

## **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 School of Business and Human Resources Management.

The course consists of seventeen 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 questions. There will be tutorial classes. Full details concerning the tutorial classes will be conveyed to you at the appropriate time.

## **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, consumerism in marketing, sales representative, market segmentation and sales support in tourism marketing.

## **COURSE AIMS**

The aims of this course are to enable students to understand and apply the basic principles of marketing to business situations and this aim will be 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 the tourism marketing information system.
- v. Explaining marketing research.
- vi. Explaining Tourism promotion
- vii. Explaining Advertising, public relations, travel Agency and Tour operator's operations in tourism marketing.
- viii. Explaining marketing mix concept.
- ix. Distribution channel, product life cycle and marketing media.
- x. Explaining consumerism, Sales representative and marketing segmentation and sales support in marketing.

## **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 channel of distributions and physical distribution.
11. Explain product life cycle, consumer behaviour and marketing media.
12. Explain consumerism in marketing in Nigeria.
13. Explain sales representatives in marketing
14. Explain market segmentation and sales support in tourism marketing.

## **COURSE MATERIALS**

- Course Guide
- Study units
- Textbooks
- Assignment guide

## STUDY UNITS

There are seventeen 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 Operator in Tourism Marketing
Unit 6	Marketing Mix Concept in Tourism Industry
Unit 7	Channels of Distribution in Marketing

### Module 3

Unit 1	Marketing Environment
Unit 2	Product Life Cycle, Consumer Behaviour and Marketing Media
Unit 3	Consumerism in Marketing
Unit 4	Sales Representatives in Marketing
Unit 5	Market Segmentation and Sales Support in Marketing.

The first five units will give you the concept of tourism sales and marketing. Importance of marketing, customer-relations and services marketing. Unit six to Unit 12 concentrate on the various activities of marketing, promotional activities of advertising, public relations, travel agency, tour operator, and channel of distribution in marketing. Unit 13 to 17 are the principles of marketing environment, product life cycle, consumer behaviour and marketing, as well as sales representatives, consumerism and market segmentation and sales support in tourism marketing.

Each study unit will take at least two hours and it includes the introduction, objectives, main content, exercise, conclusion, summary and references. Others are the tutor-marked assignment/question. You

are expected to study the material and the 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 are to give you additional information. Practice the tutor-marked question for greater understanding. By so doing the stated learning objectives will be achieved.

## **THE ASSIGNMENT FILE**

There will be five assignments and you are expected to do all of them by following the schedule presented below:

- i. The concept of tourism sales and marketing (units 1, 2, 3, 4, 5)
- ii. Tourism promotional activities (units 6, 7, 8, 9, 10)
- iii. Marketing mix and marketing environment and product life cycle (units 11, 12, 13)
- iv. Consumerism and marketing media (units 14, 15)
- v. Sales representative and market segmentation and sales support (units 16, 17)

## **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 are five in number, are expected to be turned in to your tutor for grading. They constitute 40% of the total score.

## **FINAL EXAMINATION AND GRADING**

At the end of the course, you will write the final examination. It will attract the remaining 60%. 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

**MAIN  
COURSE**

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**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

**UNIT 1 CONCEPT OF TOURISM SALES AND MARKETING****CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Meaning of Tourism Sales and Marketing
3.2	The Sales and Marketing Concept
3.2.1	The Production Orientation
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3.3	The Tourism Product
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Readings

**1.0 INTRODUCTION**

The conceptual notion of the evolution of tourism sales and marketing emphasized how sales and marketing developed as society moved from a handcraft economy of self-sufficiency into a socio-economic system which involved a division of labour, factory, industrialization and urbanization of the population.

In an agrarian society of old, the people are largely self-sufficient; they grow their own food, make their own clothes, and build their own houses and tools. As time passes, however, the concept of division of labour emerged as a result of specialization and mass production. 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 next evolution of tourism sales and marketing, small producers begin to manufacture their goods in large quantities in anticipation of future demands. Then division of labour occurs in order to sell the increased outputs. The business that develops as a result of specialization is known as distribution which facilitates communication and involvement of these surplus products to various geographical locations. This 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.

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 will always grow.

## **2.0 OBJECTIVES**

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

- explain the meaning of tourism sales and marketing
- explain the various tourism sales and marketing concepts
- explain the tourism market elements
- discuss the application of tourism marketing concepts.

## **3.0 MAIN CONTENT**

### **3.1 Meaning of Tourism Sales and Marketing**

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 with them to ascertain and influence their wishes, needs, motivation, likes and dislikes on local, regional national and international level to formulate and adopt their tourism product according with a view at achieving optimal tourist satisfaction and thereby fulfilling their 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.

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.

The issues 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 will have two major objectives. 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 one 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 group and tour operators can market their individual service to potential buyers already aware of and predisposed to the destination represented by the official tourist organization.

The consumer (tourist) has special need of full and accurate information about the country he proposes to visit or within a country and about the region of his choice.

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 and not to another.

## **3.2 The Sales and Marketing Concept**

For a clearer picture of what you should know, it will be beneficial to look at the different stages that sales and marketing has evolved through in at least four stages. Let's examine them quickly.

### **3.2.1 The Production Orientation**

**Production of Goods.** The satisfaction of the consumer was not considered at all. The assumption was that if the products are found everywhere consumers will certainly buy them. The only time that success can be recorded here is where demand exceeds supply. Here, consumers will be forced to buy anything that is offered to them.

### **3.2.2 Product Orientation**

The failure of the production orientation emergence of the product orientation. It was assumed that if the quality of goods (and services) is improved and maintained, consumers will pay any price that is fixed and that the product will sell itself. Again the satisfaction of the consumer was not a priority. Due to the much talked about quality of the products, prices are sometimes fixed beyond the reach of the majority of consumers.

### **3.2.3 Sales – Orientation Stage**

The third stage in the development of sales and marketing philosophies is called the sales stage. Here sales and sales volume were the major assignments. It did not occur to the designers of this orientation that other marketing benefits are fundamentals to consumers which they aspire to enjoy. The sales stage witnessed the emergence of what Stanton (1981:12) calls "Hard sell" where products are forced on intending customers. Sales persons were really peddlers. Organizations operating in the sales stage do not always find out what consumers want and then make deliberate effort to satisfy them.

### **3.2.4 Customer Orientation**

This stage marks the beginning of paying attention to customer's needs and developing goods and services to meet these needs. The guiding principle here is customer satisfaction. This new sales and marketing orientation involves research, planning, communication strategy and many other related tasks which are now recognized as part of an integrated marketing strategy. To produce goods that are likely to meet the taste, needs, satisfaction and even the aspirations of the company's target market, i.e. the consumers.

In essence the marketing concept which is also known as customer or market orientation is a new philosophy which is aimed at meeting the needs and satisfaction of consumers Stanton (1981:10) has 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.”

### **3.2.5 The Main Areas Covered in these Concepts are:**

1. The relationships that exist between a marketing company and the consumer are that of a servant-king relationship. As a servant, a company is expected to perform its duties creditably in order to get his reward for a job well done. The concept upholds the sovereignty of the consumer in directing the flow of productive and marketing process.
2. Satisfaction of the consumer will ensure the continuous existence of a company. The assumption is that a ‘company’s existence is of no use if the satisfaction of the consumer is not guaranteed.
3. Reward is the end-product of a satisfactory service. Sales and marketing companies are not in business for fun, they are there to make profits. The marketing concept presupposes where a consumer’s satisfaction is the ultimate desire of a company, the profits will start to flow in as a normal feature or activity of the company. In fact, profits are normal rewards that should accrue to a ‘servant’ who performs his duties well.

### **3.2.6 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 investment. But as you have observed earlier, profit should come as a result of work well done, which is, ensuring the satisfaction of the consumer. For this reason, sales volume and market share should attract a good margin of profit for the company in order to ensure 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. In short, 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.

## **SELF ASSESSMENT EXERCISE 1**

You are required to write out the various tourism sales and marketing concepts and explain the features of the concepts.

### **3.3 The Tourism Product**

Availability of a product is essential for any organization which indulges in the sales and marketing function. A product may be defined as the sum of the physical and psychological satisfaction it provides to the buyer. Sales and marketing by definition is the development of a product to meet the need of the consumer and then employing the techniques of direct sales, publicity and advertising to bring this product to them.

In the case of tourism product, the basic raw materials would be the country's natural climate, history, culture and the people. Other aspects would be the existing facilities necessary for comfortable living such as water supply, electricity, roads, transport, communication and other essentials. In other words, the tourist product can be seen as a composite product; as the sum-total of a country's tourist attractions, transport, accommodation and entertainment which hopefully result in tourists, satisfaction. The tourist product can be entirely a man-made one or nature's creation as improved upon by man. Each of these components of a tourist product is supplied by individual providers of services like

hotels, airlines or other suppliers and is offered directly to the tourist by them.

The tourist product can therefore be analyzed in terms of its attractions, its facilities and its accessibility.

### **Attractions**

Of the three basic components of a tourist product, attractions are very important. Unless these are there, the tourist will not be motivated to go to a particular place. Attractions are those elements in the tourist product which attract them to visit one particular destination rather than another. The attractions could be cultural like sites and areas of archaeological interest, historical buildings and monuments or science like flora and fauna, beach resorts, mountains, national parks or events like trade fairs, exhibition of arts, and music festivals, games, etc.

### **Facilities**

Facilities are those elements in the tourist product which are necessary aids to the tourist centre. The facilities complement the attractions. These include accommodation, various types of entertainments, picnic sites, recreation and so on. They are indeed important for every tourist centre.

### **Accessibility**

Accessibility is another important component in the tourist product. It is a means by which a tourist can reach the area. Attractions of whatever type would be of little importance if their locations are inaccessible by the normal means of transport. If the tourist attractions are located at places where no means of transport can reach or where there are inadequate transport facilities these become of little value. The tourist attractions which are located near to the tourist generating market and are linked by a network of efficient transport, receive the maximum number of tourists.

## **SELF-ASSESSMENT EXERCISE 2**

Explain the tourist product.

## **4.0 CONCLUSION**

In this unit, which is the first one, we have discussed generally the nature and meaning of tourist sales and marketing. The various marketing concepts are also highlighted including the tourist product.

## 5.0 SUMMARY

This unit as a stepping stone treats the nature and meaning of tourist sales and marketing, the various sales and marketing concepts and the features of marketing concept and the tourist product. 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.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. Define tourist sales and marketing.
2. List and explain the sales and marketing concepts in tourism

## 7.0 REFERENCES/FURTHER READINGS

E.A. Kuwu (2005). *Revision Notes on Tourism Sales and Marketing*, Federal Polytechnic: Kaduna.

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

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

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Importance of Marketing
  - 3.2 Basic Concepts Customer Relations
    - 3.2.1 Why the Need for Good Customer Relations
    - 3.2.2 Methods of Getting Customers
    - 3.2.3 Handling Customers Complaints
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Definition of tourism sales and marketing in the preceding unit is a complete derivation of the marketing concept, which is the core of all marketing activities. The scope of sales and marketing is dynamic because new issues keep on attracting the attention of marketing experts. Issues like consumerism, legal aspects of marketing and service management are worthy of mention here. Classical areas in marketing cover such diverse topic as product planning and development, promotion, pricing distribution, consumer behaviour, competitive strategy, marketing research, segmentation, and forecasting and customer service.

### **2.0 OBJECTIVES**

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

- explain the importance of sales and marketing in general
- 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
- explain the methods of handling and preventing customer complaints and regaining lost customers in tourism marketing.

### **3.0 MAIN CONTENT**

#### **3.1 Importance of Marketing**

Marketing is relevant to every economy and is a crucial instrument of economic development. As has been noted by Adam Smith, 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 and have some impact on the well-being of the citizens. Marketing plays several important roles in the development of the society. We are going to look at it under eight areas.

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

Sales and marketing is a primary function of any business organization. Products and services require effective marketing based on understanding of 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. Sales and marketing therefore, make goods and services to be available to consumers (be it corporate or individual 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.

##### **(3) 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.

#### **(4) 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.

#### **(5) International Cooperation**

Sales and marketing encourages 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.

#### **(6) 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.

#### **(7) 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.

#### **(8) 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**

Discuss the importance of sales and marketing in the economic development of Nigeria.

### **3.2 Basic Concepts in Customer Relations**

Good customer relations propose that marketers:

Should treat the customer as king and all sales and marketing efforts must be geared towards satisfying his needs. This is known as sales and marketing concept, i.e., the basic reason for the company's existence is the satisfaction of consumer's needs since it is for the consumer that the product is being produced and marketed.

Good consumer relations demand that the marketer should:

- i. Understand the needs of his consumers as well as perfects way of satisfying such needs.
- ii. Possess adequate knowledge of his job as well as exhibits enough skill in the performance of his duty.
- iii. Be capable of communicating effectively with the customers as well as inspire confidence in them.

In order to achieve the foregoing, the efficient marketer should be able to:

- (i) Understand the type of market he/she is serving
- (ii) Understand the type of customer buying process, i.e., what motivates the buyers to buy, what types of buying behaviour they exhibit and at what point do they make their buying decision.
- (iii) Understand the customer's psychology by understanding how people view product in that particular market segment.
- (iv) Handle communication with customers easily; in this regard he should understand customer's perception and get the message across to him.
- (v) Master discussion procedure with customers by not talking too much and making his customers feel at ease when discussing with them

### 3.2.1 Why 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.

### 3.2.2 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.

### 3.2.3 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**

Mention five methods of retaining customers.

## **4.0 CONCLUSION**

In this unit, we have discussed the importance of marketing and the basic concept of customer-relations. We also treated the needs for good customer relations; methods of getting and retaining customers, and handling and preventing customer complaints as well as regaining lost customers.

## **5.0 SUMMARY**

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

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. State the importance of sales and marketing.
2. Mention and explain the methods of retaining customers

## **7.0 REFERENCES/FURTHER READINGS**

E.A Kuwu (2005). 'Revision Notes on Tourism and Hotel Marketing', Federal Polytechnic: Kaduna.

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### **3.0 MAIN CONTENT**

#### **3.1 Meaning of Service**

Philip Kotler defines services as any activity or benefit that one part can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

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.

#### **3.2 Characteristics of Services Marketing**

Services are characterized by six general properties:

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

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 performances. Services have a few tangible attributes called search qualities that can be viewed prior to purchase. On the other hand are services that are rich in experience and credence qualities that can be assessed only after purchase and consumption (satisfaction, courtesy, etc). Credence qualities cannot be assessed even after purchase and consumption. An appendix operation is an example of services high in credence qualities. How many consumers are knowledgeable enough to assess the quality of an appendectomy, even after it has been performed?

##### **2. Inseparability**

The creation of service may be coterminous with its consumption. Services are at the same time to be made available, sold and consumed. Also the provision may not be separable from the person or personality of the seller. Marketers of people-based services must recognize that services providers are often viewed as the service itself. Therefore, strategies relating to selecting, training, motivation and controlling employees are very important.

Inseparability results from the simultaneous production and consumption of a service. Because the firms are unable to store and transport a service, it is consumed simultaneously as it is being produced; some times the consumer of the service helps in the service production. From a marketing standpoint, this implies that direct sales



are the only possible channel of distribution. Services cannot be sold in very many markets, this characteristic also limits the scale of operation in a time space.

### **3. Heterogeneity**

It may prove difficult to maintain a high degree of consistency of output standard when providing services. 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 and environment. No two sellers, given the same sales situation, would offer a service, though the same, in the same manner.

### **4. Perishability**

Services cannot be stored in advance of demand. An airline seat not utilized is revenue 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.

### **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.

Frequently, customers will not be evaluating the core service but the close surrogate referred to as the tangible manifestation of the service and the tangible support systems. For instance, for an accommodation service of a hotel, buyers may evaluate the appearance and manner of the receptionist and information officer, the size of the hotel, the type, maintenance, etc. affect the evaluation and buying behaviour.

### **3.3 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 the marketer.

They 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**

Define tourism services marketing, the characteristics and marketing implications of tourism services characteristics.

#### **3.4 Similarities between Goods and Services**

- (1) They are both want satisfying.
- (2) They both involve payment.
- (3) They both have price.
- (4) Their existence need to be communicated.
- (5) They are both consumed before they can yield benefits.
- (6) They involve cost.

#### **3.5 Classification of Tourism Services**

Tourism services are a very diverse group of product and organization may provide 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.

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 - Low	Health care, hotels, air travel. Repairs, home deliveries, postal services.
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**

Mention the different categories of services with their examples.

### **4.0 CONCLUSION**

In this unit, we have discussed the marketing services and what tourism marketing services is, characteristic of services marketing, marketing implication of tourism services, and similarities between goods and services. Finally, we tried to classify and categorize tourism services with appropriate examples.

### **5.0 SUMMARY**

This unit treats what tourism services marketing is, the characteristics of service marketing, the marketing implication of tourism services, the similarities between goods and services and categories of services with examples.

### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Define tourism service marketing
2. Mention the characteristics of service marketing.

## **7.0 REFERENCES/FURTHER READINGS**

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

Kuwu A.E (2005). 'Revision Notes on Tourism Marketing',  
Kaduna – Polytechnic: Kaduna.

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

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Meaning of Tourism Marketing Information System
  - 3.2 Basic Marketing Information Requirements
  - 3.3 Reasons for Information Systems
    - 3.3.1 Types and Sources of Tourism Information System
    - 3.3.2 Tourism Sources of Information could be obtained from the Following
  - 3.4 Channel of Information Flow
  - 3.5 Problems of Information in Tourism Marketing
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Decision making pertaining to the purchase of tourist product must be based on facts which are normally obtained through collection of accurate information and data on tourist destination centres as well as the originating market. This is necessary because marketers of the service industries such as the tourist sector are faced with unique situation since the potential customers are in the process of purchasing an “illusion” or an intangible product where there is an absolute guarantee of “value” for money spent on holiday. It is therefore essential for national tourism organization, tour-operators and other coordinators of the tourism industry to be fully involved; not only in the collection of information, but to ensure filtering of such information in order to separate actual facts from distortion and assumption that will be contrary to established marketing objectives.

To ensure high degree of marketing success, the reputable organization tends to establish a well defined system of marketing information in the form of specialist department known as the marketing information and analysis centre whose responsibility will include gathering and processing of all vital information about potential customers, market and competitors. The marketing information and analysis centre could be described as a marketing research department. In fact such department normally serves as the marketing nerve centre of the organization and does not only provide instantaneous information to meet a variety of

executive needs, but would also develop all kinds of analytical decision aids for executives; ranging from computer forecasting programmes to complex simulation of the destination market.

## **2.0 OBJECTIVES**

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.

## **3.0 MAIN CONTENT**

### **3.1 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 could like to have against that which they really need and is feasible to obtain.

### **3.2 Basic Marketing Information Requirements**

Basic requirement of tourism marketing information includes the following.

#### **(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.

### **3.3 Reasons for Information Systems**

Information system is required to:

- (i) Provide for evaluation and control of overall marketing performance.
- (ii) Provide for evaluation and control of sub-functions and individuals within the marketing departments or divisions.
- (iii) Provide specific data for any necessary action in relation to products, services, or price
- (iv) Provide information for good salesmanship, etc.

### **3.3.1 Types and Sources of Tourism Information Systems**

Information is generally classified into either primary information or secondary information.

#### **(1) Primary Information**

This is the information which has originated directly from the source as a result of the particular problem under investigation.

#### **(2) Secondary Information**

Data which already exist and may be used for an investigation but has not been collected for that specific purpose is called secondary information. It is usually cheaper to use this kind of data than to set up special investigations, but care must be taken to ensure that the data is relevant, reliable and can be adjusted to the problem. Secondary information is normally quicker because it involves less research time and little or no field work.

### **3.3.2 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.

On the other hand, statistics gathered from tourists should be on age, range of visitors, party size, mode of transport, income level, occupation and approximation of spending in an area, first or repeat visit, group or individual travel and satisfaction level.

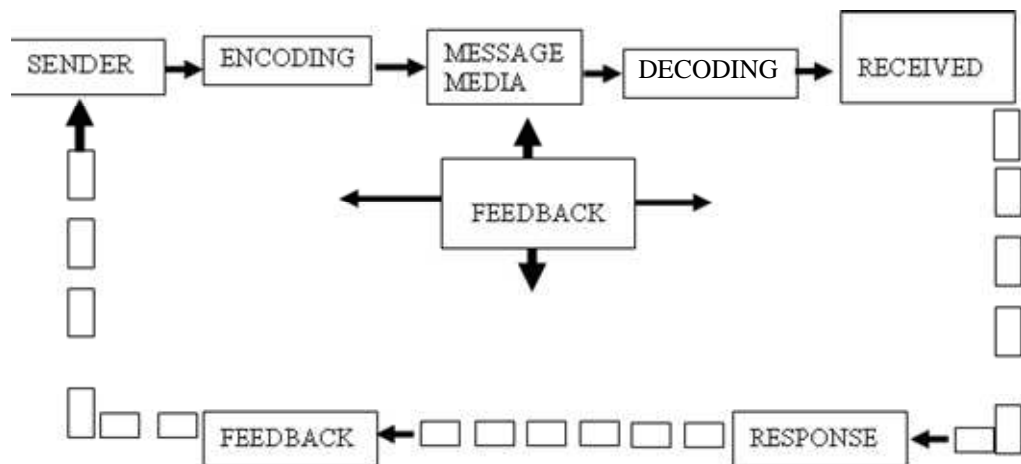
**SELF ASSESSMENT EXERCISE 1**

Write out the tourism marketing information requirement and types and sources of tourism information system.

### 3.4 Channel of Information Flow

Modern marketing calls for more than developing a good product, pricing it attractively, and making it accessible. Air-lines, 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 providers 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 media forms (computers, fax machines, cellular phones, 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. 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 influence 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.

### **3.5 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 is 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 developi countries where nothing at all may exist.

## **SELF ASSESSMENT EXERCISE 2**

Mention four problems of tourism marketing information in the study.

## **4.0 CONCLUSION**

In this unit, we have discussed the meaning of tourism marketing information system. The basic requirement of tourism marketing information system, the types and sources of information system in tourism and the problems of information system in tourism marketing are also discussed.

## **5.0 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.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Define tourism marketing information system.
2. Mention the four problem of tourism marketing information system

## **7.0 REFERENCES/FURTHER READINGS**

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

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



## **UNIT 5      TOURISM MARKETING RESEARCH**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition of Tourism Marketing Research
  - 3.2 Objective of Marketing Research
  - 3.3 Importance of Marketing Research
  - 3.4 Kinds of Marketing Research
  - 3.5 Steps or Process Involved in Marketing Research
  - 3.6 Characteristics of a Good Marketing Research
    - 3.6.1 The Role of Marketing Research in Marketing Management
  - 3.7 Marketing Research Techniques
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 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 risk "death wish" marketing practices such as waiting for information to either arrive in bits and pieces from their marketing intelligence system or rely on intuition for marketing decisions. In other words, logical facts finding on a systematic basis have taken the place of trial and error or generalization from experience. Normally, companies budget from one percent to two percent of their sales on marketing research.

Every marketer needs research and it is appropriate that every business does some marketing research at least informally. The small restaurant manager, for instance, studies customer demand whether to add jollof rice to the menu or stick to pounded yam and white rice. The larger the business, the more detailed and elaborate its marketing activities. An organization may have its own marketing research department or use outside firms to do special research tasks or special studies.

## **2.0 OBJECTIVES**

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

- explain tourism 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.

## **3.0 MAIN CONTENT**

### **3.1 Definition of Tourism 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 finding and its implications.

According to Kuwu (2003), marketing research “is 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.

### **3.2 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 helps to evaluate the compatibility of customer, acceptability, refusal and recommendation.

### **3.3 Importance of Marketing Research**

- (1) 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 patronage and consumers satisfaction.
- (2) Marketing research further helps the tourist organization to choose the right tourist target market, destination attractions, facilities and promotional activities necessary for tour-operators, travel agents, etc.
- (3) Marketing research helps to indicate what the components of the holiday packages should be.
- (4) Marketing research helps to provide management relevant information either on a new product or to measure and monitor the performance of an existing product.
- (5) All firms, regardless of their size, will have to occasionally use some form of marketing research. The interest and frequency depend upon the general nature of the firm as well as its size of operation.
- (6) Marketing research is conducted on a broad spectrum of topics. They are also performed by organizations for internal use by both commercial marketing research firms or by governmental or non-profit marketing organization.
- (7) Customer services industries such as banks, insurances, hospital etc use marketing research to enhance the quality of their services and growth.

### **3.4 Kinds of Marketing Research**

There are four kinds of marketing research activities.

#### **(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 profit 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.

#### **(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.

#### **(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.

### 3.5 Steps of Process Involved in Marketing Research

Effective marketing research involves five steps:

- (1) Defining the problem.
- (2) Establishing the goal of the research.
- (3) Developing a research plan for achieving the goal.
- (4) Analyzing the information.
- (5) Presenting the findings.

The first step calls for the marketing manager and marketing research team to define the problem carefully and agree on the research objectives.

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.

The second stage calls for developing the most efficient plan for gathering the needed information. Designing a research plan calls for decisions on the data sources, research approaches, research instruments, sampling plan, and contact methods.

The third stage involves data collection. This phase is generally the most expensive and the most liable to error. Some respondents may be absent and must be contacted or replaced. Others will refuse to cooperate. Still others will give biased or dishonest information. Data collection methods are rapidly improving due to modern computer and telecommunications.

The fourth step in the marketing process is to extract pertinent finding from the data. The research tabulates the data and develops one-way and two-way frequency distributions. Averages and measure of dispersion are computed for the major variables. Advanced statistical techniques and decision models are applied with the hope of discovering additional findings. Finally, the findings of the research are presented. Major findings that are relevant to the major marketing decision facing management are presented.

### 3.6 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) **Interdependence of models and data**

Simple models that guide information search are used to get the meaning of facts

(5) **Value and cost of information determine the research design to use and gather more information after the initial results**

(6) **Health skepticism: marketing research avoids ill-found beliefs held by its targeted groups.**

(7) **Ethical marketing: through marketing research, want-satisfying products are supplied without some marketing malevolence.**

#### SELF-ASSESSMENT EXERCISE 1

Write out the objectives and importance of marketing research to a tourism firm in Nigeria.

### 3.7 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**

Explain the Role of Marketing Research in Marketing Management.

#### **3.8 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. A 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.

**4.0 CONCLUSION**

In the unit, we have discussed what tourism marketing research is, its objectives, importance, kinds, characteristics and the steps involved in marketing research.

**5.0 SUMMARY**

This unit treats the definition of marketing research, its objectives, importance kinds, steps and characteristics, etc.

**6.0 TUTOR-MARKED ASSIGNMENT**

1. Mention three objectives of marketing research
2. Enumerate the steps involved in marketing research

**7.0 REFERENCES/FURTHER READINGS**

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

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## 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 Operator in Tourism Marketing
Unit 6	Marketing Mix Concept in Tourism Industry
Unit 7	Channels of Distribution in Marketing

### UNIT 1 TOURISM MARKETING PROMOTION

#### CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Meaning and Objective of Promotion
3.2	Function of Promotion to the Tourism Firms/Organization
3.3	The Elements of the Promotional Mix
3.3.1	Classification of Advertising
3.3.2	Personal Selling
3.3.3	Sales Promotion
3.3.4	Publicity
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
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#### 1.0 INTRODUCTION

In order to market a product, it is necessary that information about the product reaches a prospective consumer. As applied to tourism industry, the most important function of marketing is to bring about an awareness of the product in the minds of existing as well as prospective consumer in the overall market area. All this forms apart of overall tourism promotion. The basic function of all tourism promotional activities is to have an effective and meaningful communication with the consumer and the trade intermediaries. This is possible through certain identifiable methods which are being practiced by the marketing organizations. This awareness is brought about through certain method/marketing tools these are:

- (i) Advertising
- (ii) Public Relations.

The above tools are however not exclusive but complementary to each other proper and judicious blend of these is essential for the successful marketing of a tourism product.

## **2.0 OBJECTIVES**

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.

## **3.0 MAIN CONTENT**

### **3.1 Meaning and of Objectives Promotion**

Promotion is the function of informing, persuading and influencing the consumer's purchase decision. It may be 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. Promotion affects the knowledge attitudes and behaviour of the recipient.

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.

### **3.2 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 prospective customers.
- (ii) It helps a tourist firms increase the sales of its products in all but purely competitive markets.
- (iii) Promotion aids a tourist firms in establishing new products.
- (iv) Promotion assists a tourism firms in securing distribution of its products among marketing channel members.

- (v) Promotion helps a tourist company in building a favourable company image
- (vi) Promotion helps a tourist firm in establishing a preference for its branded products.
- (vii) Promotion can assist a tourist firms to level out peaks and valley in its production schedule.
- (viii) Promotion keeps a tourist product's seller in contact with its market.

For consumers they are well informed of the availability where and when to buy them, their benefits and uses and also quality. Without this information buyers are handicapped in attempting to maximize result of their expenses.

### 3.3 The Elements of the Promotional Mix

The promotional mix has the following elements:

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

Advertising is 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”.

Whatever is the case, a good definition of advertising should recognize these concepts.

- (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 and institutions are also made known to the public.

- (4) **An Identified Sponsor:** The sponsor must be identified in the message so that the recipients will know who is behind the message.

### 3.3.1 Classification of Advertising

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. We shall adopt only two classes in this write up. They are product advertising and institutional advertising.

#### (i) Product Advertising

Product advertising involves such 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. Messages 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.

#### (ii) 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. Infact Kuwu (1998) regards public relations as an aspect of institutional advertising.

### 3.3.2 Personal Selling

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.

#### 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

### **SELF ASSESSMENT EXERCISE 1**

From the discussion of the meaning of promotion in unit 6, you are required to state the objectives and functions of promotion.

#### **(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.

### **3.3.3 Sales Promotion**

This type of selling is so varied that many people find it difficult to comprehend or define clearly. Sales promotion according to the American Marketing Association (AMA) is defined as those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as display show exposition, demonstrations and various non-current selling efforts not in the ordinary routine. The objectives of sales promotion among others include:

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

Sales promotion tools are used by most organizations including manufacturers, distributors, retailers, trade association and some non-profit institutions.

### **3.3.4 Publicity**

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



little or no control or influence over the bad publicity it receives. Publicity is not the same thing as advertising. In advertising the sponsor is known, the message is paid for and is given to the public as designed by the advertiser. But in publicity the message is not paid for and the materials are selected by either the newspaper editor or news editor. i.e., the company has no control over publicity. The objective of publicity is to create increased awareness of a company's product. The firm tends to control its publicity through press releases, press conferences, photographs, letters to the editors and editorials.

**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**

Some authors regard public relations as an aspect of advertising while others accept it as an element of the promotional mix. For now, we shall look at it as an important component of publicity. Marketing organization serves share-holders, trade associations, government parastatals, etc. The company must develop strategies to relate with these publics in order to make the company and its products acceptable to them. In fact, if it must stay in business these publics must be informed and pleased.

For our operational definition, public relations is a management function that determines the attitude and opinions of the organization's public, identifies its policies with the interests of its public and formulate and execute a programme of action to earn the understanding and goodwill of its publics. Good public relations relate the interest of people first in matters relating to the conduct of the company and its business.

**SELF ASSESSMENT EXERCISE 2**

Explain the following terms in Marketing.

- (i) Personal selling
- (ii) Sales promotion
- (iii) Publicity
- (iv) Advertising

#### **4.0 CONCLUSION**

In this unit, we have discussed generally the nature of promotion, the objectives and functions of promotion as well as promotional mix.

#### **5.0 SUMMARY**

This unit treats the meaning and concept of promotion, the objectives, importance and promotional mix elements such as advertising, personal selling, sales promotion and public relations and publicity.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Define promotion
2. State the objectives and importance of promotion

#### **7.0 REFERENCES/FURTHER READINGS**

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

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition of Advertising
  - 3.2 Aims and Objectives of Advertising
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    - 3.3.1 The Responsibilities of the Advertiser to the Company
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  - 3.7 Guideline for Writing Advertising
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- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### 1.0 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.

### 2.0 OBJECTIVES

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.

### **3.0 MAIN CONTENT**

#### **3.1 Definition of Advertising**

Advertising has been variously defined by different authors according to their personalities and environment. Some defined it as the communication of information, others as the action of calling something to the attention of the public, especially by paid announcement. The American Marketing Association's definition of advertising has a world-wide acclaim viz "Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor." In this definition, four key factors need elaborate analysis.

##### **(i) Paid Form**

Advertising demands the purchase of time or space and not free media services. Media adverts without any form of payment can be classified as publicity.

##### **(ii) Non-Personal Presentation**

This differentiates advertising from person- to -person contact as in the case of personal selling. It is simply a mono-dimensional informative detail of a company, product, services, events or people. Moreover, the said media has no direct link with the advertiser's organization.

##### **(iii) Ideas, Goods and Service**

Advertising here is concerned with the dissemination of information about both tangibles and intangibles items. Apart from company usage of advertising, non-commercial organizations equally use advertising to sell their ideas to the public.

##### **(iv) Identified Sponsor**

Any information that has propagandistic influence or content especially where the protagonists remain anonymous cannot be said to be an advertisement despite its media usage. Normally, advertising does not conceal the source of the opinion, idea or message that is being communicated to the audience.

Another plausible definition of advertising is that aspect of promotion, which tries to highlight and convince people about the virtues of a product by making use of the mass media, which is paid for by the advertisement viz.

- (i) The advertiser is the person who sponsors the advertisement. He is usually a manufacturer, wholesaler or retailer.
- (ii) Advertising agency is the specialist organization which plans or derives the advertising campaign and receives 10 to 15% commission from the media house.
- (iii) The media owner: He owns the media (Medium) where the advertisement is executed, media may comprise print, electronic and out door.

### **3.2 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 or services to record sales lead.

- (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)

For any business activities undertaken by an individual, group or department the setting of objectives is usually a good starting point. Functional objectives are often set as a stepping stone to the achievement of the corporate objectives of the organization. An advertisement without a clearly defined purpose for the placement of such advertisement is of no use. Rather the criterion for measuring success must be the clinching of the intended effect. The responsibility for setting advertising objectives rests on the advertising agency in some cases. Advertising objectives may in-compass 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**

- (i) Define Advertising
- (ii) Identify the aims and objectives of advertising.

## **3.2 Advertising Evaluation**

Advertising effectiveness can be assessed through Recall Test. This shows the degree of awareness generated by a specific advertisement. For the extent to which advertising message is read, retained and remembered, spontaneous or prompted recall test can be carried out. Awareness test can be carried out to check audience overall awareness of company and her activities. The test involves the determination of the extent of product/company image – building. This can equally be done through in-depth interviews and group discussion. The method is used for measuring behaviour reinforcement. Regular appraisal of sales, retail orders, stocks and consumer purchase can also be used to gauge advertising effectiveness. This process is called sales research. It can be used to evaluate or measure the customer action tendencies before and after advert placements.

### **3.3.1 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.

- (i) He formulates advertising policy and objectives.
- (ii) He also undertakes the production of below – the-line and above the -line materials where the company has the capabilities to do so.
- (iii) The advertiser is equally in-charge of choosing advertising agency and the evaluation of advertising effectiveness.
- (iv) 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.
- (v) 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.

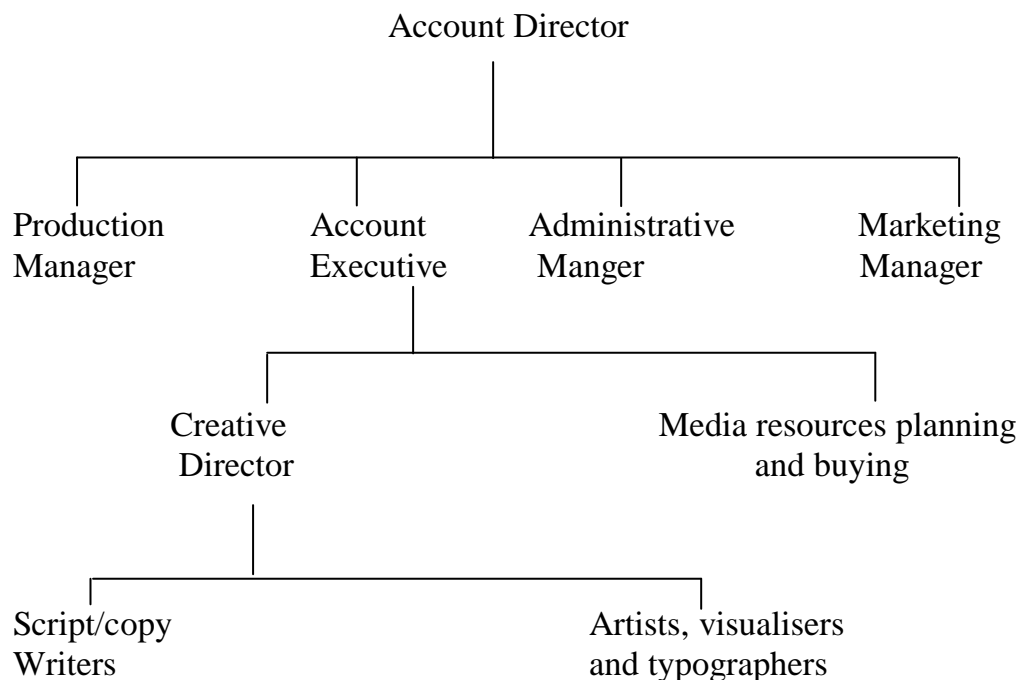
### **3.3.2 Responsibility to the Agency**

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**



### 3.4 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 manger 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:

- (i) The creation and production of advertising copy
- (ii) Planning the purchase of media space and time.
- (iii) 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 agency's 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.

### **3.5 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.

### **3.6 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 manger or marketer must consider in writing good advertisement. These objectives should be based on pass 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 now, 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 radio 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 resemble 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 maximizes 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 effectness.

**(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.

**3.7 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 phrases. Effective use of words that communicate the unique selling proposition make a good writing and guiding advertising copy.

## **3.8 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.

**3.9 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**

Explain the principles of writing good advertising.

## 4.0 CONCLUSION

In this unit, we have discussed generally, the meaning of advertising, the aims and objectives of advertising, evaluation of advertising, responsibilities of the advertiser to his company, responsibilities of the agency, the chart of an advertising organization, selection of advertising agency and compensation and principles of writing good advertising, etc.

## 5.0 SUMMARY

This unit treats the nature and meaning of advertising, the aims and objectives, evaluation and responsibilities of advertiser to his company, responsibility of the agency and the chart as well as the principles and guidelines of writing good advertising.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. Define Advertising
2. Identify the aims and objective of advertising

## 7.0 REFERENCES/FURTHER READINGS

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

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Meaning of Public Relation
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### **1.0 INTRODUCTION**

This is ironically an act that is practiced by everyone, anywhere and anytime with or without knowing it. This crude experience has led to varied definitions of public relations. 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.

## **2.0 OBJECTIVES**

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.

## **3.0 MAIN CONTENT**

### **3.1 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 as stated below: have its own interest and problems and each must be met on a different plan. Each group must be bound together by a number of forces. Public that constitutes the public of 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.

According to Kuwu (2007) "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 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 reasonable prospects of another entity.

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.

Another definition sees public relations 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 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 pays 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.

### 3.1.1 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.

### 3.1.2 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.

### 3.1.3 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**

Define public relations and state its functions to a tourism firm.

### 3.2 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.

#### 3.2.1 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.

**3.2.2 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.

### 3.2.3 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.

### **3.2.4 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.

### **3.2.5 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 has 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**

Explain the problems associated with public relations

### **4.0 CONCLUSION**

In this unit, we have discussed generally on public relations, the objectives and functions of public relations, the principles, tools and techniques of public relations, the media of public relations and some of the problems associated with public relations.

### **5.0 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.

### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Define public relation.
2. State the functions of public relations.

### **7.0 REFERENCES/FURTHER READINGS**

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

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition of Travel Agency
    - 3.1.1 The Functions and Role of Travel Agencies
    - 3.1.2 Travel Agency Functions
    - 3.1.3 Travel Organization
    - 3.1.4 Sources of Revenue of the Travel Agency
    - 3.1.5 Travel Agency Set-up
    - 3.1.6 Registrations of Travel Agents
    - 3.1.7 Travel Agency Commission
    - 3.1.8 Problems of Travel Agency
- 4.0 Conclusion
- 5.0 Summary
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- 7.0 References/Further Readings

### **1.0 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.



## 2.0 OBJECTIVES

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.

## 3.0 MAIN CONTENT

### 3.1 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.

### **3.1.1 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.

### **3.1.2 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 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. 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. Through a wide network confirmation reservations are available in a matter of seconds.

#### **(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 advise 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**

Explain the term travel agent. What are the functions of the travel agent?

#### **3.1.3 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 executes 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.

#### **3.1.4 Sources of Revenue of the Travel Agency**

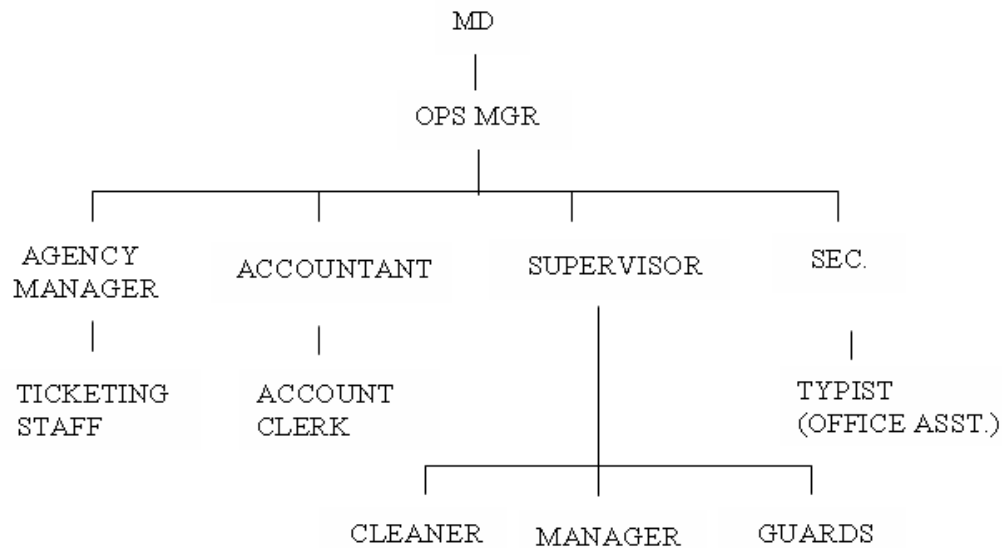
The travel agency in order to keep his business running must have some funds. The main sources of revenue to the agents are.

- (i) Commission on ticket sales he makes to 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.

#### **3.1.5 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 effect 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 respectfully 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.

### **3.1.6 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 and 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 fees 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 standardize 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 member is monitored by NANTA secretariat.

### **3.1.7 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.

### **3.1.8 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**

Mention the sources of revenue of the travel agency

## **4.0 CONCLUSION**

In this unit, we have discussed generally, the nature and meaning of travel agency. The role and functions of the agency, the organization of the agency and revenue of the agency, etc.

## **5.0 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.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Define Travel agent.
2. Explain the functions of the travel agency

## 7.0 REFERENCES/FURTHER READINGS

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

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The meaning of Tour Operator
  - 3.2 Duties and Responsibilities of Tour Operator
  - 3.3 Types of Tour Operator
  - 3.4 Marketing a Package Tour
  - 3.5 Toru Brochure
  - 3.6 Skills and Contribution of Tour Operator
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

A major contributing factor in growth of air travel holiday tourism has been the development of the inclusive tour, a method of packaging a holiday. This has been the result of a dramatic growth of tourist traffic to the Mediterranean countries from Europe in the last thirty years. The idea of buying a package of travel, accommodation and perhaps some ancillary services such as entertainment, etc., became an establishment in Western Europe in the 1960's. Essentially an 'inclusive tour' is a package of transport and accommodation and perhaps some other services, which is sold as a single holiday for an all-inclusive price. This inclusive price is usually significantly lower than could be obtained by conventional methods of booking transport and accommodation separately from individual hotel and transport tariffs. The principal feature of the inclusive tour is that the tourist may buy for a single price a holiday which is cheaper than would be possible for the holiday maker if he buys the components of his holiday separately and directly from transport companies or from a retail travel agent.

### **2.0 OBJECTIVES**

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 marketing of a package tour.

### **3.0 MAIN CONTENT**

#### **3.1 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 visitor or tourists to make a repeat journey.

Looking at the above definition 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.

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. 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.

Specialist operators may be subsidiaries of carried or accommodation organizations, existing to provide a sales outlet for the organizations 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.

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

When travelling was a relatively limited activity, both in the sense that complex journey were 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.

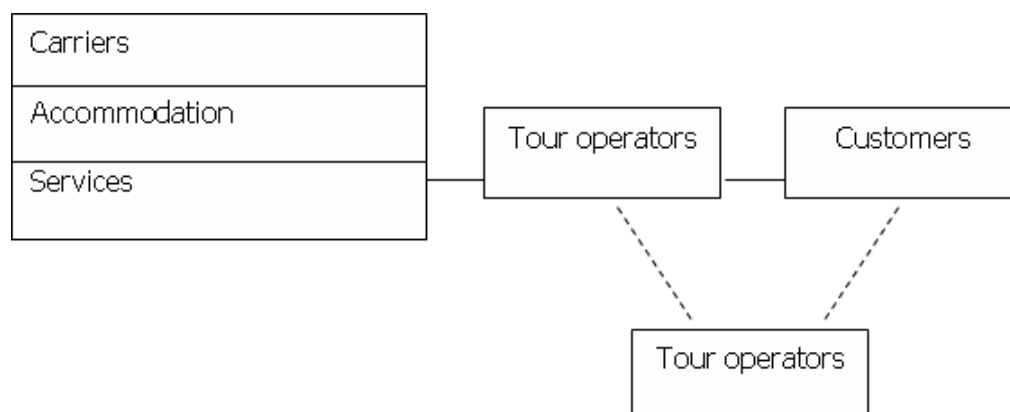
He is also responsible for the itinerary of the package tour. In this context there are usually two tour operators involved. There is the one



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.



**Fig. 10.1**

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.

### **SELFASSSESSMENT EXERCISE 1**

- (i) Who is a tour operator?
- (ii) State his Duties and responsibilities.

### **3.3 Types of Tour Operators**

#### **(i) Mass Market Operators**

They sell large numbers of tours by air and or coach. They are normally large operators who concentrate their activities on mass market. 3s destinations like Spain, Mexico, Canary Island and Greece etc. They frequently subdivide their operations to serve different markets and a feature of their structure is that many are linked with their own airline or by airlines diversifying into tour operating (as in the case of British Airways.)

#### **(ii) Specialist Operators**

They are less well know than the mass market operators but are more numerous. They range from local travel agents organizing ad-hoc tours. For 20 – 30 local passengers up to business offering long-distance inclusive tours to exclusive destinations. It is however hard to draw a clear distinction between them and the mass market operators e.g. some are large enough to be considered as mass market operators examples of which includes Olympic holidays specializing in tours to Greece etc.

They only specialist on particular geographical regions.

#### **(iii) Domestic Operators**

These are operators who assemble and sell tours to a destinations within the country in which the tourist reside. In general, domestic tour operation have developed after international operations.

Domestic package tours strengthen the economic position of receiving destinations. They may go a long way in contributing to the development of roads, hotels cultural output and the individual standard of living. They improve carriers load factor and hotel occupancy rate by purchasing unsold seats and beds respectively to sell to interested travelers.

### **3.4 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 tourist 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.

### **3.5 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.

The brochure contains a comprehensive and detailed information about a destination including cruises, bus tours, safaris, charter vacations etc. with colour photographs regarding all the destination which a company is promoting. Detailed information about hotels, weather conditions, frontier formalities etc. is also given. The price of various tours is invariably mentioned along with the dates when tours take place. Many tour operators take great care with production of their brochures.

There are however, no travel industry standards or guidelines or the production of brochures. Established tour operating companies take great care while designing their tour brochures. 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.

Several large 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 a package.

### **3.6 Skills and Contribution of Tour Operator**

Services offered by tour operator vary widely and are limited only by the imagination. Services may include meeting the client with fanfares and ceremony upon arrival at a destination. In Hawaii, the tour operator is on hand to place the traditional Lei around the neck of the visitors as they arrive on the airport building. The lei with the traditional kiss to unreserved some visitors but the customer is pleasantly starting the most travelers who may have been on the plane many hours need the reassurance and sometimes the physical support of the escort to the waiting tour vehicle. Other clients are glad that the operator makes all the arrangements for transporting the luggage from and back to the hotel.

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. This 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 own their own transport other lease or contract for transport services.

Some tour operators concentrate largely or completely on certain travel destinations e.g. Hawaiian Holidays, Island Holiday and Trade wind offer tour only to Hawaii, there of the major wholesalers own hotels in Hawaii.

What constitutes a tour is carefully defined by civil aeronautics board of USA. Who may sell it, who may out, it the number of days it may last and the minimum grand package, that must be purchased are prescribed.

Tour wholesalers can be local, national or international. The local wholesalers' package's tours for the area then sells them to retail travel agents where ever possible.

The wholesaler may have regional offices in other counties, if a market area does not justify a complete office, the whole-seller may arrange to be represents in another area, the best known of tour wholesalers are Thomas Cook Company and American express company.

The total chains are likely to sell out what is commissionable and what is not. Commissions are not paid on extended stay accommodation that is when client pre-booked by his travel agency attended their stay at hotel. The major airlines of the western world are owners of hotels and quite naturally and interested in selling hotel spaces as well as air place seats.

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 guidess 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.

## **SELF ASSESSMENT EXERCISE 2**

Mention the factors to be considered in selecting a potential destination by a tour operator.

#### **4.0 CONCLUSION**

In this unit, we have discussed generally, the nature and meaning of tour operator, the duties and responsibilities, the types and categories of tour operator.

#### **5.0 SUMMARY**

This unit treats the meaning of tour operator, the categories of tour operator, the duties and responsibilities of tour operator, the marketing of a package and tour/ tour brochure, the skills and contributions of tour operator.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Define tour operator.
2. What are the factors to be considered in selecting potential destination by the tour operator?

#### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 6     MARKETING MIX CONCEPT IN TOURISM INDUSTRY**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Meaning of Tourism Marketing Mix
  - 3.2 Coordinating of the Mix
  - 3.3 Relevance of Marketing Mix
  - 3.4 Limitation of Marketing Mix
    - 3.4.1 Marketing Organization
    - 3.4.2 Factors Influencing Marketing Organization
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    - 3.4.4 Marketing Organizational Structure
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- 4.0 Conclusion
- 5.0 Summary
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### **1.0 INTRODUCTION**

The term marketing mix is used to denote the instrument or tools that the marketers use to influence demand of a given product. 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. The firm or the organization can use a variety of marketing ‘instruments’ in regard to its products or services, their pricing, their distributions or sales and their promotion. The combination of specific activities chosen by a firm is usually called the “marketing mix”. An example of this would be a policy of price reduction to tourist facilities and services. This could be substituted by increasing available facilities and services for the same price or by strengthening promotional activities in view of facing competition and increasing sales output.

## 2.0 OBJECTIVES

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

- explain the meaning of marketing mix in tourism
- explain the four p<sup>s</sup> of marketing mix in tourism
- explain the marketing organization
- explain the factors influencing marketing organization
- explain the structure and function of marketing organization.

## 3.0 MAIN CONTENT

### 3.1 The Meaning of Tourism Marketing Mix

In marketing management, the marketing mix consists of controllable tools within the company's product or service. While in tourism, the marketing mix is largely a complex group of factors intervening to achieve the marketing "end product" which increases effectiveness in demand output in relations to supply and marketing investment (input). A balance mix is necessary to reach this targeted result. The tourism marketing mix consists of the four P<sup>s</sup> namely the:

- (i) Product (Product policy)
- (ii) Price (Pricing policy)
- (iii) Place (Distribution policy) and
- (iv) Promotion (promotion programmes).

In the case of intangibles (i.e. services), additional variable are required to influence demand. These variables include the physical evidence, process and people.

The application of any or combination of these variables depends a lot on the market situation, strength of competitions, company objectives and the available resources within and outside the firm designed to handle the above variables. Consumer clusters exhibit different likes and preferences and as such can be influenced differently by either product, price, place or promotional appeals. These variables can be produced and organized by the marketing manager in order to include positive reactions of potential and existing customers to the company's products. It is no doubt worth considering the various elements of the marketing mix in order to bring out the special features that command customer favourable attitudes and behaviour towards a product or service.



## **(A) The Product**

The product's extrinsic and intrinsic qualities, physical features, packaging extensions, branding and back-up services as well as colour and trial performance are the magic words that lead to compulsive action to buy. These features are seen differently by different groups of customers. An organization can lay strong emphasis on product paraphernalia as a strong tool to enhance sales. In this case absolute care would be taken in the choice of packaging materials, product quality, supervision and associated service. However, some product can be differentiated and classified according to the affordable expenditure of customers.

On the other hand, the tourist product is a complex product. It comprises of accommodation, catering, transportation and entertainment but on a wide sense, it is described as an amalgam of what the tourist does at the destination and of the services he uses to make his journey possible. It is the prime responsibility of the national tourist organization to design and formulate the tourist products in order to optimize customer's satisfaction. The task of tourist product formulation needs to take consideration of the following factors.

### **(i) Managing Existing Tourist Product**

National tourism organization's major activity of managing existing product will be to ensure the continuous profitability, market share and sales of successful tourist product. This effort must be backed up by seeking new customers especially those market or customers that have been overlooked.

### **(ii) Product Modification**

Another important task for the NTO is to modify the nature or styles of their tourist product so as to meet the changing market condition, competition or technology; for example, in an agreement with re-knowned tour operators, NTO can modify their tourist product by offering new expedition to include some excursions sites and other destination that may interest the tourists.

### **(iii) Product Rationalization**

This entails the planned removal of certain tourist product that has become obsolete or can no longer earn sufficient revenue. Product modification may not be possible because of the cost involved or other technical reasons. Product rationalization may bring about changes in

marketing promotion, changes in customers needs or the introduction of new products by the competitors.

#### **(iv) New Product Development**

Another consideration in the formulation of tourist product is for the NTO to become aware of the need for new product development or diversification, bearing in mind that all products have life cycle. If the organization wishes to maintain business, it must have programmes for seeking out new ideas as well as the planning and launching of those that appears to be the most viable with good long term profit prospects.

#### **(B) Price**

Pricing is the second out of the four marketing mix components. It is defined as the sum of all sacrifices made by a consumer in order to experience the benefits of a product. A company's pricing policies will encompass more than just the prices asked for its products. It will include credit terms for distributors and retailers, what discounts are available, how and in response to what prices are charged. Generally, all profit and even non-profit making organization face the task of setting a price on their products or services. 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 cost creating or expense producing.

Pricing, particularly of the tourist product, is a complex matter since individual suppliers of tourist product and services e.g. airlines, hotels group and other transport owners tend to determine their prices independently and unless care is taken, the final price may seriously affect the purchase of the tourist product. NTO and other providers of tourist services tend to approach the issue of prices by setting pricing objectives which among others include the following.

- (a) Optimization of profit/profitability both for the short and long term periods.
- (b) Obtaining a specified rate of return on investment
- (c) Minimizing risk especially on substantial loss.
- (d) Maintaining or increasing the market shares.
- (e) Training prestige through some form of market leadership.

On the question of a pricing policy, 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

limited elite of potential consumers and mass market which is low price package.

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? Are customers sensitive to price and frequent price changes? Will it be necessary to introduce new product at low prices and in case of mass market tourism, will there be any political implication etc. All these questions and many others must be adequately answered in order to arrive at the most appropriate pricing policy.

### **(C) Place**

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.

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 intermediary 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. equally, there should be reverse flow of payment or information from the holiday maker to tour operator and then to the producer.

An organization must decide which channel of distribution to employ as well as the comparative cost. Where channel members (middlemen) are used, the producers of tourism services must decide on the commission to pay which is normally between 8% - 10%.

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.

### **(D) Promotion**

The manipulation of the promotional mix is the most action inducing. Promotion is used for a variety of purposes, including telling consumers

about a product, persuading consumers to try a product, communicating with a company's public and selling to retail outlets and other members of the distribution chain. Promotion is achieved by means of communicating information between sellers and buyers so as to change attitudes and behaviours.

Tourism promotion could be described as the understanding of all such measures by the NTOs in order to attract tourists to travel to a given country or region. Essentially, a marketer promotion jobs involves telling target customers that, the right product is available at the right price. In other words, the main objectives of promotion in tourism are to make a country's products widely known and promotion induces large members of the public to buy. The promotion mix comprises of four elements namely advertisement, personal selling, sales promotion and public relations which have been discussed in unit 6.

### **3.2 Coordinating the Mix**

The various marketing mix elements are usually harmonized by a firm to create positive influences on the targeted customer group. There is interdependence amongst the marketing mix elements hence they often use union to match company/customer aspirations. The web of the marketing mix builds individual customer's identity.

### **3.3 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.

### **3.4 Limitation of Marketing Mix**

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. 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.

As for the additional variables for intangible products, the customers tend to ask the question about who provides such services, what manner of people are they etc. The company answers such question by reaching the customer through charismatic personalities. The people involved – the provision of the services like banking, insurance, hotel, etc. are important influencer of the services provision.

The process of providing the services equally matters to the clients. Some banks use computers, self service outlets and just of recent some banks in Nigeria have extended their banking services to Saturdays instead of Fridays as has been the case.

Evidence of services rendered previously, which may be required incase of printing jobs, tailoring on new employments.

### **SELF ASSESSMENT EXERCISE 1**

From the discussion of the meaning of marketing mix in unit 11, you are required to write out the definition of marketing mix in tourism and explain the marketing mix elements.

#### **3.4.1 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, sectionalisation 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.

### **3.4.2 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 sectionalisation 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.

### **3.4.3 Interdepartmental Conflicts**

The relationship between different departments in an organization is often characterized by conflict. 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.

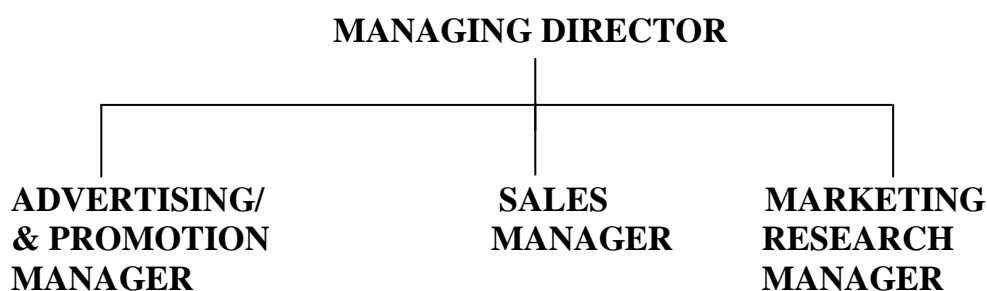
Apart from departmental conflict, conflicts do occur within departments arising from wrongful allocation of responsibility or duplication of jobs.

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.

### 3.4.4 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.

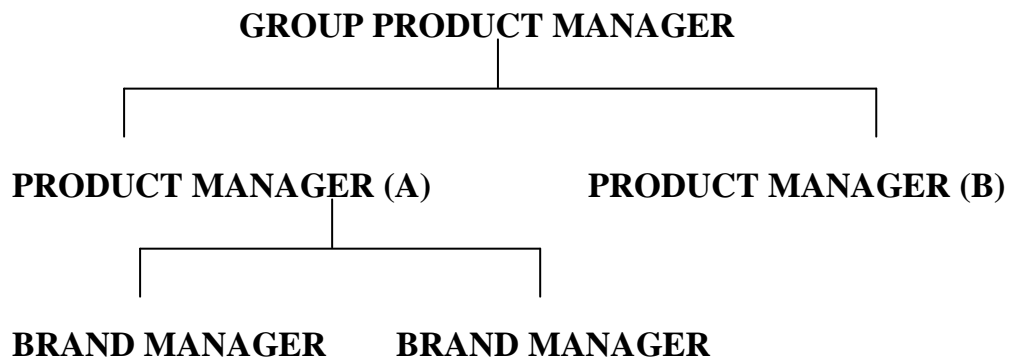
#### 3.4.4.1 Functional Organization



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.

#### 3.4.4.2 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.

### **3.4.4.3 Geographical Organization**

The third structure is the geographical structure which takes care of customer's dispersity. 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**

1. That do you understand by marketing organization structure
2. State the reasons for marketing organization structure.

## **4.0 CONCLUSION**

In this unit, we have discussed generally, the nature and meaning of marketing mix in tourism, the marketing mix element, limitation and application of marketing mix, and marketing organization structure.

## **5.0 SUMMARY**

This unit also treats the nature and meaning of marketing mix, the elements of marketing mix, the relevance of marketing mix and limitation in the application of marketing mix. In addition, the unit also treats marketing organization structure and the reasons for marketing organization structure and the three types of marketing organization structure.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is marketing mix?
2. What are the reasons for marketing organization structure?

## **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 7 CHANNELS OF DISTRIBUTION IN MARKETING**

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- 1.0 Introduction
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- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Distribution consists of the physical aspect of product distribution. Distribution is crucial to marketing, for without good distribution, no single product would reach the final consumer. However distribution is not only a matter of ensuring that products reach the hands of consumers. It involves a product's movement from the stage of procuring raw materials, through manufacturing stage, to the final stage of selling the product. 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 kind. Therefore, the raw material must be moved physically with a view to attaining the goal of providing potential satisfaction to ultimate consumers.

Distribution is an important marketing function aimed at getting the right product to the right market segment at the right quantity and at the right time. Its activities include for example, transport, inventory management, warehousing material handling and order processing. All the activities involved in distribution can only be carried out by few manufacturers, although some manufacturers do sell directly to the ultimate consumers. Most employ the services of middlemen (retailers, whole sellers, agents and brokers).

## **2.0 OBJECTIVES**

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

- explain the nature and meaning of distribution in marketing
- explain the meaning of channel of distribution
- explain the functions of channel of distribution
- explain the role and activities of intermediaries
- explain cooperation and conflict.
- explain the types and causes of conflict in distribution channel
- explain conflict resolution
- explain the importance of distribution cost analysis.

## **3.0 MAIN CONTENT**

### **3.1 Meaning of Distribution and Channel of Distribution**

Distribution consists of the physical aspect and the channel. Distribution takes place if a concrete arrangement has been reached with a supplier through tender or direct purchasing to deliver authenticated, documented, quantified and qualitative raw materials at a specified period to a company's warehouse using a specified mode of transportation. When this is accomplished, physical distribution is said to have taken place. It must also be recalled that within channel distribution, physical movement of goods equally takes place. The essence of keeping the goods in the warehouse is sheer preservation of the material. Quality of such materials are often subjected to inter-departmental movement for purposeful transformation into finished goods which are later transferred to another warehouse for onward selling to potential customers. Physical distribution encompasses transportation, material handling, packaging warehousing, inventory, location and order processing.

### **3.2 Channels of Distribution**

Goods are designed for consumable exchange and this can take place when the goods are physically moved from the factory premises into the outlets for onward transmission to various homes. The outlets consist of the functional middlemen and agents. They constitute channel facilitators and play important role in ensuring continuous production and product availability to the consumers.

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 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 uses. It always includes both the producer and the final consumer for the product, as well as all intermediaries involved in the title transfer. Though, agent middlemen do not take actual title to goods, they are included as part of distribution channel because of their active role in the transfer of ownership.

In tourism, distribution channel is concerned therefore 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 etc. and when bookings are made confirmation of the booking are send back to the tourist.

### **3.3 Factors Determining Distribution Policy in Tourism Marketing**

#### **Location of Point of Sell**

The location of point of sell of the tourist products determines customer's ability to have access to the product. The leading five (5) countries of the world namely Germany, U.S.A, France, U.K and Canada account for 57% of total tourist arrivals/generating countries in the world. These countries occupied these positions because of the location of the point of sell in them.

### **Distance of the Destination**

Distance of the destination to the market is another factor. Channels of distribution are normally located in the cities; around shopping centers, bus-stops where people can have easy access to them.

### **Cost of Distribution**

The detail outlets are those areas outside the main offices for distribution of products. Therefore, money must be spent on staff salaries, rent payment, insurance and administrative cost.

### **Effectiveness in Generating Sales**

This depends on the marketing coverage that is the numbers of sales outlets available in the region or country. Motivation depends on satisfying the different wants and the needs of different people in the distribution chain.

### **Image**

The image is also determined by the area where the product is sold e.g. selling a tour and it's product in a chemist shop or supermarket will have a different image on the product

## **3.4 Functions of Distribution Channels**

A distribution channel in tourism industry allows customers to have access to goods and services ready at their disposal. Marketing channels perform many key function, some help to complete transactions and as such, the functions include the following.

### **Information**

Marketing channels gather and distribute marketing research and intelligence information about actors and forces in the marketing environment needed for planning and facilitating exchange.

### **Promotion**

They also develop and spread persuasive communications about the product offered and by so doing, promotes the product and get the public aware of its existence and also means of getting access to the product.

**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.

**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.

**Negotiation**

Their functions also include reaching an agreement on price and other terms of the offer so that ownership or possession can be transferred.

**Risk Taking**

They also assume the risk of carrying out the channel work or responsibilities.

**Financing**

This involves acquiring of funds to cover the cost of the channel.

**3.5 Types of Intermediaries**

Most producers would sell through intermediaries rather than directly. Intermediaries perform a variety of functions, bearing a variety of names.

**Merchant Middlemen**

They are wholesaler and retailers, who buy, take title to and resell the merchandise.

**Agent Middlemen**

They include brokers, manufacturer's representatives, and sales agents. They search for customers and may negotiate on behalf of the producer but do not take title to the goods.

## **Facilitators**

This covers those that assist in the performance of distribution but neither takes title to goods nor negotiates purchases or sales. They include transportation companies and independent ware-houses, banks and advertising agencies. As already stated above, this group does not make a trade channel since it does not actively participate in negotiating purchase and sales.

### **3.6 Why Marketing Intermediaries are Used**

Producers are willing to delegate some of the selling responsibilities to intermediaries, doing so means, relinquishing some control over how and to whom the products are sold. The producers risk their destiny into the hands of intermediaries. Yet producers gain several advantages from delegating. The need for using intermediaries includes the following:

#### **Lack of Financial Resources**

Some organizations have so many outlets that no matter their resource strength, they may sometimes be hard pressed to raise cash to buy out its dealers.

#### **The Impossibility of Direct Marketing**

There are cases whereby direct marketing is just not feasible. A gum producing company for instance may not find it practically feasible to establish small retail gum shops throughout the country or to sell gum by mail order. It will sell gum along with many other small products and would end up carrying other products.

#### **Need for Increasing Marketing Investment**

Even where producers can afford establishing their own channels, it is often better for them to earn a greater return by increasing investment in the main business. A 20% return on investment on manufacturing may not be traded for a 10% return on retailing for instance, firms would rather concentrate their resources where there is a greater yield.

#### **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.



## **Transformation of the Heterogeneous Supplies into Assorted of Goods**

The basic role of marketing intermediaries is to transform the heterogeneous supplies found into assorted goods that people want to buy. Intermediaries smoothen the flow of goods and services. This procedure is necessary to bridge the discrepancies between the assortment of goods and services generally by the producer and the assortment demanded by the consumer.

### **SELF ASSESSMENT EXERCISE 1**

From the discussion of the nature and meaning of distribution and channel of Distribution in this unit, you are required to write out the functions of the distribution channels in marketing.

### **3.7 Designing Distribution Channels**

The task of designing distribution channels requires on analysis five factors namely:

- (1) The selected target markets
- (2) The Rest of the marketing mix. Price, product, promotion, and place.
- (3) Company resources
- (4) Competition and other external forces.
- (5) Current and anticipated distribution structures in the industry

Kuwu (2007) says it that the following should be analyzed in the process of designing channel systems.

- (a) Customer needs.
- (b) Establishing channel objectives
- (c) Identifying and evaluating the major channel alternatives

### **3.8 Functions of Intermediaries**

Intermediaries are used because they specialize in important task such as, moving products to customers effectively and efficiently. In doing this, they perform the following activities among others:

#### **Buying**

Intermediaries identify and anticipate the needs of the customers they serve. Therefore, the intermediaries buy products and makes available to target markets. Furthermore, intermediaries perform the crucial function

of communicating the customers' concern to manufacturers, thus helping to satisfy customer's needs.

### **Selling**

Many manufacturers have limited financial resources and so they are unable to establish all the need contacts with their target markets. Such manufacturers do use intermediaries.

### **Bulk Breaking**

The intermediaries gather large quantities of goods from various sources, thus, building up an assortment of brands and then sell this assortment to customers in small quantities. Therefore, the intermediaries create time, place and possession utility because they make the products available when customers want them, where they want them and at the right quantities.

### **Transportation**

At times, intermediaries do provide vehicles that can be used to move product between geographical points. Some intermediaries provide delivery services which enhance exchanges with ultimate consumers.

### **Financing**

Some wholesalers often help their customers by providing them with credit facilities. Indeed, wholesalers do offer, assistance to retailers with a view to stimulating sales.

### **Risk Bearing**

Most of the intermediaries take title to the products that they sell. Hence, they bear the risk of not selling the products and the manufacturer assumes no legal responsibility for them. If the product becomes obsolete for any reason, the intermediary bears the loss. Furthermore, intermediaries usually stand behind their products, thus customers who procure faulty or unwanted product can seek redress more quickly from the intermediary than from the manufacturer.

### **After-Sales-Services**

Some intermediaries provide after-sales-services. This is necessary to boost up repeat purchase. The function of channel distribution ranges from title transfer, physical movement, goods storage, communication of products, finishing in transit, inventory and on purchase.

## **Provision of Information**

The intermediaries provide information and insight into markets. This information may be vital to small businesses, new business entrant or an export firm.

The intermediaries facilitate the buying process by bringing together a range of similar or related items into a large stock e.g. a super market provide customers with a wide variety of choice which increases store traffic for the purchase of several goods.

## **3.9 Cooperation and Conflict**

It is quite obvious that manufacturers and intermediaries must depend on each other to ensure that product reach consumers. The cooperation of manufacturers and intermediaries will be required to achieve overall distribution objectives. Getting the right product, at the right time and at the right quantity, in any social system, peer groups, nations, families, cooperation is always accompanied by conflict.

### **3.9.1 Conflict**

Conflict is inevitable where two people or groups must relate, particularly where the interest of the relating members do not always coincide. What is necessary is to minimize the conflict. There are five types of conflict in a distribution channel. Namely:

#### **3.9.1.1 Vertical Conflict**

Vertical conflict occurs between channel members who belong to different levels between manufacturer and wholesaler or retailer. If a channel member fails to perform the function assigned to him, conflict will arise for example, the manufacturer may instruct a wholesaler to display product to retailers in an aggressive manner if this is not done, conflict may occur.

#### **3.9.1.2 Horizontal Conflict**

Horizontal conflict arises between channel members who belong to the same level – between two or more retailers or between two or more wholesalers.

### 3.9.1.3 Attitudinal Conflict

Attitudinal conflict occurs from different ways of perceiving the channel and its environment. Attitudinal conflicts may arise from differences in expectation about success or disagreements about roles that each channel members must play.

### 3.9.1.4 Structural Conflict

Structural conflict results whenever the needs of channels members clash. Sources of structural conflicts are; if channel members do pursue different goals, if a channel member attempts to have absolute control over some marketing activity or when channel members are competing for the same scarce resource.

### 3.9.1.5 Multi-channel Conflict

This exists when the manufacturer has established two or more channels that compete with each other in selling to the same market.

### 3.9.1.6 Cooperation

Any channel of distribution requires cooperation between its members defining terms of sale, ensuring adequate inventory, ensuring delivery as well as informing other members of the distribution channel about market trends.

## 3.9.2 Corporate Factors

Basically, two corporate factors affect channel decisions, namely product and company's characteristics.

### (A) Product Characteristics

The product characteristics that encourage direct marketing are listed as follows.

- **Bulk:** Bulky products require distribution channels that will minimize transportation and handling costs.
- **Complexity:** Complex products such as industrial generators require technical expertise of the manufacturer's sales persons.
- **Perishability:** perishable product must be speeded through their channels. Such channels are usually short
- **High price:** High priced products sometimes require direct marketing because potential buyers may wish to deal directly with the manufacturers before making their purchase decisions.

## **(B) Company characteristics**

Company characteristics can influence channel selection. A financially weak company needs intermediaries more than one that is financially strong. A company with adequate finance can establish its own sales force or build its own warehouse. A financially weak company would have to use intermediaries.

### **3.10 Causes of Channel Conflict**

#### **Goal Incompatibility**

A manufacturer may want to achieve rapid market growth through a low price policy while dealers may prefer to work with high margins and pursue short run profitability.

#### **Unclean Roles and Rights**

The manufacturer may be optimistic about short term economic out look and want dealers to carry higher inventory. But the dealers may be pessimistic about the short term out look.

#### **Degree of Dependence**

Conflict may also arise because of the intermediaries' great dependence on the manufacturer. For example, a situation where the fortunes of dealers are intimately affected by the manufacturers' product design and pricing decisions creates room for conflict.

### **3.11 Managing and Resolving Channel Conflict**

Conflict is not completely bad in any organized relationship. Constructive conflict for instance, may lead to more dynamic adaptation to a changing environment. On the other hand, too much of it may be dysfunctional. To eliminate conflict is not possible, but it is possible to manage it. A channel leader otherwise referred to as channel captain can take the initiative in resolving channel conflicts. Companies can use the following method to resolve channel conflicts.

#### **Integrate the Channel Members**

This involves restructuring the channel of distribution into a new organization. The new organization will have its own objectives to meet hence conflicts that may arise from different objectives among channel members will be resolved.

Manufacturers must also strive to improve communication with intermediaries.

The manufacturer may offer additional incentive to other channel members to gain compliance or if the price is too high, the manufacturer may seek a replacement for the channel member. Other several strategies for managing conflicts are.

- The adoption of super ordinate goals.
- The exchange of persons between two or more channel level
- Cooperation
- Joint membership in and between trade associations
- Diplomacy
- Mediation
- Arbitration

### **3.12 Factors Affecting Choice of Distribution Channels**

The factors influencing the choice of distribution channels can be divided into two broad categories:

- (i) Environmental and
- (ii) Corporate factors.

#### **Environmental Factors**

This comprises of competition, customer's characteristics, legal regulation and the state of the economy. These are environmental factors that influence channel decisions of companies.

#### **Competition**

The channels of distribution used by competitors will influence the company's choice of channel selection. Most companies want their products to compete in the same channels. Some manufacturers adopt different distribution strategies, thus, avoiding competitive products thereby establishing unique distributive riches.

#### **Customer Characteristics**

Companies can sell their product directly to customers when such customers are few, large and geographically concentrated. On the other hand, if a company has many small, geographically dispersed customers, then it requires intermediaries to sell the products to such customers.

## **Legal Regulation**

Generally, companies are expected to carry out their operations within the ambits of the laws enacted by Government in different countries of the world. The sale of goods Act 1993 is one of such laws.

## **Economic Conditions**

The state of the economy will affect the choice of distribution channels. In a period of economic recession, companies may strive to reduce cost by passing the intermediaries and selling directly. However the high cost of personal selling should compel the manufacturers to use the services of intermediaries in an economic downturn.

### **3.13 Importance of Distribution Cost Analysis**

Distribution cost analysis is the reassessment of variables in distribution management. Different activities are involved in product distribution (Raw and finished materials) when companies embark on physical and channel distribution (i.e. movement of physical goods from one point to another) they tend to incur a lot of expenses. To stem excesses in this area, cost reassessment is important. Furthermore, cost analysis is important for the following reasons.

- (1) To ensure cost maximization and effectiveness
- (2) To boost decision making, channel selection, storage facilities and distribution paraphernalia.
- (3) Distribution cost analysis is informative about standards established in distribution expenses incurred and cost allotment.
- (4) It aids accurate cost records
- (5) It is a model for expenditure/revenue comparison
- (6) It serves as a control mechanism by making it possible for efforts and costs to be compared.
- (7) It ensures availability of adequate funds and avoidance of excesses.
- (8) Distribution cost analysis enables firms arrive at realistic distribution budget
- (9) Optimization of distribution functions and timing
- (10) Aids evaluation of channel effectiveness.
- (11) Distribution cost analysis helps firms to arrive at total company budget and allow for inter and intra firm comparism.
- (12) Effective resource allocation and utilization
- (13) Itemization of cost and value
- (14) Helps to evolve alternative distribution strategies.
- (15) Helps to reduce costs on high cost items.

### **3.13.1 Distribution Cost Analysis Covers**

- (a) Handling costs and inventories
- (b) Storage costs
- (c) Loading and unloading.
- (d) Processing costs.
- (e) Transportation costs
- (f) Administrative costs
- (g) Warehousing costs.
- (h) Invoicing costs
- (i) Containerization costs
- (j) Other auxiliary services.

### **SELF ASSESSMENT EXERCISE 2**

Explain co-operation and conflict in Distribution channel

## **4.0 CONCLUSION**

In this unit, we have discussed generally the nature and meaning of distribution and channel of distribution, the functions of distribution, the intermediaries in distribution, their roles and functions, conflict and cooperation in distribution channel.

## **5.0 SUMMARY**

This unit treats the nature and meaning of distribution channel, its functions, the intermediaries and its functions, cooperation and conflict and the importance of distribution costs analysis.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. List the function of distribution channel.
2. State the reasons why cost analysis is important in Distribution channels.

## **7.0 REFERENCES/FURTHER READINGS**

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## MODULE 3

- Unit 1 Marketing Environment
- Unit 2 Product Life Cycle, Consumer Behaviour and Marketing Media
- Unit 3 Consumerism in Marketing
- Unit 4 Sales Representatives in Marketing
- Unit 5 Market Segmentation and Sales Support in Marketing.

### UNIT 1 MARKETING ENVIRONMENT

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- 1.0 Introduction
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#### 1.0 INTRODUCTION

Marketers are exposed to two major environments, mini and maxi environments. The mini environment is popularly called the micro-environment. It involves managerial activities within the

company. The maxi-environment on the other hand, represents the macro-environment which emphasizes societal values. The mini deals with the miniaturized internal marketing structure revolving round management decisions. It dwells on the interest of the board of Directors, action of top/middle/bottom level management. It encompasses the totality of activities right from need arousal, material sourcing/procurement to the placement of finished product in the hands of the consumer. Summarily, all activities that facilitate the tangible profit objectives of the organization are mini environmental factors. These activities include marketing research, physical distribution, channel development, product development, pricing, promotion etc.

Maxi environment on the other hand, considers the impact of the above variable on a wider spectrum of social dimension. The mini and maxi environments cannot be divorced from each other because a grasp of societal values and consequences of marketing efforts allow for symbiotic existence of company and various maxi environmental publics. The study of maxi and mini environment enable the marketer to envision and evaluate marketing activities within a broader societal set-up and ascertain its validity in the development of national economies. The maxi environment consists of the legal, political, economic demographic and technological environments.

## **2.0 OBJECTIVES**

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 differences between maxi and mini marketing environment
- explain the factors influencing the marketing environment.

## **2.0 MAIN CONTENT**

### **3.1 Meaning of Marketing Environment**

The term marketing environment depicts the world external/internal to the organization which exerts considerable influence on the activities cum survival of an organization. Marketers need to study this marketing environment for the following reasons.

- (i) To fulfill the concept of marketing
- (ii) To ensure profitability at all times.
- (iii) To gauge societal response to marketing exploits

- (iv) To measure personnel responsibilities against management policies and objectives.
- (v) To monitor societal perceptions of organizational tasks and remodel such efforts to appeal to the whims of the society
- (vi) To avoid unbudgeted expenses.
- (vii) To ensure enviable portraiture of good image and reputation within the society
- (viii) To guarantee continuity and co-ordinated efforts.

Whatever the objective, however, the view and actions of management as well as societal attitude and perception are vital to the business success.

## **3.2 Environmental Influences to Marketing**

### **3.2.1 The Public**

A public is a distinct group that has actual or potential interest or impact on an organization. There are three types of publics.

#### **3.2.1.1 The Symbiotic Public**

This consists of individuals that have interest in the company and vice versa. Both exist symbiotically and reap the reward of their exploits. Typical examples are the financial community, the shareholders etc.

#### **3.2.1.2 Dependable Public**

There are other set of individual that exist within a community where industrial activities thrive. These individuals are important to organizational success and their importance can be measured by the degree of their desirability by various companies. Frequent efforts are made by organization to curry their favour. These groups are called dependable groups e.g. mass media.

#### **3.2.1.3 Avoidable Public**

A third group, consist of a public of unwanted individuals. These groups of individuals are hungry to know more about the organizational activities. But companies endeavour to avoid them by not showing any interest; yet, these publics have greater powers in refashioning company activities e.g. environmentalist, consumerist etc. These publics apart from exerting a lot of influence on the company also influence other public.

### **3.3 The Financial Media**

This consists of multiple individuals who supply or influence the possibility of a company obtaining funds. These include banks, investment houses, stock exchanges and marketing plan to achieve favourable response from these financial publics. Philanthropic and other non-profit organizations also try to mount effective campaigns for response from these sectors in support of their plight. The effort required in this scenario is more demanding than attracting or serving customers. Organizational survival rests on their ability to effectively finance their activities. As usual, the need for close relationship between the company and financial public must be satisfied.

#### **3.3.1 The Government Media**

Government is exerting considerable influence through regulation and direct intervention in company marketing decision. Through Government influences, companies have been compelled to consider product safety, economy in product design, realism and avoidance of obscenity in advertising. Agencies like the price control board, consumer protection commission, federal trade commission etc. have been constituted to refashion organizational activities to suit the public. The existence of these governmental agencies has led to three major responses from the company – establishment of legal department to advice on legal implication of company activities etc.

#### **3.3.2 Interest Group**

The Consumer Protection Agency of Nigeria is dreaded by most manufacturers. Consumer's organizations are constantly making impact on company decision. This group consists of consumerist, environmentalist, minority organization and the vigilantee group. The existence of these groups has led progressive companies to incorporate social criteria in their decision making in the interest of consumers, employees, citizens and stockholders. It has further led to the establishment of public affairs/community relations department in order to learn more about the interest of this group and be socially responsible.

To suit the appetite of these groups, some companies have been in the fore-front in encouraging social courses e.g. Coca-Cola, MTN etc. while some other companies have gone into alliance through conferences to map out strategies to deal with these groups. Nigerian banks and other manufacturing organizations are constantly showing greater interest in sports, local government development efforts, charitable services etc. In some cases they offer scholarship to students in their location or sport equipments to local sports groups. We have testified to the various

donations given to National sportsmen and women by various firms for various victories or distinctions in sports competition.

### **3.4 The Macro-Environment**

Within the macro environment are the most general level of forces that exert remarkable influence on the structure, conduct and the performance of the company's marketing system. These variable are uncontrollable factors that are constantly changing, forcing the company to adopt its marketing mix to meet the changes. These uncontrollable factors consist of

#### **3.4.1 Cultural and Social Environment**

This impinges on the belief and action tendencies of people or communal groups. It is vital to appreciate this phenomenon because it enables the company to determine the impact on buying behaviour. Markets consist of people whose behavioural patterns have dynamic influences on marketing performance. The key implication of cultural and social environment is that companies must increase investment to keep in line with and adapt to environmental changes. For survival, a progressive company must adopt to its environment. The rate of environmental change tends to out-weigh company's capability to change; as such, some are passive and enjoy steady growth. On the other hand, innovative firms will prosper and enhance external environmental change. Eating habits vary from state to state. Ethnic and religious satisfactions have created separate markets for some products. The multiplicity of various groups has evolved new marketing activities. Women are becoming very active in cultural activities and adaptive to new cultures, office work, politics etc. Marketers must also adjust to conform to cultural attitudes towards life and work which are reflective of religious, ethnical and moral values. In Nigerian society, bribery has become a common-place as business expense. Each man grows up in a particular human culture that defines his relation to other man and the world in general. Different life styles, expenditure pattern, tastes, behaviours and values are exhibited by different people and culture changes slowly as every day passes by, bringing in a set of new ideas, desires and behavioural norms. Organizations can recognize these changes and design their activities to suit the new needs.

#### **3.4.2 Economic Environment**

The purchasing power of potential customers is vital for a successful business. Purchasing power emanates from four major factors, savings, current income, prices and credit availability. The economic environment is affected by the way of the other parts of our macro-

economic system interact. This affects such things as National income, economic growth and inflation even a well planned marketing strategy may fail if the country goes through depression or rapid business decline. As customers stop buying some products, their spending patterns may shift from even lower priced goods which are supposed to be selling well during recession to alternative products. This can weaken many producers and retailers and lead to lay-off, retrenchment, reduction in product lines and a change of strategies. Marketing strategies must be changed to adapt to some dynamic economy. The growing shortages of some natural resources can equally cause continuous problems, e.g. if petro-chemical becomes scarce, plastics can be priced out of markets.

### **3.4.3 Population/Demography**

This is concerned with the appraisal of human population characteristics. Marketers should be concerned with national population or world population. Its geographical distribution and density, its age distribution, its social composition, trend in birth rate, death rate and marriage. 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 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.

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. Some industries will thrive; others will be compelled to reformulate their strategies while many more will go into oblivion. A 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. All organizations selling to a particular age group must watch what is happening to its size and behaviour. A decline in marriage life will negatively affect the sale of life insurance, engagement and wedding rings. Progressive firms must always forecast the demographic trend and forge a better product and market that best suit the forecasted trend.

### 3.4.4 Competitive Environment

The competitive environment reflects the number, type and behaviour of competitors facing a particular firm. This is however an uncontrollable variable which the marketing manager must try to manage by adopting strategies which will avoid head-on competition. His chances may be improved, by accurately understanding the marketing competitive environment. 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 identified they are: pure competition, oligopoly, monopolistic, monopsony.

When competition is pure, many competitors offer the same price e.g. homogenous products. There are 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.

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. On the other hand, 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. Along the way, the marketing manager may try to avoid price competition and rely more on other aspects of the marketing mix.

Marketers want to avoid insufficient control over the market. They use 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.

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.

#### 3.4.4.1 Income

So far we have talked about different types of people and their locations. It is obvious that people without money are not potential customers. The amount of money they can spend will determine the type of goods they

will buy. The total GNP figures are more meaningful to marketing managers when converted to family or household income and its distribution. As at now, income distribution in Nigeria is uneven, most families are clustered at the lowest end of the income level. People are still managing just over a subsistence level to form the base of the pyramid. There is very little middle income range and at the top of the pyramid are few “nouveau riche”.

The existing salary structure revolutionized the econo-marketing system. Its relevance is that families can purchase important items; mass market product can thrive and improve the standard of living for people. Although a slight change has occurred; the top income group still received a large share of the total income while 2/3 of the entire populations are below poverty level. These categories are important for basic commodities like food and clothing. For some marketers, this group usually forms a lower price marketing ring. Marketing activities must rely on income distribution for effective targeting. Bad marketing strategy mistakes have originated from wrongful estimation of the amount of income in various target groups. This occurrence stems from wrong assumption. Marketing Research is therefore important in the measurement of disposable income and the discretionary income. It is common sense that a wealthy family will spend more than poor one and such money will be spend on different things. How it is spent and the variance amongst different target markets is important to marketers. Expenditure patterns vary with other measurable factors e.g. location (urban or rural), geographic boundaries, family exposition, size, Life cycle and ethnicity.

#### **3.4.4.2 The Position of Advertising in the Environment**

Advertising has been the most criticized of all the marketing activities. The public regard some advertisements as annoying, extortive, misleading, ineffective and unnecessary. Yet advertising is relatively on economic way of informing large numbers of potential customers about a firm's products.

On the strength of customer's satisfaction, advertising can increase product demand and results in economics of scale. In manufacturing, distribution and sales, the above scales of economics can be achieved. The cost of advertising can reduce the time and effort consumers must spend seeking for products. It may also increase competition.

Advertising however, stimulate economic growth. Increased awareness brings about increased demand. This inevitably leads to increased return on investment which stimulates further investment, encourages innovation, create job, and generates income and economic growth.



### 3.4.5 Technological Environment

Underlying any economic environment is the technological base. The technical skill and equipment which affect the resources of an economy are converted to output. In underdeveloped economy, relatively little technology may be used and output may be small while in developed economy, productivity depends on greater use of technology. The last 40 years have seen spectacular advance-technology supported by research and development. Constant evolution of new technologies renders the previous ones obsolete. Some foreign producers especially Japan have pioneered recent break through applying basic research findings to electronic products.

Some of these developments will certainly affect marketing e.g. modern automobile has enabled farmers to come to town and people can go where ever they want. Modern trucks and airplanes have opened up new markets and allowed production for national and international markets; resulting in competition and added benefits to consumers. Further developments in electronics have led to high increase in mass media promotions and use of many other gadgets such as Telephone, Television, Radio etc; their introduction has reduced the importance of other traditional media. Very recently, it will be possible to shop in the house using TV-fitted – computer devices. The introduction of this device eliminates the use of wholesaler and retailers and reduces to marketable extent a number of salesmen.

Computer has also permitted more sophisticated planning and control of business. Electronic equipments may lead to factory automation which will allow customers decide almost immediately what they require and get it instantly. This no doubt will cause drastic changes in internal company's affairs production scheduling, sales forecasting, warehousing etc. Additional break through opportunities culminating changes in technological base can alter the status of present day marketing activities. Marketers must help their firms understand the demands of present day life span programme to meet up this demand by sensitive application of new development.

The growth rate of the economy has a tremendous effect on technological development. In the absence of innovation which opens up new market opportunities, the economic estimates will stagnate. Most large companies are into innovative business. They have set up research and development departments with the sole responsibility to search for new features, materials and styles to make their company's product better and attractive. The marketer must understand the technological environment and the customer. Some technologists are not interested in the consumer and their problem but in the product and its possibilities

left unchecked, they will create product that have no market or design them in a manner that does not convey their real utility to the buyer.

### **3.4.6 Legal and Political Environment**

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. The first is to protect businessmen from one another. Although they raise competition on the abstract, they can do anything to neutralize its impact on their businesses. As a result, laws are passed to define and prevent unfair competition. This law is enforceable by law.

The second reason is to protect consumers from businessmen. A few disreputable businessmen are ready to adulterate their products, persuade through advertising, and deceive through packaging and through prices. Unfair consumer practices are defined and agencies are established to protect consumers. The best that has happened in this area is consumerism.

The last purpose of regulation is to protect the larger interest or the society against unbridled business behaviour. Nations are quite aware that the gross National products are accompanied by gross National pollution. As the environment continues to deteriorate, new laws will become enforceable. Monetary penalty for defaulting are exposed and ironically passed on to the consumers.

Businessmen have to watch these developments in planning their products and marketing system. 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. He 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.

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. On the other hand, National or local government dictate where

industries can be sited. Some managers have successfully studied the political environment and developed strategies to exploit political opportunities.

### **SELF ASSESSMENT EXERCISE**

1. Explain the meaning of maxi and mini marketing environment.
2. Explain the macro-marketing environment.

### **4.0 CONCLUSION**

In this unit, we have discussed generally the nature and meaning of marketing environment, the needs to study the marketing environment and the factors influencing the marketing environment.

### **5.0 SUMMARY**

This unit treated the nature and meaning of marketing environment, the factors influencing the marketing environment both micro and macro-environmental factors and the needs and reasons of marketing environment.

### **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is marketing environment?
2. State the reasons why marketers must study the marketing environment.

### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 2    PRODUCT    LIFE    CYCLE,    CONSUMER BEHAVIOUR AND MARKETING MEDIA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Meaning of Product Life Cycle
  - 3.2 Product Life Cycle Model
    - 3.2.1 Market Introduction Stage
    - 3.2.2 Market Growth
    - 3.2.3 Maturity Stage
    - 3.2.4 Decline Stage
  - 3.3 Consumer Behaviour
  - 3.4 Marketing Media
    - 3.4.1 Merits and Demerits of Media
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

The product life cycle is a hypothetical construct appreciated mainly by professional marketers. Some marketers do not use the product life cycle concept in their decision making due to lack of appreciation of the concept by some of these managers. The model serves a useful mechanism for analyzing the process by which specific forms of meeting needs emerge, grow, stabilize and decline over time. It might be difficult at times to determine the stages of a product in the life cycle due to some circumstances.

### **2.0 OBJECTIVES**

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

- explain product life-cycle in marketing
- explain consumer behaviour
- explain the marketing media
- explain the merits and demerits of marketing media.

### **3.0 MAIN CONTENT**

#### **3.1 Meaning of Product Life Cycle**

The product life cycle can be defined as the demand pattern for a product over a period of time. The model consists of four stages viz introduction, growth, maturity and decline. Whatever be the perception of some individuals about the product life cycle, it provides a theoretical framework for planning marketing operations. It enables management to formulate dynamic marketing strategies to better position and forecast future sales activities besides giving cues for the appropriate strategies for an existing product. The model can help the marketing manager to adequately exploit the market position of the product by providing leads to the timing of new launches, the move to new markets and diversification to other areas. Contrarily, it has been argued that the product life cycle concept can only be applied to specific forms of product and services.

Some products can incorporate dramatic changes in their composition, sustaining long term growth and any attempt to apply the life cycle concept is likely to do more harm than good. Failure to distinguish clearly the life cycle of certain products e.g. Bread, glass, television, Radio, etc. leave the product life cycle with limited descriptive validity. The inability to differentiate the trend in demand (or product life cycle concept) from the impact of environmental influence generates additional confusion in the minds of some half-baked marketers.

Whatever be the criticisms of the life cycle concept, the model remains important as a guide to analysis, planning and provides vital cues to marketing decision making.

#### **3.2 Product Life Cycle Model**

##### **3.2.1 Market Introduction Stage**

At this stage, sales are low due to demand for the product and lack of product knowledge. At this stage also money is being invested on product promotion and place development for future profit. Special incentives are offered to win cooperation in channel building. Promotion is intensified to inform, educate and build demand.

At times, skimming pricing is used to cover initial cost. Low pricing at this stage can hinder competitive entry. Strategy here depends on the speed of the life cycle movement (How quickly the new idea is grabbed and speed of competitive follow-up.)

### **3.2.2 Market Growth Stage**

In the market growth stage, industry sales are growing fast. There is increased product demand especially if the new product satisfies the market. Repeat purchases are made and new purchases enter in large numbers. The product attains sales momentum through favourable word of mouth as well as distinctive steps taken by the firm. Due to product promise, competitors seize opportunity and enter the market with new design. The innovator makes huge sales and high profit and effect continuous product improvement.

Prices tend to be static or fall slightly. The effect of competition leads to scrambling for distribution outlets. Sales rise inevitably leads to fall in promotional ratio. The firm tries to sustain the rapid market growth as long as possible by improving product quality and features. Locating product exposure by incorporating new outlets, embarking on persuasive advertising or lowering price to sensitive customers.

### **3.2.3 Maturity Stage**

The maturity stage can be classified into three, namely: growth maturity in which sales continue to grow slowly due to purchases by the laggards. The stable maturity is the next one. It is sometimes called saturation stage. Sales maintain a stable level due to replacement. The third category is the decaying maturity. The sales level is now in ultimate decline as some customers shift to substitute products. At this stage there is market saturation which leads to intensified competition. Competitors embark on frequent mark downs, off-list pricing and heavy promotion. Others resort to research and development in order to develop a substitute product – while some manufacturers gain competitive advantage. Others seem to drop out of the race. This pull-out will enable the entrenched competitor to milk his product. The strategies adaptable at this stage encompass market, product and marketing mix modification. Total market also must be reassessed and evaluated to local new product/market opportunities.

### **3.2.4 Decline Stage**

Here, price competition from dying products becomes quite vigorous. Sales may plunge to zero and product may be withdrawn, others may reduce their product range. Promotional budget falls and new product development policy prevails, corporate advertising replaces product advertising unit and a new product is introduced.

### 3.3 Consumer Behaviour

Potential customers are exposed to a myriad of stimuli and competing marketing mix. Individual customer takes in as much information as he could and responds favourably or unfavorably to them. The action process is illustrated by the black box model.

The functional or operational system of black box has been an issue and controversy to most marketers. As such, there is inaccuracy in the prediction of customers behaviour to a given stimuli as a consumer is said to be an economic man. This concept depicts that they compare choices in terms of cost and value. The expenditure of time, energy, money and demands increases satisfaction. It is assumed that each consumer knows about all available products and can show their preference. The above economic view of black box defies individual and the impact of such difference on behaviour. The economist view is parochial and neglects the multi-dimensional factors which affect consumer behaviour. Each individual is affected by some of these factors: family, social class, reference groups and culture. These interpersonal and other interpersonal factors are often considered by decision makers in stimulus reception and processing. The interpersonal variable usually considered by the marketer includes: Motivation, perception, learning attitudes and life style. These variables are contributory factors in shaping the wants and behaviour of consumers.

#### Motivation

Motivation refers to needs, wants or drives. Needs motivate individuals to act. Such needs may be bioorganic (food, sex, shelter) or psychogenic (security, self potential realization) or sociogenic (belongings). While needs are basic, wants are learned through time. When a need is unsatisfied, its intensity would lead to drive. Drive initiates immediate action as a relief.

The knowledge of the above leads marketers to make effective use of marketing in creating drive, building wants and satisfying consumer needs. The impact of marketing can induce impulsive action and exact manipulative influence on their purchases. By creating a bundle of needs, wants and benefits, potential customers are tied to and identified with the product through marketing strategy. Abraham Maslow in his theory identified five hierarchy of need (physiological, safety, belongingness, esteem and actualization) while the hierarchy of needs helps to explain what customers will buy, the economic needs help to explain why they require specific product features. Economic needs are concerned with making the best use of consumer's limited resources. Some look for quality, price or value. Economic needs include:

economy of purchase and use, convenience, operational efficiency and dependability.

### **Perception**

The way we see things differ from person to person. There are lots of products, marketing information, and outlets targeted at the consumers. Due to the multiplicity of the above factors, the consumers are left to follow selective process. Through selective exposure, the customer's eyes and minds seek out and are attentive only to information of interest.

Also through selective perception, they screen out or modify ideas, messages and information that conflict with previously acquired values and attitudes.

On the other hand, the consumers remember only what they want to remember through selective retention. Individual disposition affect these selective processes. Marketers cherish these processes because they reveal the extent of consumers' information, acquisition and retention. The selective processes also affect consumers' product choice and purchase.

### **Attitudes**

If a product is fulfilling the required obligation for the customers, positive attitudes can be exhibited and reinforced. But if the brand is not regarded as good, a negative attitude can be shown by the customers. An attitude is the predisposition or response to objects, events or service, that one is confronted with. Attitude impinges on our values system, our standards of good and bad, right or wrong etc. Attitude influences consumer's product choice and individual attitudes can be changed through promotion and product rejuvenation.

### **Personality**

Personality is a composition of psychological make up and the impact of environmental variables. Freud relates personality in three dimensions namely:

- (i) Ego,
- (ii) Super ego and
- (iii.) Id.

Id is associated with human intense drive to immediate satisfaction. The Ego enables individuals to moralize, rationalize and face reality. It



weighs the aftermath of an event rather than acting swiftly as prescribed by Id.

The super ego mediates between Id and Ego. Individual behaviours are triggered of by Id. An individual's personality is manifested in a consistent pattern of responses to the environment. Customers tend to identify products with their personalities. Group influence is another factor that affects product purchases. This could be affiliative, aspiratory or reference group. These groups are influential in the development of individuals self concept. They can serve as individual's source of information. They affect individual's aspiration levels and their norms serve as inhibitors or influences on consumption. Consumers always buy products that do not jeopardize their image.

### **Family**

A person's self concept is also influenced by his fundamental affiliative reference group. Our parents influence our consumption habits, behaviour standards and value systems from birth.

### **Culture**

Culture is defined as a modeled pattern of behaviour to experience. It is human interaction that creates values and ushers acceptable behaviour. Culture is changeable over time. It is environmentally oriented.

### **Social Class**

Social class stratification has influence on the type of products purchased and consumed by customers. The sense of belonging and the need to be noticed had remarkable influence on our purchase behaviour. Products are not purchased for purchasing sake but to solve entrenched social problems.

## **3.4 Marketing Media**

The media is another means or medium through which message and information is conveyed from the producer to the customers. Therefore, marketing media is the channel and medium through which messages and information are carried from the sender (the producer) to the receiver (customer) effectively. A good marketing communication starts with a clear target audience in mind and with effective message that gets attention, holds interest, and arouses desire leading to action. Marketing media can be grouped or classified into two types namely.

- i. **Electronic media:** - under which we have Television, Radio, Cinema, Internet etc.
- ii. **Print media:** - e.g. Newspapers, magazines, posters, etc.

### 3.4.1 Merits and Demerits of Media Television

1. **Clear pictures:** - it has a clear picture since it is shown on the screen than radio where one cannot see any picture.
2. **Demonstration:** - The message being passed to viewers is being illustrated. This helps to carry the interest of the people along.
3. **It combines vision and sound:** - It is more powerful since it combines sounds, colour and movement.
4. It allows companies to keep product and brand presence in front of customers.
5. It enables the promotion of a company's corporate image nation wide.

#### Demerits

1. **It is expensive:** - It is very expensive compared to radio and not everyone can afford to buy it.
2. **It is limited to areas with electricity:** - Those that do not have electricity will find it difficult to receive information through television.
3. **Non-portability:-** It is not easily carried around like radio.
4. The blind cannot partake because it is only for people with good sight.

#### Radio: Merits

1. **It is portable:** - Radio comes in different shapes and sizes. This makes it possible for people to carry or move it from one place to another.
2. **It is affordable:** - It is affordable because it is not as expensive as the television.
3. **The blind can partake:** - Those who have ears but do not have good sight can listen to radio.
4. **It can be used without electricity:** - Most radio uses batteries. As a result of this, people without electricity can still make use of radio.

**Demerits**

1. The deaf cannot partake because one with hearing problem cannot listen to radio.
2. There are no pictures like television and visual appeal is lacking.
3. It is expensive than other print media like magazines, newspapers and posters.

**Cinema: Merits**

1. Good for reaching the youth markets.
2. Good for consumer segment targeting.
3. It has good scope for using the impact of movement and sound.
4. Geographically separated markets can be catered for.

**Demerits**

1. Can easily influence the youth's interest and behaviour.
2. Too noisy for the listeners to grab some information

**Newspapers: Merits**

Newspapers are cheaper compared to radio, television magazines etc.

1. It is portable and can easily be carried around from one place to another.
2. Easy to recall especially if properly kept.
3. Good for documentation purpose i.e. it can be kept for record purposes.

**Demerits**

1. Poor and no sharp quality print pictures compared to magazines.
2. The illiterates cannot gain from it because they cannot read.
3. The blind cannot partake in reading the newspapers since they don't have good sight.

**Magazines: Merits**

1. Portable because it can be easily carried from one place to another.
2. Clear picture quality: - magazines have clear pictures with attractive colours than newspapers.
3. Stories last longer compared to newspaper.
4. Magazines are retained over a long period of time.

**Demerits**

1. Magazines are expensive compared to newspapers.
2. No demonstration compared to television.
3. Illiterates do not benefit from it.

**Posters: Merits**

1. Good for specific target customers.
2. Low cost: - It is not too expensive compared to others.
3. Can be placed in strategic places.

**Demerits**

1. It can easily be destroyed by illiterates who cannot read and do not know the value.
2. It can also be destroyed by rain.

**SELFASSSESSMENT EXERCISE**

1. Explain the meaning of product life cycle. You are required to write out the four stages of product life cycle.
2. Mention some merits and demerits of prints and electronic media in marketing.

**4.0 CONCLUSION**

In this unit, we have discussed generally the product life cycle and the four stages of product life cycle, the consumer behaviour, factors influencing product life cycle and marketing media.

**5.0 SUMMARY**

This unit treated product life cycle, the stages of product life cycle and the consumer behaviour. It also examines the factors influencing consumer behaviour as well as marketing media with their merits and demerits.

**6.0 TUTOR-MARKED ASSIGNMENT**

1. What is product life cycle?
2. Mention the merits and demerits of a television.

## 7.0 REFERENCES/FURTHER READINGS

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## UNIT 3 CONSUMERISM IN MARKETING

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
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  - 3.3 The Importance of Consumerism
  - 3.4 Traditional Rights of Seller and Buyer
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  - 3.7 The Future of Consumerism
- 4.0 Conclusion
- 5.0 Summary
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### 1.0 INTRODUCTION

A lot had been written about consumerism in the U.S.A with the result that in 1962, a consumer "charter" by the then President John F. Kennedy was passed by congress.

According to the charter, the consumer has:

- The right to safety
- The right to be informed about the goods/services he wishes to buy.
- The right to choose and
- The right to be heard etc.

Consumerism has not been very much discussed in developing countries. The purpose of this unit is to examine and discuss how far consumerism has gone in Nigeria and its future implications on tourism sales and marketing.

## 2.0 OBJECTIVES

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

- define consumerism
- explain the causes of consumerism
- explain the rights of buyers and seller in consumerism
- explain the importance of consumerism
- explain the factors responsible for lack of consumerism in Nigeria.

## 3.0 MAIN CONTENT

### 3.1 The Meaning of Consumerism

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”. Others maintain that consumerism is a local force within the environment designed to aid and protect the consumer by exerting legal, moral and economic pressure on business. Kuwu (2007) defines consumerism as a social movement seeking the right and power of buyers in relation to seller. In other words, consumerism could also be 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.

### 3.2 Causes of Consumerism

It is only when business and industry deny the consumer his right that he reacts vehemently. The rise of consumerism in Nigeria can be attributed to several factors:

#### **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 of our businessmen and women.

### **Scarcity**

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.

### **Education**

Consumers are becoming more educated and sophisticated than ever before. Today's consumer is better educated than his forebears and thus less willing to accept the exaggerated salesmanship and misleading advertisements, shoddy goods and even bits of deceit that buyers once considered the natural hazards of commerce. With the Universal Primary Education programme, the impact of education will be felt more than ever before.

### **Intentionally Planned Obsolescence**

Mass production and mass marketing have put more products on the market than the consumer is willing to take. This has often led to wild claims by advertisers about what products can do and the use of sophisticated psychological devices in radio and television programmes to get the consumer to buy the product.

### **Rising Public Expectations of High Standards of Business Conduct and Social Responsibility**

With the increase in the level of education and standard of living in Nigeria, the public expectation of business conduct has risen too. People are now much more aware of their rights as consumers and demand the same from businesses in Nigeria, as in other places. Businesses are expected to perform some social responsibilities. Many socialists today accuse businesses operating in Nigeria of exploitation and profiteering.

### **Economic and Social Dislocation**

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?



## **Wild Claims**

Consumerism is bound to exist in Nigeria because of the broad wrongs rampant in some businesses today, namely deceptive promotions, hidden charges, sloppy service and unsafe or impure products.

### **3.3 The Importance of Consumerism**

Consumerism is enhanced by several social and economic factors which were not evident in earlier traditional expressions of consumerism – the difficulty of judgment that the consumer faces. The individual consumer finds it difficult to judge the quality of product in terms of price, package, content, brand proliferation, planned obsolescence, after sales service and other product features. The average consumer, especially in Nigeria, has not been exposed to the type of sophistication he is now witnessing. The number of illiterates outnumbers the literates; therefore, the protection of the consumer is of paramount importance.

Information supplied through advertisements is ambiguous, sometimes confusing, mainly false and deceptive because the consumer is ignorant of the standards. It is important that the government should step in to protect the consumer.

Consumerism is important because inflation has made purchase behaviour even more difficult. Rising prices have led consumers to increased quality expectations which are not achieved; thus again contributing to the frustration of consumers.

The competition that results amongst the various producers causes consumers to be confused and this affects their purchases. For example, the ordinary consumer finds it difficult to distinguish between ordinary petrol sold by Agip and that sold by National, or to distinguish between Benson and Hedges and Craven as cigarettes, so he needs protection.

Advertisements encourage purchases by emotion rather than reason or rationality and as such, the government, organizations/associations of firms should come to the aid of the consumer.

As we can see from the role of consumer organizations, consumers are not well organized. It has been difficult for them to come together and speak with one voice. They lack knowledge and sufficient education about the various products they buy.

There is no conflict, as is often thought, between marketing and consumerism. Both activities possess the same objective-consumer satisfaction. It would be more constructive to regard consumerism as an

opportunity rather than a threat. In the long run, the greatest success will continue to accrue to the firms that are most sensitive to their markets' needs.

### **3.4 Traditional Rights of Seller and Buyer**

The power unbalance between sellers and buyers can be clearly understood from the basis of claims and right of either party.

#### **A. The Traditional Right of Seller**

These are rights that accrue to the seller (manufacturer) of goods such as:

1. 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.
2. The right to charge any price for products provided no discrimination exists among similar kind of buyers.
3. The right to spend any amount to promote the product provided it is not defined as unfair competition.
4. The right to use any product message provided it is not misleading or dishonest in control or execution.
5. The right to use any buying incentive scheme provided they are not unfair or misleading.

#### **B. The Traditional Rights of Buyers**

These are rights that accrue to the buyers, such as:

1. The right not to buy a product that is offered for sale.
2. The right to expect the product to be safe.
3. The right to expect the product to perform as claimed.
4. The right to be well informed about important aspects of the product.
5. The right to be protected against questionable products and marketing practices.
6. The right to influence product and marketing practices in ways that will improve the "quality of life".

### **3.5 Measures for Consumerism**

Attempts to protect the consumer in Nigeria have come from four major sources namely: government, organizations/associations, journalistic exposure and individual consumers. In order to appreciate the stage

consumerism has reached in Nigeria, we shall discuss the role each of these parties is playing.

### **3.5.1 Government Policy Measure**

In Nigeria today, some of the most serious attempts to protect consumers and ensure their welfare come from the Federal and State governments. These attempts are both economic and social.

One of the causes of consumerism in Nigeria today is the continuous increase in price. The Federal Government has tried to protect the consumer by the enactment of the Price Control Decree, 1970. Price Control Committees have been set up in each of the 36 states to eliminate profiteering and hoarding. Profiteering and hoarding are not only injurious and destructive to the economic well-being of the nation but also to the social activities of consumers. The government has put a ceiling on the prices of controlled commodities to ensure that consumers do not pay more than necessary.

The Standard Organization of Nigeria (SON) is one of the public agencies concerned with the welfare of the consumer. It was formed for the purpose of ensuring that products and services conform to certain specified standards. It stipulates quality, weights and measures that must be conformed to by businesses.

In protecting the life of consumers, the government has also gone on to promulgate the Food and Drugs Decree, 1974. This Decree prohibits sale of certain food, drugs, cosmetics, sale or advertisement of food as treatment for certain diseases, and various misleading practices. The first right of the consumer – the right to safety – mentioned above, is emphasized by this Decree.

The right of the Nigeria consumer to have good and safe accommodation has often been violated. Both the Federal and State governments have come to the aid of consumers by the promulgation of a rent decree and edicts. In order to execute the decree and edicts, rent tribunals have been instituted in all the states of the Federation. This trend is bound to continue unless landlords change their attitudes to tenants.

Today in Nigeria we notice government's recent moves towards the protection of the consumer. The government has not stopped at formulating laws and regulations for consumer protection; it has also gone further to put them into action. Just recently, a pharmaceutical company was closed down by the Federal government, some imported

canned beer, and 7-up soft drinks were barred from the Nigerian markets.

Companies and individuals are today being dragged to court on various offences violating the rights of the consumer. For example, on 18 July 1977, SCOA Motors (Nigeria) Ltd were fined N5, 000 by the Abeokuta special Price Control Court for boarding Peugeot 404 Pick-up vans. In addition to the fine the firm also forfeited 8 Peugeot 404 Pick-up vans valued at N27, 520. These court convictions and government measures demonstrate government determination to protect the consumer in Nigeria.

### **3.5.2 Organization/Association**

Governments are not alone in the fight for consumer protection. Apart from the cases cited as efforts by the governments to protect the consumer, we have such organizations and associations as the Tenants Association, the Consumer Association in Lagos, the Enugu Consumer Movement, the Consumer Club of Agwu, etc.

These organizations and/or associations are formed with similar objectives such as:

- a. To review the position of consumers in relation to suppliers who are traders and sellers.
- b. To explore ways and means of checking the perennial scarcity created by unscrupulous traders.
- c. To curb the ever-rising prices which create inflation and render the earnings of workers worthless.
- d. To promote consumer education
- e. To provide consumers with information on various consumer issues.

Even though the effect of their operations is yet to be felt in society, the organizations and associations will surely come to the fore in time as scarcity of goods diminishes and as citizens become more aware of their rights.

### **3.5.3 Journalistic Exposures**

Our various newspapers and magazines have pages devoted to consumer issues, for example the Consumers' Affairs page of the *Daily Times*. Here, various issues concerning consumers are discussed by scholars. Writers and researchers are encouraged to publish their findings in these papers. Recently, the association of market women in Lagos State launched a monthly magazine, *Shopping News*, to provide information

and vital statistics for the consumers in the state. Its other purposes also include the provision of an opportunity for visitors to familiarize themselves with the location of shopping facilities in the state.

### **3.5.4 Consumers' Measures towards Consumerism**

A lot has been said and written about safeguarding the rights and interests of consumers. Proposals for improving the position of the consumer have come from radicals who believe that the consumer's present situation is the inevitable result of an exploitative system. Often these so-called consumer advocates in our society have called for a fundamental reorganization of the entire economic system. Often too, both the Federal and State governments have been criticized by individual consumers and consumer organizations and associations, but little attention has been given to consumer responsibilities which accompany these rights.

### **3.5.5 Corporate Activities**

Firms, in their own way, contribute towards consumer protection; but most business activities in favour of consumerism have been geared towards playing safe. Attempts are made to avoid confrontation with law enforcement officers and to avoid going to court. A popular measure adopted by most Nigerian businesses is the installation in their premises of suggestion boxes for consumers.

Consumerism is now in Nigeria and businesses should respond thoughtfully and rationally to the issues rather than being defensive or reacting negatively or not at all.

## **3.6 Factors Responsible for Lack of Consumer Activity in Nigeria**

Unlike the developed economics of the world, consumerism and the consumer rights movement has not been very effective in Nigeria. This may be attributed to the general poor state of consumers and lack of adequate enlightenment of the consumers to those who purport to champion the course of consumer rights in the society. Prominent among the reasons why activity has been virtually non-existent in Nigeria include:

- Ignorance of consumers regarding their rights, such rights include the right to be informed; such information as the contents and composition of a product's side effects if there exists any. This is almost non-available in Nigeria and the consumers have not been able to rise up and ask for this right. The right of choice which

warns that the consumer should have the right to make his own choice out of any of the product and brands.

- **Safety:** The consumer should have the right to safety of the use of any product and should also seek for the damages incase of injuries or adverse effects suffered as a result of the use of such products. But in Nigeria there is no avenue for consumer to claim for damages whenever he suffers loss, even if a consumer decide to fight for his right, he might never go far because his efforts may be thwarted by the same officials that are supposed to protect him against defective products.
- **Scarcity of Goods and Services:** The under developed nature of the Nigeria economy has led to minimal capacity utilization by the various manufactures of goods, thereby leading to scarcity of products. This then leads to a situation where the sellers dictate to the consumer what should obtain in the market. This is referred to as a seller market where the seller has complete control of the market and decided what products enters into the market giving little or more regard at all to quality. And the seller can set the prices without due consideration for consumer reaction since the consumer has little or no choice at all.
- **Ineffectiveness of Organizations Set Up to Control Standards:-** The government in an attempt to set standards and enforce these laws among manufacturers set up such agencies as the standard Organization of Nigeria (SON), Food and drugs administration (NAFDAC) etc. but these organizations have been largely ineffective as sub-standard products abound in Nigerian markets today, ranging from cosmetic products to washing detergents and even beverages, drugs and the consumers are to consume these products with their attendant health hazards and without an avenue to seek redress.
- Nonchalant attitude of government towards engaging legislation that seeks to protect the consumers. Government has at various times set up prize control boards that have been largely ineffective. This has to a great extent frustrated consumers leading to lack of interest in seeking redress. Such legislation requiring manufacturers to put price tags on the products, the contents, and ingredients have largely gone unheeded. Cigarette manufactures in the country have been reluctant to inscribe warnings on the pack of their products. They comply only on bill boards and other advertisement media. It should be noted that most of the indigenous brands do not enjoy proper advertising

and in which case the manufacturers have succeeded if not displaying the warnings on their packs.

- Insincerity and corruption among officials responsible for enforcing government rules and regulations. This has led to expired and sub-standard products imported from foreign countries having their way into the market even after they have been detected at their various points of entry. Current ports and border officials collaborate with such importers to send the products into the market for the largely ill-informed consumers to consume at their own risk.
- By and large, the Nigerian consumer has a share of the blame as they have not been able to organize themselves into a strong pressure group to fight for their rights as was the case in the United States of America in the 1960s. With adequate enlightenment by those that know the right of the consumers and be obligations of the manufacturers, the Nigerian consumer can rise and fight for his/her right no matter the degree of frustration.

### **3.7 The Future of Consumerism**

The present trend of the consumer movement suggests that consumerism will continue due to the legal, social and economic pressures. The consumer movement will enhance consumer issues which will be used by politicians to win votes. This will lead to an increase in consumers' voices in government.

The Universal Basic Primary Education programme which was launched in 1976 will have its impact on the number of consumer organizations. Ultimately UBE will help to increase the level of education. There is every likelihood that consumer unrest will persist with increases in the level of education in the country. There will be more demand for consumer protection.

As Nigeria gets more industrialized, health and safety problems will continue to increase rather than decrease.

In future, the demands on firms will become greater. Several guidelines have been suggested which businesses should follow in their response to consumer:

1. Establish a separate corporate division for consumer affairs. This division should participate in all corporate decisions that have consumer implications. It should participate in research and design, advertising, credit, pricing, quality assurance, etc.

2. Change corporate practices that are perceived as deceptive. The consumer affairs division should identify corporate practices that are perceived as deceptive and/or antagonistic by consumers.
3. Educate channel members on the need for a consumerism effort throughout the channel system.
4. Incorporate the increased costs of consumerism efforts into the corporate operating budget.

The main purpose of the consumerism programme will be to enhance the quality of communications between the consumer and the firm and to incorporate valid complaints into corporate decisions.

Corporate leaders have two basic options: they may take positive action in this matter or they may ignore it. If they ignore it, they must be prepared for a government programme.

Individual consumers are not living up to their responsibilities; rather, they encourage high prices and trade malpractices. They encourage hoarding and profiteering by buying goods above stipulated prices and sometimes without receipts. Consumers blame our government but they fail to support government actions and measures against business malpractices. Nigerian consumers should be courageous and stand on their own feet to fight abuses in the country. If consumerism is to survive in Nigeria, consumers in Nigeria must be prepared to make sacrifices. It is high time Nigerian consumers resort to consumer boycotts in response to rising food and commodity prices. The greatest weapon of consumers all over the world is consumer boycott. Sellers cannot survive without consumers.

Many problems in Nigeria are caused, at least in part, by the consumer's own ineptness, carelessness or ignorance and/or a reluctance to put forward the effort required in making informed buying decisions. Consumers, as shoppers, fail to act in a responsible manner. Deception, fraud or dishonesty may be recorded on the part of either seller or buyer. Consumers have to change their attitude toward government measures for consumer protection.

### **SELF ASSESSMENT EXERCISE**

1. Explain the factors responsible for lack of consumerism activities in Nigeria.
2. From the discussion of the meaning of consumerism in unit 15, you are required to write out the cause of consumerism in Nigeria.



## **4.0 CONCLUSION**

In this unit, we have discussed the meaning of consumerism, the causes of consumerism in Nigeria, the rights of buyers and sellers, importance of consumerism and the future of consumerism in Nigeria.

## **5.0 SUMMARY**

This unit treated in details the nature and meaning of consumerism, the causes of consumerism in Nigeria, the importance of consumerism, the rights of buyers and sellers and the factors responsible for lack of consumerism activities in Nigeria.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. State and explain the causes of consumerism in Nigeria.
2. Identify and explain the factors responsible for lack of consumerism activities in Nigeria.

## **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 4 SALES REPRESENTATIVES IN MARKETING**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Meaning of Sales Representative
  - 3.2 Attitudes of Sales Representative
  - 3.3 Tasks of Sales Representative
  - 3.4 Qualities of Sales Representatives
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

The sales representative sells a company's product and services in a given market area. It is often more effective for a company to hire a sales representative than use their own sales persons. This is true when the market is a distant one and when cultural differences may make it hard for an outsider to penetrate the market. For example, a corporate hotel in Houston may find that it is more effective to hire sales representatives in Mexico City than to send a sales manager there. Sales representative should represent non-competing firms; they receive a straight commission, a commission plus a salary, or a combination of both. It takes time for sales representatives to learn a company's products and inform the market about them, the choice of a sales representative should not be taken lightly. Frequent changes in sales representative are not cost efficient and effective, certainly a principal sales representative plays a crucial role in the relationship between the company and its agents since the 'local rep' will be the main, and sometimes the only point of contact between the two. In spite of this, there is a tendency among principals to reduce this function in the organization or seek other means of communicating with their agents. This is due to the comparatively high cost of keeping sales reps on the road. To maintain a sales rep, including travel expenses. However, there is arguable no more' elective way of building likes with retailers and it is perhaps significant that while principals have been searching for alternative methods of servicing their distribution outlets, travel agents themselves have begun to employ their own external sales reps to call on businesses and other organizations to increase sales, often using part-time staff paid on commission to generate such business.

## 2.0 OBJECTIVES

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

- explain the meaning of sales representative in marketing
- explain the different types of sales representative in marketing
- explain the functions of sales representative
- explain the Good Qualities of sales representative in marketing.

## 3.0 MAIN CONTENT

### 3.1 The Meaning of Sales Representative

A sales representative concentrates on the vital area of professional sales and the success or failure within the hospitality industry ultimately rests on the ability to sell. The term sales representatives cover a broad range of position in our economy, where the differences are often greater than the similarities.

A sales representative is a person that goes out to the field to sell products that has been produced by an organization. That is, he/she represents the organization or company in taking those products for sale.

The sales representatives are those that back up the company or organization, that is, they sell the products to the final consumer. They must by all means know how to defend those products in order for the customers to buy. Their major work is to “sell”. They must convince the customer to buy.

A sales representative in the hospitality industry could function as:

1. **Deliverer:** - The sales representative job is primarily to deliver product.
2. **Order Taker:** - In which the sales person is predominantly side order taker, or outside order taker.
3. **Missionary:** - The sales representative is not expected or permitted to take an order, but is called only to build goodwill to educate the actual or potential user. Airline agencies work at tradeshows and conduct other public relations types of work and are as such missionary sales people.
4. **Technician:** Technical knowledge is most times required.
5. **Demand Creditor:** - Positions that demands the creative sales of tangible products or intangibles.

Successful owners and managers know that they must continuously sell. Country commissioners, tax evaluation officials, planning boards, the press, bankers and the local visitor center must all be well-informed on one's hospitality business.

Those in the backroom who check credit reports, card reports, care for audiovisual equipment, serve as secretaries, and maintain the physical plant are also part of the sales team. Everyone must sell, but a few individuals have the specific responsibility for ensuring the payrolls can be met, invoices can be paid, and a fair return on investment can be achieved. These are the professional sales people "The sale representatives".

Sales personnel serve as the company's personal link to customers. The sales representative is the company to many of its customers and in turn brings back much needed customers intelligence.

Personal selling is the most expensive contact and communication tool used by the company. Cost estimates for making personal sales vary depending on the industry and the company.

A sales representative's first job includes taking new order, seeking prospects and influencing them to buy.

### **3.2 Attitudes of a Sales Representative**

A sales representative must possess the following attitudes:

#### **1. Prospecting**

The sales man or person requires avid dexterity, vivid comportment and tactics to contact leads to prospects. Once the address and the name of the sales head are given, it is the onus of the sales person to swiftly identify the head as prospect.

#### **2. The Approach**

Sales representatives do not just go to any person and start talking about their company product. If they do, they would not be able identify an actual prospect or their sales talk would not be articulate. Hence it is ideal for the sales representatives to prepare for the sales talk and define the information about the prospect. These preliminary effects are classified as pre-approach. It is the technician sales plan bordering on what to say, how to say, when to say, where to say and who to say to. This pre-approach equips the sales representative, builds his confidence and obliterates harmful presentation facilities.

### **3. Presentation**

In the actual presentation, the sale representative embarks on cold censuring which does not warrant previous arrangement or contact with the prospect. This gives the customer considerable time, he can embark on telephone sales by booking appointment prior to time or he can embark on written communication with durable sales message presentation procedures.

### **4. Opening**

The sales representative must have formalized and informal sales opening. This is the most crucial aspect of sales representative presentation. He must start with pleasant greetings and introduction. The presentation could be procedural using either the AIDA model, stimulation response model or need satisfaction approach

#### **i. AID**

A	-	Attention
I	-	Interest
D	-	Desire

The attention of such customer is drawn to the products on offer through factual but persuasive rhetoric. This gradually builds the consumers interest, heightens the desire to want the product, and induces purchase action thereby closing the sales. The customer then ruminates over his purchase with satisfactory glee or apathetic feelings.

#### **ii. Response Model**

The sales representative uses words that will psyche the customer and elicit immediate or spontaneous reaction from him. The sales talk of the sales person touches emotionally on aspect of the customer's life that could be enhanced by the product. Aggressive selling often trigger off such needs and response. Example of a sales representative selling perfume sprays the perfume on the palm of prospects; the action can lead to immediate demonstration of likes and preference for the product and desire to buy. Any sales representative that uses this approach must understand psychologically the disposition of different customer group.

#### **iii. Need Satisfaction Model**

It is ideal that organizations should take their marketing action towards the satisfaction of customer's needs. Hence the sales representative must show clear understanding of customers needs and consciously and

empathetically provide them such need that could be identified or anticipated by the customer to solve the implicit problem for which the product is designed. A balanced approach calls for the combination of any sales forces oriented approach. Whatsoever the approach, however, sales representatives must involve with physical and mental persuasiveness, such as choice of words, product image, signs and languages. The persuasive tool must be harped rhythmically with competitive distinctiveness

### 3.3 Tasks of Sales Representative

A sales representative is whoever functionally performs one or more of the following tasks for his company:

1. **Prospecting:** - Sales representatives find and cultivate new customers.
2. **Targeting:** - Sales representatives decide how to allocate their scarce time among prospects and customers.
3. **Communicating:** - Sales representatives communicate information about the company's products and services.
4. **Selling:** - Sale representatives know the art of salesmanship approaching, presenting, answering objections, and closing sales.
5. **Servicing:** - Sales representatives provide various services to the customers – consulting on their problems, rendering technical assistance, arranging financing, and expediting delivery.
6. **Information gathering:** - Sales representatives conduct market research and intelligence work and fill in call reports.
7. **Allocating:** - Sales representatives decide which customers to allocate scarce products to during product shortages.

The sales representative's mix of tasks varies with the state of the economy. During shortage, such as a temporary shortage of hotel rooms during a major convention, sales representatives find themselves with nothing to sell. Companies jump to the conclusion that fewer sales representatives are then needed. But this thinking overlooks the sales person's other roles which includes allocating the product, counselling unhappy customers and selling the company's other products that are not in short supply. It also ignores the long-run nature of hospitality sales.

As companies move toward a stronger market orientation, their sales forces need to become more market focused and customer oriented. The traditional view is that sales people should worry about volume and sell, and that the marketing department should worry about marketing strategy and profitability. The newer view is that salespeople should know how to produce customer satisfaction and company profit. They

should know how to analyze sales data, measure market potential, gather market intelligence, develop market strategies and plans, and become profitable at the use of sales tactics. Sales representative need analytical skills. This becomes especially critical at the higher levels of sales management. Marketers believe that sales force will be more effective in the long run if members understand marketing as well as selling. The newer concept is basic to the successful use of yield management in the hospitality industry.

A principal sales representative plays a crucial role in the relationship between the company and its agent. There is arguably no more effective way of building links with retailers, and it is perhaps significant that while principals have been searching for alternative methods of serving their distributive outlet, travel agents themselves have begun to employ their own organizations to increase sales, often using part-time staff paid on commission to generate such business.

Sales representatives are sales force whose task is to develop existing business and generate new business, by making regular calls on retail agencies and by calling direct on businesses in the case of transport and accommodation principals.

Effective sales presentation according to Kuwu (2007) must be tactical to embrace:

1. Identification and confirmation of needs before supplying product information to the customer.
2. Listening attentively to what the customer says and how it is said.
3. Highlighting products benefit and classification.
4. Exposing the product, the company and sales person's image and availability of added services.
5. Giving product information on contents, brand, use and make of product customer.
6. Presenting argument favourable to the product acceptance.
7. Application of supportive sales aids, product demonstration and use of testimonials.
8. Countering of objections and sales resistance.

### **Closing Sales**

The closing sales representation is the most essential part of presentation. A sales representation without closing is like 'a tale, told by an idiot, full of sound and fury signifying nothing'. Inability to close sales can fault sales presentation. Effective sales closing must assume any of the following design:

## 1. Assumption Close

Pretending that the customer is ready to place order, direct approach by asking normally for an order, propositions of alternative decision.

The balance sheet approach or T-account approach; comparing the product advantage against its disadvantage.

## 2. Emotional Close

Can be used to predicate on fair price affiliation, social acceptance etc. SRO (standing room only). This method could be applied by winning back one important selling point. Silence can be a closing technique that leaves the customer to his conscience.

## 3.4 Qualities of Sales Representatives

However, undoubtedly the representative's most valuable service, in the eyes of any agents, is to act as a 'troubleshooter' to solve problems. Knowing them personally, agency managers will call them first if they have a problem, or if they need, for example, to clear a fully booked flight for valued customers. The representative's own personality, and his or her ability to help in these circumstances, will play an important part in the development of the agent's images of the company.

Although, with the advent of computerized reservations systems, most companies will have up-to-date information about sales achieved by agents in each product category, the sales representative is still the best person to advise the company on agency potential, to determine what level of support each agent should receive, and to recommend specific counter staff for agents' education.

Representatives have a responsibility to get to know personally each agency manager and member of the counter sales staff on whom they call. They must be thoroughly familiar not only with their own company and its products, but also with those of their leading competitors and their relative qualities.

- i. Sales representatives need to know and identify with the company. Sales representatives need to know company's products.
- ii. Sales representatives need to know customer's characteristics. Sales representatives need to know competitors characteristics (weakness and strength- SWOT Analysis).
- iii. Sales representatives need to know how to make effective sales presentation.
- vi. Sales representatives need to understand field procedures and have deep products knowledge.



## **A Sales Representative**

1. He/she must be honest
2. He/she must be tolerant
3. He/she must be intelligent
4. He/she must have sincerity
5. He/she must be able to know the performance of his/her selling (meet his target)
6. He/she must talk positive about the product
7. He/she must be loyal so as to win the confidence of his customers
8. He/she must be a sociable person, that is, he must be social to the people he sells his products to.

## **SELF ASSESSMENT EXERCISE**

1. Write out the sales representative position and attitudes in the tourism industry.
2. State the qualities of a good sales representative in marketing.

## **4.0 CONCLUSION**

In this unit, we have discussed generally the meaning of sales representative in tourism marketing, the attitudes of a good sales representative, the function of a sales representative and the qualities of a sales representative.

## **5.0 SUMMARY**

This unit treated the nature and meaning of a sales representative in tourism marketing, the positional application of sales representative, the tasks of sales representative and the functions/qualities of a good sales representative.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. State the attitudes of a sales representative.
2. Mention the functions of a sales representative.

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## **UNIT 5    MARKET SEGMENTATION    AND    SALES SUPPORT IN MARKETING**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Meaning of Market Segmentation
  - 3.2 Objectives of Market Segmentation
  - 3.3 Basis for Market Segmentation
  - 3.4 Sources of Information for Tourist Market
  - 3.5 Benefit/Importance of Market Segmentation
  - 3.6 Characteristics of the Tourist Product
    - 3.6.1 National or Regional Level
    - 3.6.2 Individual or Firms' Level
  - 3.7 Sales Support in Tourism Marketing
    - 3.7.1 Sales Support Techniques
    - 3.7.2 Tourism Promotion
  - 3.8 Tourism Market Planning
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    - 3.8.2 Formulating the Marketing Strategy
    - 3.8.3 Preparing the Promotion Programme
    - 3.8.4 Setting Tourism Information Service
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

A tourist market may be identified by the tourist product displayed for sale. The term market may be used to describe the collection of actual or potential customers of tourism service or destination. It may apply to the geographical area, a country, region or city from which a service or destination draws customers. The identification of tourist market, a segment of the total market, is of crucial importance. With a view to avoid waste, it is essential to reach only that fraction of the total market, which is most likely to be attracted. Due to financial constraints, it is not possible for an organization to reach the entire market. Segmentation of the market is therefore made in order to achieve the most efficient use of marketing resources.

## 2.0 OBJECTIVES

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

- explain the meaning of market segmentation in tourism
- explain the benefits/importance of market segmentation
- explain the bases of segmenting the market
- explain the sources of information for tourist market segmentation
- explain the characteristics of the tourist product
- explain sales support in tourism marketing.

## 3.0 MAIN CONTENT

### 3.1 The Meaning of Market Segmentation

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. Some delimitation of the market is therefore necessary to ensure efficiency and also to conserve financial resources of the organizations. This leads organizations to select target markets, necessitating market segmentation. Market segmentation has certain obvious advantages in that the organization is:

- i. Better placed to spot and compare marketing opportunities
- ii. Makes final adjustments of the product and marketing appeal possible to cater for the needs of the buyers and
- iii. Can develop marketing programmes and budgets on the basis of a clearer idea of the response characteristics of specific market segments.

### 3.2 Objectives of Market Segmentation

1. Developing new market for product variation or new product.
2. Developing defense against competitors by differentiating one's own product from theirs and matching it more closely to the requirements of a particular segment of the market
3. Achieving maximum effects for given expenditure on marketing activities particularly communication activities.
4. Developing marketing programmes and budgets on the basis of a clearer idea of the response characteristics of specific segments.

### 3.3 Basis for Market Segmentation

The markets are divided on the basis of several factors.

The most commonly used basis for market segmentation includes:

#### i. Geographic Segmentation

Under this the market is divided into different geographic locations such as cities, provinces, regions or countries,

#### ii. Demographic Segmentation

This is on the basis of demographic variables such as age, sex, occupation, income, education, social class, religion etc.

#### iii. Psychographic Segmentation

This is on the basis of psychographic variables which refer to such aspects of an individual as his lifestyle, personality, buying motives and product knowledge and use.

In tourism, market segmentation is very important. The strategy of 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 these selected groups. 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.

For example, market for particular area might be largely archaeologists in their middle years who have an income of over \$ 40,000 per year and who live in mid-eastern United States, or it might be largely businessmen in the age group of say 40-60 years who have an income of over ₦50,000 per year and who live in southern parts of Nigeria in tourism marketing, the marketing. A further segmentation however is possible within each of the above major segments for practical marketing purposes and this includes:

- i. The vacation tourist. The vacation or the holiday tourist is the most common and popular tourist. He is immensely affected by

changes in price, and is easily influenced by skilled and aggressive marketing effort. This type of tourist is resort oriented (Rome, Bombay, New York, London, Paris are resorts as much as Venice, Goa, Pattaya, Mami). The vacation tourist market has been regarded as highly seasonal.

- ii. The business tourist. The market for this category of tourist has increased manifold in recent years as a result of a large number of conventions and conferences being held in various parts of the world. A business tourist makes a choice of a particular destination depending upon the nature of his business. In other words it is the nature of business which influences or determines the choice. The marketing efforts therefore, are not of particular significance in influencing the choice of the business tourist. The demand for business tourism is comparatively price-inelastic. The demand also tends to be largely city-oriented and the visits, shorter and relatively frequent. The exhibitions, conferences, conventions, trade fairs and similar other events attract this kind of tourism.
- iii. The common interest tourist. These groups consist of the common interest tourist. It comprises of visits to one's relatives and friends, visits for the purpose of gaining knowledge, education, for pilgrimages etc. The demand for this type of tourism will be relatively price-elastic. The average length of stay of this type of tourist will be relatively longer. Because of the presence of his relatives and friends, the common interest tourist will not be a significant user of hotels and other such type of commercial accommodation. The visits of the tourist will not be frequent and his expenditure little.

### **3.3 Sources of Information for Tourist Market Segmentation**

The information on the tourist market which will assist in segmentation are:

1. Income distribution of travelers and particularly in correlation between income and distance traveled and travel expenditure.
2. Travel Expenditure Data i.e. Distribution of per-head expenditure on travel.
3. Discretionary income of household in correlation with other characteristics which enable target to be identified closely.
4. Historical trends in travel in different socio-economic categories.
5. Survey data on attitudes to and motivations for travel.
6. Geographical dispensation of potential customers within the market.

7. Membership of Clubs and Associations associated within the market.
8. Influence of intermediaries (travel Agents, tour operators, wholesalers, carriers etc) on destination choice in particular market.

### **3.4 Benefit/Importance of Market Segmentation**

By tailoring marketing programme to specific market segment, management can do better marketing resources. A small firm with limited resources might compete more effectively in one or two market “niches” whereas the same firm would be buried if it tried to take on the total market.

Market segmentation can aid management more specifically in these ways.

1. Channeling money and effort to the potentially most profitable markets.
2. Designing product that really matches market demand.
3. Determining what promotional appeals will be most effective for the company.
4. Choosing advertising media more intelligently and determine how to allocate better, the budget among the various media.
5. Setting the timing of the promotional efforts so that they are heaviest during those times when response is likely to be at its peak.

### **3.5 Characteristics of the Tourist Product**

Among the peculiarities of the tourist products are:

1. Tourism is an intangible, non-material product. No transfer of ownership of goods is involved as compared to a tangible product say for example, a motor car. In tourism instead, certain facilities, installations, items of equipment are made available for a specified time and for a specified use. For instance, a seat in an airplane or a train for a journey from one point to another or a booking in a hotel through a travel agent are carried out for a customer or services such as information and advice are provided.
2. Production and consumption of tourist services are closely inter-related. The travel agent or tour operator who sells his product cannot store it. Production can only take place or can only be completed if the customer is actually present. There is a close

link between production and consumption of tourist services. Most tourist services cannot be consumed incrementally, in other words, consumption once begun, cannot be stopped, interrupted or modified at all. As a result, risk and uncertainty for the customer are higher, and his need for reliable pre-purchase information is stronger. The potential customers' decision-risk and dependence on accurate information is further increased because he cannot see, inspect, compare or try out tourist services before deciding to use them.

3. A tourist product is assembled by many producers. The tourist product cannot be provided by a single enterprise. Each of the components of a tourist product is highly specialized and together makes the final product. This is not so in the case of other tangible products where one manufacturer produces a total product. In tourism on the other hand, an airline considers 'seats flown' or passenger miles to be its product; a hotel produces 'guest nights' a travel agent 'bookings', a theatre and museum or an archaeological site measures its 'production' in number of visitors. In the tourist's view, however, the product he buys covers the complete experience of his visit to a particular place. In other words the tourist product is not an airline or a rail seat, or a hotel bed or a theatre ticket, but rather an amalgam of many components which together make a complete product. Because of these peculiar characteristics, coordination in marketing efforts is very crucial.
4. Tourism demand is highly unstable. The demand is influenced by factors such as seasonal, economic, political, etc. the seasonal changes greatly affect the demand. Seasonality means that tourism plant is frequently for only a limited part of the year and therefore uneconomic. Many tourist areas have short season-often as little as three months. A corollary of this seasonal usage is the seasonal unemployment, which is a serious problem. Some of the developing countries which have recently established tourist industries suffer particularly from seasonality. Seasonality also places strains on the transport system and other services. Thus seasonality presents a problem not only in relation to employment but also in relation to investment. On the other hand, political unrest and economic instability caused by currency fluctuations and inflation, etc., greatly affect tourism demand.
5. Dominant role intermediaries. In most industries, manufacturers have predominant control over product design, distribution and promotion and the pricing. On the other hand in tourism, sales intermediaries like tour operators, travel agents, reservation

services and hotel brokers play a very dominant role and enjoy superior marketing strength. From the standpoint of tourism marketing, this strong position of the travel trade has significant implications. The travel trade determines to a large extent which services will be sold and to whom. The type of services to be offered as well as the pricing policies and promotion strategies to be adopted by tourist enterprises, are therefore, determined not only by the needs and preferences of the customers but also by those expressed by travel sales intermediaries.

6. Diverse motivations. It is comparatively simple to determine why people buy a certain make of refrigerator, smoke certain brands of cigarettes, use certain brand of tooth paste or prefer a certain type of packaged food. The subjective and objective reasons, expectations and desires which influence tourists' choice for certain holiday destination, type of accommodation and vacation activities are far less evident. Very often two people make exactly the same choices for entirely different and sometimes even mutually exclusive reasons. Travel motivations unlike motivations for buying a tangible article like a refrigerator, etc., are heterogeneous – composed of diverse elements.

Marketing in tourism, due to the various factors mentioned above, as compared to marketing in other industries needs a somewhat different approach. Tourist marketing to a considerable extent depends on various market factors mentioned above. Unlike the normal consumer product or service, the tourist product is marketed at two levels.

### **3.5.1 National or Regional Level**

The national or regional tourist organization will be engaged in a marketing campaign to persuade the potential tourist to visit the country or region for which it is responsible. In view of the fragmentation of supply which complement tourist services, the predominance of many small and medium sized enterprises and importance of tourism to an economy, the official tourist organizations have important functions in tourism marketing. The official tourist organization will however not sell a tourist product directly to customers. It will have two major objectives. In the first place, it will seek to create knowledge of its country in tourist generating markets and persuade visitors in these markets to visit that country. Secondly, it will seek to create an image of its country's tourist attractions in the best possible manner in tourist generating countries so that the potential visitors are attracted.



### 3.5.2 Individual or Firm's Level

The various individual firms providing tourist services can market their own components of the total tourist product after the national tourist organizations have launched marketing campaigns to persuade the potential tourist to visit the country or region for which it is responsible.

### 3.6 Sales Support in Tourism Marketing

Sales support activities are all those measures which establish personal or indirect contact with customers or trade intermediaries. In tourism, sales support is all those promotional activities designed to transmit to the public and to the travel trade specific and detailed information on aspects like accommodation, transport, attractions, prices, etc, concerning the tourist services to be promoted. It is also a process of training employees to be sales minded. Sales support has certain distinct closely related functions which neither advertising nor public relations can be expected to fulfill effectively. It is a channel of communications between the 'manufacturer' or the 'producer' of a tourist service – accommodation unit, Transport Company etc., and the 'distributor' or the 'seller' of that service. Secondly, it aids and assists the seller to do his job more effectively with the support of different techniques. The aim of the sales support activities is:

- a. To inform the customers (tourists – both actual and potential) or trade intermediaries, travel agents, tour operators, airlines, etc.) about the various services available, their price and quality, etc.
- b. To assist them in selling these services to the ultimate users;
- c. To motivate them to devote a sufficient level of sales activity to the service promoted.

National and regional tourist organizations as well as tourist service enterprises and tour operators recognize fully well that their sales and profit depend to a very large extent on the support and assistance they provide to retail travel agents and also the way in which they motivate travel agents. This is done by way of sales support activities. In order to be able to sell a service (a room in a hotel, seat in an airline) or a destination to the prospective tourists, travel agent or other sales intermediaries need to be aware of certain factual information which includes:

- i. A country's existing tourist facilities as well as new establishments, accommodation capacities, price schedules for various services.
- ii. Various travel regulations and formalities such as visa requirements, foreign exchange rules, and health and

- vaccination regulations including different certificates needed, customrules, and rates of exchange for currency.
- iii. The various transport and communication services available. The schedules of airlines, railways, and road transport services, shipping services (where available), and their rates.
- iv. Weather conditions at different times of the year, and types of clothing required during different seasons.
- v. The utilization (occupancy rates) of existing tourist facilities at different times of the year.
- vi. Plans for opening of new destinations, hotels, transport routes (railways, airlines, etc.) and also plans for expansion of existing tourist facilities.

As a result of advertising, demand in the form of enquiries made by potential tourists, travel agents and other intermediaries will be created. The potential tourists, travel agents and other intermediaries would now require in addition to the type of information mentioned above materials such as brochures, folders, booklets, guide books, directories, maps and illustrations in order to be able to transform demand into definite bookings. Most of the above material is meant for distribution to potential tourists by the travel agents and other sales intermediaries like tour operators, airlines, etc., either directly or through mail. Almost all the tourist organizations and tourist service enterprises produce the material extensively and make use of it by way of distributing it to travel agents, tour operators, etc. tourist sales intermediaries on their own also produce sales support material for distribution to potential tourists.

### **3.6.1 Sales Support Techniques**

Sales support techniques can be grouped into two main areas – ‘printed material’ and ‘special offers’. Printed material includes brochures, folders, direct mail material, display material, etc.

A brochure is a pamphlet bound in the form of a booklet. It is a voluminous publication with special emphasis on the quality of paper, the reproduction of illustrations, and graphic design of the cover and the layout of the pages. Special emphasis is laid on the quality of the paper and of printing. It is mainly used by the official travel organizations and by tourist service enterprises to inform prospective tourists about the attractions and facilities available in the country. A brochure describes and illustrates a destination or service in more detail. Detailed information on accommodation, prices, travel schedules, etc., is given in a brochure. Travel agents and tour operators use brochures as one of their principal selling aids.

Folder is a single piece of illustrated paper, which can be folded. Folder is less voluminous than the brochure and its production is less time

consuming. These are usually printed on a single sheet and then folded. It is perhaps the most widely use.

### **3.6.2 Tourism Promotion**

The use of advertising media by the official tourist organizations and by tourist service enterprises. It can be used alone or in conjunction with a sales letter. It is relatively inexpensive to produce and can be used in a variety of ways. While producing, special care should be taken about the quality of the paper and printing. Folder as compared to brochure is short, tastefully illustrated and attractively designed and produced.

Sales letters are a direct mail material. They are tools through which an attempt is made to gain agreement or favourable action towards a product. Sales letter offer many opportunities for selling travel services. These could be used alone or in combination with travel brochures or folders. These are sent out to those people whose addresses have been selected according to the likelihood of their being potential users of the services offered. A proper mailing list is a pre-requisite for effective use of this tool. Sales letters require very little time to prepare and to distribute. The effectiveness of a sales letter can be measured very rapidly from the response it draws. This is done by way of a reply card which is included and with which the recipient can request further information and also travel literature.

Display material includes posters, dispensers for sales literature, cardboard stands, articles of handicrafts, exhibits, etc. This material is used in the agency's office or in travel agent's sales rooms. The material is displayed in such a way that it attracts the attention of a visitor as soon as he enters the office. In many cases, cinema slides are also used, either fixed or on an automatic projector for display purposes.

Special offers like temporary price reductions, free gifts, premiums and various types of contests are being used extensively in competitive industries like cosmetics, packaged foodstuffs, etc. The tourist industry has also started to adopt these techniques as an additional sales support tool. Reduced airfares for students, 'affinity group', special off-season rates at hotel and tourist resorts are the examples of some of the special offers in the tourist industry.

### **3.7 Tourism Market Planning**

Marketing of tourism for a country or region is essential. Marketing informs prospective tourists about what the area has to offer and tries to induce them to visit it. Market planning needs to be understood as part of the overall tourism planning process, and as it relates to development

of the tourism product. Marketing involves several activities – establishing the marketing objectives; formulating the marketing strategy; preparing and implementing the promotion programme; and providing tourist information services. Market planning can be done for either international and domestic tourists or a combination of these

### **3.7.1 Establishing the Marketing Objectives**

In the comprehensive and integrated planning approach, the marketing objectives are represented by the market targets of the types and numbers of tourists to be attracted. Market targets are set based on the markets that can likely be attracted only if the development and marketing plans are being properly implemented.

Market targets are usually established by five-year periods. The targets are expressed in terms of the approximate numbers of tourist arrivals by type, average length of stay, countries or country regions of origin, and other characteristics. The tourist group's aim should be closely related to the tourism product and the kinds of tourists and tourism desired. They may include, for example, - general interest, sightseeing or beach resort oriented tourists, various types of special interest, nature, cultural and adventure tourists, ethnic tourists and cruise ship stopover passengers. Some tourist markets may be multi-destination oriented. These tourists visit the country as part of a tour of several countries. Other markets will be single destination oriented.

In already developed tourist destinations, the marketing objectives may also relate to changing the types of markets, such as aiming for higher quality or special interest markets. Such objectives must of course, be coordinated with corresponding changes made in the tourism product of attractions, facilities and services.

### **3.7.2 Formulating the Marketing Strategy**

The marketing strategy sets forth the most effective approach to be applied to achieve the marketing objectives. The strategy may include for example:

- Whether the marketing will be general, aimed at general interest tourists, or be selective and directed to specific types of tourist markets. Primary, secondary and opportunity markets are identified.
- The general types of promotional techniques to be used and where they should be directed – to tour operators, the tourist consumer or a combination of these.

- The timing or priority scheduling of promotional efforts to certain types of markets or countries. Timing may depend on the scheduling of tourism development projects.
- The image and reality of the area to be conveyed. A newly developing tourist destination may need to create a desirable image of itself first before engaging in specific promotion.
- Any particular obstacles to overcome such as recent political instability or a natural disaster.
- Whether promotion offices should be established in the major market source countries, or local marketing representation contracted in those countries, or promotion handled directly from the home office.
- Consideration of any contingencies which may arise such as the opening of previously closed market sources.

The marketing strategy should be related to both the longer – and shorter – term objectives. By doing this, the foundation is laid to achieve the longer-term objectives while the shorter-term ones are planned more specifically. The marketing strategy should be reviewed fairly often. It can be modified, if necessary, depending on market trends and any changes in development of the tourism product.

### **3.7.3 Preparing the Promotion Programme**

The promotion programme is prepared based on several considerations: the marketing strategy; knowledge of marketing distribution channels; the promotion techniques available; and the amount of the budget. The year and types of promotion to be undertaken and their estimated costs is also important. Continuing costs, such as for maintenance of offices in the market source is equally included.

### **3.7.4 Setting Tourist Information Service**

An important function of marketing is providing information to tourists before and after they arrive at their destinations. Various types of information should be available – the general geographical historical and cultural background of the area; the attractions, facilities and services (and their costs) that are available; transportation schedules; location of shopping, medical and postal facilities, consulates, embassies and religious institutions; and other specific information. It is also very important to inform tourists about local customs, dress and behavioural

codes, tipping policy, and any security problems they should be aware of. Tourist information offices should be established in convenient locations, and be staffed by knowledgeable personnel. Information officers should have foreign language capabilities where needed. Often, a successful approach is to develop visitor information centers. In addition to information material, visitor centers contain exhibits, offer audio-visual shows and have literature, slides and other material for sale.

### **SELF ASSESSMENT EXERCISE**

1. From the discussion of the meaning of market segmentation, you are required to write out the objectives, importance and sources of information for market segmentation in tourism.
2. Identify the aim of sale support in tourism marketing.

## **4.0 CONCLUSION**

In the unit, we have discussed the meaning of tourism market segmentation, the object of market segmentation, the benefits and importance of market segmentation, the sources of information for tourism marketing segmentation, peculiar characteristics of a tourist product and tourism market planning.

## **5.0 SUMMARY**

This unit treated the nature and meaning of market segmentation, the objectives, benefits and importance, the sources of information for market segmentation, the peculiar character of tourist product, the sales support in tourism marketing and the tourism market planning.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. State the objectives of market segmentation.
2. Explain the peculiar characteristics of a tourist product.

## **7.0 REFERENCES/FURTHER READINGS**

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