. These decisions may involve matters such as pricing and distribution. Market segmentation can also help businesses to determine the optimal strategies for the distribution of their products. For instance, businesses can use segmentation to help them decide on pricing that maximizes sales while keeping customers happy.
  - 10 Enhances reliable assessments: Segmenting the market it enables businesses to have reliable assessments and evaluation of the customers patronage and responses with regards to the products/services rendered.

#### Self-Assessment Exercise 1

*Tourism is global and market segmentation is inevitable, what are three main objectives of market segmentation?*

### 1.4 Basis for Market Segmentation

The markets are divided on the basis of several factors.

The most commonly used basis for market segmentation includes:

### **1.4.1 Geographic Segmentation**

The market is divided into different geographic locations such as cities, provinces, regions or countries. It is general observed in business that it is practically impossible to operate successfully in all the customer markets and achieved their desires. Thus, it is evidence to streamline the markets based on the customers/tourists demands and expectations. Therefore, research is conducted to find out the most viable customer markets based on the villages and cities as applies in Nigeria, provinces as applies in Asia, regions and countries as applies in America, and Europe. For instance, in Nigeria, there are tourist products are best sell in some regions. Danba Carnivals and Fishing tourism are best sell in the Northern region of Nigeria. Also, Dance tourism and cultural tourism are best sold in South-West and South-East of Nigeria. Therefore, it is imperative for the tourism firms and destinations to look into regions of its customers to order to determine the most appropriate products desired.

### **1.4.2 Demographic Segmentation**

This is based on the demographic variables such as age, sex, occupation, income, education, social class, religion etc. This also depend on the product/service rendered for the general public. For instance, age or occupation play an important role in segmenting any market especially when income play an important factor. For example, in the music world, it is more of youths than the elderly. Thus, any tourism firm embarking on tourism destination that music plays an important role, then youths should be considered most. It is noted that general female genders are good in socialization and travel than male counterparts. Therefore, tourism products that involve adventure tourism, dark tourism, and religion tourism; if women in general are look into, there is likelihood the acceptance would better than of men folds. Also, when you looking at clothing and beauty in relation to sex, tourism destinations should into women general than men. It is observed that women are found of changing their war drops in relations to their tastes, peer-group, changes in the market, and their role model. Thus, it is advisable for tourism industry like the Music sector should look in the direction of women for easy accessibility and acceptability of their products.

### **1.4.3 Psychographic Segmentation**

This is based on the psychographic variables which refer to such aspects of an individual as his lifestyle, personality, buying motives and product knowledge and use. in tourism, this segmentation of a tourism market based on the psychographic variables must be critically look into before applying them. This is because, no two-individuals are the same in



character and lifestyle. They may be close; however, they cannot be exact. The lifestyle of tourism must be closely monitored in order to be able to group the tourists into the same characteristics of the market demands. Also, personality of individual varied over time and in relations to income, societal value, and tourism products available in the market. For instance, some women attached importance their role model like- first lady and governor's wives in relation to clothing and make-ups. Thus, as tourism destination managers, you must be careful in applying personality profiles of the tourists in the market into tourism market, especially in segmenting it in order to attract more attentions and demands. More so, the buying motives is also an important variable while segmenting tourists market in relation to psychographic segmentation. For instance, open is common in Africa, while in America and Europe shopping mall is most applied. Thus, while segmenting the market, the purchasing power of these tourists must be look into. For, instance, in the open markets as obtained in Nigeria, individual can negotiate the prices of tourism products, but in the shopping mall, the prices of the tourists products are fixed and attached. Hence, tourists can only pay for the choice products. It should be noted that the same applications apply to knowledge and use of the product as variables of psychographic segmentation.

#### **1.4.5. Behavioral Segmentation**

This refers to a process in marketing which divides customers into segments depending on their behavior patterns when interacting with a particular business or tourists destinations. This can be achieved by grouping the customers or tourists into:

- Attitude toward your product, brand or service;
- Use of your product or service,
- Overall knowledge of your brand and your brand's products,
- Purchasing tendencies, such as buying on special occasions like birthdays or holidays only, festivities, etc.

It should be noted that the segmentation offers marketers and business owners especially tourism firms and destinations a more complete understanding of their audience, thus enabling them to tailor products or services to specific customer needs. For instance, briefly examined below are some benefits of the behavioural segmentation:

- Segmenting by **purchase behavior** disentangles the varying trends and behavior patterns that customers have when making a purchase decision.

- **Occasion-based segmentation** categorizes customers who are most likely to interact with your brand or purchase from your destination on either specific occasions or set times.
- Segmenting by **benefits sought** refers to dividing your audience based on the unique value proposition your customer is looking to gain from your product or service.
- **Loyalty-based segmentation** measures the level of loyalty a customer has with your brand, either through a rewards program, number of purchases, or general engagement with your marketing efforts. Using loyalty-based behavioral segmentation helps you to zero in on existing repeat customers, their needs, behavior patterns, and more. Besides generating repeat revenue from your business, loyal customers are incredibly useful in terms of referrals, word of mouth, and feedback.

#### Self-Assessment Exercise 2

*Behavioural market segment is considered importation while segmenting tourism market. Give four (4) reasons for its importance in modern tourism business.*

### 1.5 Market Segmentation Strategy

Market segmentation in tourism recognizes that few vacation areas are universally acceptable and desired. Therefore, rather than to waste promotion resources trying to please all travelers, the best market strategy is to isolate those segmentations of the entire market which are likely prospects and aim at the promotional efforts specifically to the wants and needs of the target markets. Thus, one of the early steps in marketing tourism is to divide the present and potential market on the basis of meaningful characteristics and then concentrate promotion, supply and pricing efforts on serving these most prominent sections of the market – the target markets. Usually, the market segmentation for tourism is in terms of the following criteria: demographic, geographic, psychographic, social and economic.

It is noted that knowing your target market is the first step in selling your products and services. A marketing segmentation strategy further divides your target market into subgroups that are easier to manage. Customized customer experiences lead to higher customer loyalty and better-focused marketing campaigns. A market segmentation strategy organizes your customer or business base along demographic, geographic, behavioral, or psychographic lines—or a combination of them.

Market segmentation is an organizational strategy used to break down a target market audience into smaller, more manageable groups. A customized customer experience leads to loyalty, better brand recognition, and ultimately higher profits for a product or service.

Determining the right marketing segmentation strategy for your business means using or combining demographic, geographic, behavioral, and psychographic segments to reach a more targeted consumer or business base. Thus, marketing segmentation strategies help your business predict where your products and services are most wanted, allowing for better customer experiences, loyalty, and niche marketing

## **1.6 Summary**

This unit just like other units is an important unit that looked into market segmentation as it applies to tourists markets and destinations. Definitions were proffered, benefits are discussed, and its important were enumerated. The unit further dwell on the basis of segment a market. Four variables were discussed respectively. These geographical, demographic, psychographic and behavioural tendencies were extensively discussed with relevant examples.

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## **1.8 Possible Answers to SAEs**

### **SAE1**

The three main objectives of market segmentations are:

- Market segmentation will lead to market specialization which allows tourism organizations to sell in large quantities
- Increase efficiency – Segmenting the market minimizes the size of the market that an individual tourism firms will be attempting to satisfy without result because of the mass market.
- Can develop marketing programmes and budgets on the basis of a clearer idea of the response characteristics of specific market segments.

### **SAE2**

The four (4) reasons for the importance of behavioural market segment are:

1. Segmenting by purchase behavior disentangles the varying trends and behavior patterns that customers have when making a purchase decision.
2. Occasion-based segmentation categorizes customers who are most likely to interact with your brand or purchase from your destination on either specific occasions or set times.
3. Segmenting by benefits sought refers to dividing your audience based on the unique value proposition your customer is looking to gain from your product or service.
4. Loyalty-based segmentation measures the level of loyalty a customer has with your brand, either through a rewards program, number of purchases, or general engagement with your marketing efforts.

## UNIT 5 CONSUMERISM IN TOURISM MARKETING

### Unit Structure

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 The Meaning of Consumerism
  - 1.3.1 Importance of consumerism
  - 1.3.2 Danger/disadvantages of consumerism in the Economic activities
  - 1.3.3 Causes of Consumerism
- 1.4 Rights of Seller
  - 1.4.1 Rights of buyers
- 1.5 Government Policy Measures on consumerism
- 1.6 Summary
- 1.7 References/Further Readings
- 1.8 Possible Answers to SAEs

### 1.1 Introduction

The consumer society emerged in the late 17th century and intensified throughout the 18th century ([bookrags.com](http://bookrags.com)), while some claim that change was propelled by the growing middle-class who embraced new ideas about luxury consumption and about the growing importance of fashion as an arbiter for purchasing rather than necessity (Barksdale & Darden, 1972). However, many critics argue that consumerism was a political and economic necessity for the reproduction of capitalist competition for markets and profits. Also, others point to the increasing political strength of international working-class organizations during a rapid increase in technological productivity and decline in necessary scarcity as a catalyst to develop a consumer culture based on therapeutic entertainments, home-ownership and debt.

Consumerism is a social and economic order that encourages the acquisition of goods and services in ever-increasing amounts. With the industrial revolution, but particularly in the 20th century, mass production led to overproduction- the supply of goods led to consumer demand, manufacturers turned to planned obsolescence and advertising to manipulate consumer spending.

In 1899, a book on consumerism published by Thorstein Veblen, called The Theory of the Leisure Class, examined the widespread values and economic institutions emerging along with the widespread "leisure time" at the beginning of the 20th century (Kotler, 1971). In it, Veblen "views the activities and spending habits of this leisure class in terms of conspicuous and vicarious consumption and waste.

This unit examines defines the consumerism and its role on goods and services offered for sale.

## 1.2 Learning Outcomes

By the end of this unit, you should be able to:

- Define consumerism
- Explain the importance of consumerism
- Explain the causes of consumerism
- Explain the rights of buyers and seller in consumerism
- Explain the factors responsible for lack of consumerism in Nigeria.

## 1.3 The Meaning of Consumerism

Consumerism is the study and practice of matching consumers with trustworthy information, such as product testing reports, the marketplace itself is responsible for ensuring social justice through fair economic practices. Consumerism refers to the field of studying, regulating, or interacting with the marketplace. This unit examine the role consumerism in relation to business activities especially tourism business.

Consumerism can be traced back to the onset of capitalism in the 16th century in Europe. Consumerism intensified in the eighteen (18<sup>th</sup>) centuries because of a growing middle class that embraced luxury consumption. The eighteen centuries also saw an increasing interest in fashion rather than necessity as a determinant for purchasing. The growth of consumerism can also be attributed to politics and economics. For countries to thrive politically and economically, capitalist competition for profits and markets had to be at the core of every country's agenda. Colonialism has also been attributed as one of the major drivers of consumerism.

Colonialists had to look for markets for their goods by creating demand because there was supply. The industrial revolution also spurred consumerism as the number of consumer products increased in the market due to the increasing use of machines. Over many decades, buying goods/services became a way of life in Britain and many other parts of the world. The consumerist culture continues today. It encourages spending on consumer items like cars, clothes, shoes, and gadgets instead of saving and investing. Consumers buy goods and services to keep up with fashion/trends. The search for better goods is never-ending.

The rise of consumerism today is evident in both developing and developed countries. This can be seen in the mass production of luxury goods. The media is also saturated with advertisements. Personal debt levels are also rising globally which is an indication of more people buying goods excessively on impulse or without proper financial planning. Other evident signs of consumerism include product innovation.

Consumerism is defined “as the organized efforts of consumers seeking redress, restitution and remedy for dissatisfaction they have accumulated in the acquisition of their standard of living.” It is also noted as consumerism is a local force within the environment designed to aid and protect the consumer by exerting legal, moral and economic pressure on business. More so, Kuwu (2007) defines consumerism as a social movement seeking the right and power of buyers in relation to seller.

In other words, consumerism is defined as the effort made either by the consumer himself, the government and/or independent organizations to protect the consumer from the unscrupulous practices of business in their quest for profit. In this way, the consumer is viewed as the focal point and the core of marketing.

### **1.3.1 Importance of Consumerism**

Having defined and established the meaning of ‘consumerism’ the stage is set to look into importance of consumerism in business in general and tourism in particular. Consumerism play significant roles in the life of individuals and nations. However, emphasis will be more in this section on individuals as a consumers of goods and services offered into the market. Consumerism therefore:

- Awakening and uniting consumers especially when they are cheated in relation to prices of goods offered by the manufacturers and suppliers in the economy.
- Discouraging unfair trade practices associated with wickedness of manufacturers and sometimes the government. For instance, sharing formulae with regards revenues accrued to individual states that generate the revenues, for example Niger Delta.
- Protecting against exploitation especially if there are variance with regards to the advertisement and the real product in the market. For example, this is essence of ‘Nigeria Consumer Protection Council headquarter in Abuja and Standard Organization of Nigeria to ensure all goods and services in the market are up to the standard as required by the law the country like Nigeria.
- Awakening the government to responsible to its obligations to the citizens

- Effective implementation of consumer protection laws, this enables consumers to united to fight a noble cause of defending their rights.
- Providing complete and latest information. This is one of the reasons some products must carried detail descriptions with regards raw material components, vitamins it contains, its effects if established, date of manufactured, expiring date, etc., for instance all pharmaceutical products.
- Discouraging anti-social activities especially in tourism business, it is expected tourists are not at the disadvantage in a tourist destination with regards to information provided before visiting the destination. Information supplied through advertisements should not be ambiguous, confusing, false and deceptive because the consumer is ignorant of the standards.

### **1.3.2 Danger or Disadvantage of Consumerism in the Economic Activities**

Is should be noted that in as much as the consumerism as a booster and antidote to the unethical practices by the manufacturers and suppliers of goods and services in our society, there some dangers associated with it practices:

- It has developed a materialistic culture and society that focuses on high quantity and costly goods rather than quality and traditional way of production creating disparity among the consumers in the market place.
- It promotes globalization and trade of global brands which undermine the production of local indigenous products, and incompatible high consumption cause debt, recession, and financial crisis especially for the developing countries like Nigeria which depends on it consumptions on foreign goods.
- Many of the environmental problems occur because of the high production, spending, and consumption; and it results in the form of wastage of resources, ultimately more pollution as obtained in Niger Delta of Nigeria where Gas Flare is a cause and hazard to the immediate environment and people.
- It has made the mindset of people status-conscious, and often it causes stress and anxiety by keeping up with the social status.
- People exposed to consumerist culture, have a mindset of possessing materialistic things, status quo, and wealth conscious especially among the capitalist of the developing countries like Nigeria.



### 1.3.3 Causes of Consumerism

We have been able to discuss the importance and the dangers of consumerism in relation to business practices especially for the developing countries like Nigeria. This section examines causes of consumerism in our economic activities.

1. **Environmental degradation:** Increasing demand for goods put extensive pressure on natural resources such as water and raw materials (mines and gas); it results in the excessive use of energy; and encourages the use of chemicals which are known to degrade the environment. Thus, consumerism does more harm than good to the environment as obtained in Niger Delta of Nigeria.
2. **Moral degradation:** Increasing consumerism tends to shift away societies from important values such as integrity, instead, there is a strong focus on materialism and competition especially among the capitalists. People tend to buy goods and services they don't need so that they can be at par or at a higher level than everyone else, this is practice among politician in Nigeria by acquiring cars and houses as a competition neglecting the masses and the well-being of the society.
3. **Higher debt levels:** Consumerism also increases debt levels in a society. The number of people taking short term loans such as payday loans to buy luxury goods has increased drastically. Many short-term loans aren't channeled into constructive use nowadays especially among the low-income earners who obtained these loans and use outside the purpose like marrying more wives.
4. **Mental health problems:** Consumerism increases debt levels which in turn results in mental health problems like stress and depression. Consumerism forces people to work harder, borrow more and spend less time with loved ones. It therefore affects the overall well-being of people negatively in the long run since research has proven that people don't get valuable and long-lasting fulfilment from materialism.
5. **Unscrupulous Business Practice:** In the attempt to get rich quick, some businessmen and women indulge in unscrupulous business practices. For example, many expired drugs are on widespread sale in our markets. Currently, food poisoning has been incessant in our households and educational institutions. This is because spoilt tinned foods find their way into our markets instead of being destroyed. The consumer has become helpless in the hands of some businessmen and women especially in Nigeria where standards sometimes are compromised.
6. **Scarcity:** Artificial scarcity of goods and services in Nigeria has given birth to high prices. The continuous increase in retail prices

in the face of perennial scarcity has frustrated many consumers from consuming the right goods and services in the market

7. **Public Awareness through Education:** Consumerism comes as a result of serious economic and social dislocation. This type of situation is marked by the rise in consumer prices and declining real incomes. The Nigerian economy is today facing these economic and social ills. Which seem to have been triggered off by the recent increases in wage and salary awards to the public sector. Deceptions and unethical practices by businessmen are known through increase in education at all level in Nigeria thus spurred the rights of consumers in relations to the goods and services offered into the market by the manufacturers across the globe.

### *Self-Assessment Exercise 1*

*As tourism expert, it is noted consumerism is the right to consumer movement, is consumerism dangerous to our business and society?*

## **1.4 Rights of Sellers**

In transactional relationship between the seller and buyer, there are rights attached to each of the party. Here we looked the right of a seller:

- The right to introduce any product in any size and style provided it is not hazardous to personal health or safety. It should also include proper warning and control.
- The right to charge any price for products provided no discrimination exists among similar kind of buyers in the market.
- The right to spend any amount to promote the product provided it is not defined as unfair competition.
- The right to use any product message provided it is not misleading or dishonest in control or execution.
- The right to use any buying incentive scheme provided they are not unfair or misleading.

### **1.4.1 Rights if Buyers**

- These are rights that accrue to the buyers, such as:
- The right not to buy a product that is offered for sale.
- The right to expect the product to be safe.
- The right to expect the product to perform as claimed.
- The right to be well informed about important aspects of the product.

- The right to be protected against questionable products and marketing practices.
- The right to influence product and marketing practices in ways that will improve the “quality of life”.

### 1.5 Government Policy Measure on Consumerism

Government has been making policies, laws, and regulations in protecting citizens from manufacturers and suppliers of goods and services exploitations. Some of these measures are:

1. **Government:** Immediately after the independent in 1960s, there was price control to regulate prices of the commodities in the market. Also, Standard Organization of Nigeria (SON), Nigeria Agricultural, Food, and drugs administration (NAFDAC), Consumer Protection Council (CPC), etc. as efforts to regulate unethical practices by the manufacturers and suppliers of goods and services in Nigeria.
2. **Individuals:** Individuals right from the independent of the country Nigeria has play a pivoter roles in ensure consumers get values for the goods and services purchased. These individuals are lawyers, Judicial institutions, Labour unions, cooperative societies, market women associations, etc.
3. **Journalist:** Journalists has been the vanguard of human protection both in the government activities and private enterprises. They achieved this through publications of right prices of goods and services in the market across region of the country. They also exposure unscrupulous practices of the manufacturers and suppliers in our society.

#### 1.5.1 Failure of consumerism in our Society

The factors responsible for failure of consumerism in Nigeria include among others:

- Inability of consumer to institute legal action.
- Lack of information to take right decisions
- Failure of government institutions, policies and laws on consumers’ rights.
- Political environment has polarized issues that concerned consumers rights.

Tribal, religion, and region sentiment of Nigerians

### ***Self-Assessment Exercise 2***

*As a consumer of goods and services in Nigeria, explain five (5) factors responsible for ineffectiveness/failure of consumerism in Nigeria.*

### **1.6 Summary**

This unit discussed the meaning of consumerism, the importance, benefits and danger of consumerism in our modern business and the society. It also dwells on the causes of consumerism in our society, the measures taken by the governments, individuals and journalist institutions to curb consumerism.

### **1.7 References/Further Readings**

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## 1.8 Possible Answers to SAEs

### SAE 1

Indeed, consumerism can be dangerous in the following ways:

- It has developed a materialistic culture and society that focuses on high quantity and costly goods rather than quality and traditional way of production creating disparity among the consumers in the market place.
- It promotes globalization and trade of global brands which undermine the production of local indigenous products, and incompatible high consumption cause debt, recession, and financial crisis especially for the developing countries like Nigeria which depends on its consumptions on foreign goods.
- Many of the environmental problems occur because of the high production, spending, and consumption; and it results in the form of wastage of resources, ultimately more pollution as obtained in Niger Delta of Nigeria where Gas Flare is a cause and hazard to the immediate environment and people.
- It has made the mindset of people status-conscious, and often it causes stress and anxiety by keeping up with the social status.
- People exposed to consumerist culture, have a mindset of possessing materialistic things, status quo, and wealth conscious especially among the capitalist of the developing countries like Nigeria.

### SAE2

The factors responsible for failure of consumerism in Nigeria include among others:

- Inability of consumer to institute legal action.
- Lack of information to take right decisions
- Failure of government institutions, policies and laws on consumers' rights.
- Political environment has polarized issues that concerned consumers rights.
- Tribal, religion, and region sentiment of Nigerians; among others.