

Business Operation: Marketing

1. Leverage Marketing	2
2. Market Research and Planning	3
3. Promotion and Advertising	4
4. Sales and Distribution	5

Sustainable Tourism Online is an EarthCheck initiative.

Sustainable Tourism Online (STO) is a comprehensive online information resource delivering substantial research, data and tools within three main sustainability themes – Destinations & Communities, Business Operations, and Parks & Culture. STO also offers relevant information and knowledge on broader sustainability tourism topics.

Developed by Australia's Sustainable Tourism Cooperative Research Centre (STCRC) in 2010 to support sustainable policy, planning and practice, STO provides access to tourism research and tools developed by STCRC as well as other trusted sources of information.

As a highly competitive service industry, tourism businesses face the challenge of being able to effectively reach and communicate with the visitor market and successfully generate sales. Marketing is a core function of any tourism business, however is often restricted by resource and funding availability. The marketing activities of a business should be guided by an overall [‘Marketing Plan’](#) and be underpinned by the business’ unique selling point and core brand values.

As identified in Tourism Victoria’s Tourism Excellence Modules, there are seven ways to drive profit in any business:

1. Increasing the number of leads
2. Increasing conversion to sales
3. Increasing average sales value
4. Increasing sales per customer – repeat visitation
5. Increasing the profit margin per sale
6. Decreasing variable cost per sale, and
7. Decreasing fixed overheads

The majority of these opportunities can be significantly influenced by the type of marketing strategies that a business employs. Successful business marketing should:

- Be based on market research and identification of the business’ unique selling point;
- Employ relevant promotional and advertising actions to influence visitor perceptions, awareness and product choice;
- Employ effective sales and distribution channels to enable conversion of intention into actual visitation;
- Identify and leverage cooperative marketing programs with tourism organisations and businesses to provide resource synergies and increased visitation potential;
- Gaining ‘cut-through’ of the business’s marketing message through innovative, cost effective marketing tactics such as media and PR generation.

1. LEVERAGE MARKETING

The majority of tourism businesses operate on a small profit margin and a limited marketing budget. It is therefore important that business managers can identify cost-effective marketing and sales that can successfully reach and convert the target audience. Two cost-effective leverage marketing opportunities are: media and PR; and cooperative marketing partnerships.

Media and PR

- **Leveraging media and PR opportunities** that are linked to existing advertising campaigns can provide a low cost way to promote a business;
- **Generating media and publicity for a business** can be achieved through media releases, media kits, newsletters, website linkages, press conferences and media famils;
- Websites with user-generated content such as **blogs, reviews** and can provide potential visitors with information that **can influence their decision-making process and product choice**, while also promoting a business.

Tourism Australia's [Making a Splash: Generating Publicity for Australia](#) provides a practical guide for tourism business on working with the media and generating publicity for a tourism business.

Cooperative Marketing

- Involvement in **Regional, State and National Tourism Organisation marketing campaigns** can provide cost-efficiencies for a tourism business in reaching a larger audience;
- Cooperative **marketing partnerships at a local industry level** can also assist in raising the profile of a region and influencing visitor choice;
- Marketing partnerships and cooperative campaigns should be based on **shared values and goals** and promote a **consistent brand or proposition**;
- **Clear roles and responsibilities** should be developed for all stakeholders involved in a cooperative marketing;
- **Evaluating the success of collaborative marketing** efforts is important in identifying future opportunities and strategies.

2. MARKET RESEARCH AND PLANNING

Understanding your visitor market's characteristics can assist business managers in understanding their current visitor's demands and needs, identifying potential new target markets and developing effective marketing strategies to encourage visitation. A visitor's choice of destination, product or experience can be influenced by:

- Marketing variables – product, price, promotion and place;
- Traveller variables – previous experience, demographics, lifestyle and values;
- Travel purpose and motivations;
- Destination / product awareness, image and brand.

Key learnings for tourism businesses in incorporating market research into their 'Marketing Plan' include:

- Dedicated **market research programs are generally not time or cost effective** for tourism businesses. Generally there is enough information available in the public domain to allow tourism businesses to analyse and understand visitor markets;
- Tourism Organisations provide a **range of publications and resources** to assist tourism businesses in understanding visitor market characteristics and identifying appropriate target markets;
- **Evaluating potential visitor market segments** should include assessing size, potential yield, geographic proximity, business growth potential, visitor needs, wants and values;
- Traditionally market segments have been determined by demographics. Current research has suggested that a more effective way to **segment visitor markets** is through a **psychographic assessment** ie. Visitor values and desires;
- Changes in consumer behaviour may be influenced by demographics, economic trends or social and environmental factors. An assessment of **industry and market trends** can be useful in identifying current influences on visitor markets however is not necessarily a good indication of future trends;
- **Social and economic trend analysis and forecasting** is one of the best ways for businesses to identify future market opportunities ahead of competitors;
- **Simple customer surveys** can assist businesses in assessing visitor satisfaction and identifying future product development opportunities or required quality and service improvements.

One of the key reports produced by the Sustainable Tourism Cooperative Research Centre [How do Australians Choose Holiday Destinations and Experiences? Modelling Consumer Choice](#) provides an insight into understanding the visitor decision-making process for selecting destinations and tourism products.

3. PROMOTION AND ADVERTISING

Tourism is a highly competitive sector, in which businesses must be proactive and innovative in promoting their business and reaching their target market. Promotion and advertising is designed to provide consumers with the necessary information to differentiate between products and influence choices. Research into the development of promotional and advertising techniques for a tourism business has shown that:

- **Every business is different** and the promotional techniques that work for some businesses won't necessarily work for others. The media that a business chooses to tell

their story will be different depending on the marketing message – **tactical marketing or brand awareness**;

- The choice of promotional and advertising techniques should be based on **sound** [‘Market Research’](#) and be **targeted** to a specific visitor market. Targeted marketing allows a business to reach the highest yielding clientele, ensuring that the marketing effort is not wasted;
- **Selecting a promotional technique** should consider the audience, distribution figures and reach, reputation of the publication / source, pricing and alignment with the business’ positioning;
- Identifying the **tourism business’ unique selling point and brand positioning** is important in developing a clear marketing or advertising campaign. Without a unique point of difference a business can not differentiate itself from the competition;
- The increasing use of the internet has significantly changed the tourism industry’s approach to promotion and advertising through the **use of online technology** such as websites, e-marketing, social networking sites, user-generated content and new forms of direct marketing;
- Tourism businesses today are increasingly required to demonstrate their **environmental credentials and commitment** through their advertising and **avoid the marketing ‘greenwash’** that has become prevalent within industry;
- There is **no standard figure** on how much a tourism business should **spend on promotion and advertising**. A business’ marketing budget will be dependant on the level of competition and the market awareness of the product;
- While tourism advertising is often focused on pricing, **visitors are increasingly seeking value for money** rather than simply a low price.

Finding cost-effective promotional and marketing opportunities that achieve market ‘cut through’ is essential for tourism businesses in achieving a greater profit margin. For further information please see the section on [‘Leverage Marketing’](#). Tourism Australia’s [Experience the Opportunities Directory](#) is an online tool designed to demonstrate the marketing opportunities available for tourism businesses in Australia.

4. SALES AND DISTRIBUTION

Reaching time-poor consumers in an increasingly competitive market remains the greatest challenge facing tourism enterprises. The tourism distribution system provides a vast array of channels from travel wholesalers, to retailers, agents and inbound tour operators each requiring time and resources from enterprises to secure their services and support. The boom in online travel planning and booking has created a growing new channel to reach customers, however

the internet presents even more complexity to travellers who are now looking to search, compare and book a range of products.

Working with distribution partners that sell your product to new customers can for many businesses provide up to 30% of all bookings (for some businesses 50%). Understanding which distributors are right for you is complex, but essential. More essential is tracking the performance of these distributors and honouring your distribution price contracts by not selling products at discounted rates.

The [Australian Tourism Data Warehouse](#) is an excellent example of a distribution partner that can assist you in reaching customers online.

Research by the STCRC into the sales and distribution network highlights that an effective strategy should include:

- An understanding of the right distributor for your product and target market. There is a **wide range of support available for businesses** in choosing distribution partners including working with Tourism Organisations and Associations such as the Australian Tourism Exchange Council (ATEC);
- Your work doesn't end once you have a contract in place, businesses need to retain **regular contact with distributors** to update them on new products, pricing changes, and new opportunities;
- **Evaluate the success** of your sales and distribution techniques and adapt;
- **Working in the international market** can be expensive if working alone. Discuss your plans with your Tourism Organisation to see if an Inbound Tour Operator, International Wholesalers, Retail Travel Agent or International Agent would be a potential partner for your business;
- An increasing number of visitors are **using the internet for all of their travel planning needs**, including information seeking, holiday / route planning and booking transport, accommodation and tourism-related products. Choosing the right online partner is at least as complex (if not more) than the traditional distribution system and requires an equal investment in time and resources;
- Customers want to create a 'connection' with the place. The **use of 'new media'** such as Customer Relationship Management systems, email marketing, IT systems and real-time web reservation services are an increasingly important aspect of effective marketing and sales; and
- **Online booking and reservations** systems can increase overall bookings if a website is user friendly, regularly updated and search engine optimised.