Destination Marketing- A Conceptual model for decision making

Dr. Manoj Das

Designation: Assistant Professor, Marketing Area, IMT Hyderabad.

Abstract:

There is a widely held view that the marketing of places requires “a special type of marketing” and that the branding of places as destinations requires more complex managerial activities than product brands. The marketing of places has been receiving increased interest and has become more sophisticated over the last three decades. However there is a lack of a conceptual model integrating the various strand of literature. Our paper attempts to propose a conceptual model linking destination marketing efforts and its allied components.

Keywords: Destination marketing, Consumer narratives, Revisit , Recommendation.

Introduction

There is a widely held view that the marketing of places requires “a special type of marketing” (Ashworth 1993, p. 648) and that the branding of places as destinations requires more complex managerial activities than product brands (Karavatsis and Ashworth 2005). The marketing of places has been receiving increased interest and has become more sophisticated over the last three decades (Deffner and Metaxas, 2005). This is in part due to the growing number of transactions across international borders, which has repercussions for the competitiveness of places. One of these effects is increased competition among places, which is apparent in various levels and fields of activity. Fierce competition for resources, for business relocation, for foreign investment, for visitors, even residents is evident in today’s world (Kotler et al. 1999). In the effort to respond to the demands of competition and attract the desired target groups, place administrators have recognized in marketing theory and practice a valuable ally. Places are following ideas and employing practices developed by marketing, transferring knowledge to their own, peculiar environment and translating concepts according to their needs and characteristics (Rainisto 2003; Barke 1999). This is hardly a new phenomenon, as activities of place promotion have been evident in much earlier times, as the many examples in Gold and Ward (1994) and Ward (1998) illustrate. A closer look at those early practices, though, reveals that these promotional activities were only intuitive and randomly undertaken by various individuals and organizations that had an interest in promoting the place. A more focused, integrated and strategic oriented implementation of place marketing was evident largely in the last three decades.

Place marketing is defined by Kotler et al. (1999) as... a place planning procedure concerning the satisfaction of the needs of target markets. It could be successful when it satisfies two main parameters:

a) The enterprises’ and the residents’ satisfaction from the purchase of goods and services that the place provides, b) the satisfaction of the expectations of potential target markets (enterprises and
visitors), as long as the goods and the services that the place provides to them are those that they wish to get”. Clearly, place marketing is not only limited to increasing tourist arrivals but also plays an important role in regional / urban development, country positioning in international relations and economic development (Deffner and Metaxas, 2005; Papadopoulos, 2004). Indeed, according to Ashworth and Goodall (1988) in Howie (2003:145), tourism is “… one function within the multifunctional place to be managed on the basis of professionally determined norms and political decisions about the role it should play in the wider spatial setting for the attainment of municipal goals “.

“With tourism being increasingly recognized as a key economic opportunity around the world competition among countries and regions for a share of global tourism expenditure is increasing by the day”. (Fabricius, Carter, & Standford, 2007, p. 41). Tourism destinations have become ever more competitive in the worldwide marketplace. Nowadays, tourists have diverse options for travel. As competition continues to go forward and globalize, achieving competitive advantages is very important for tourism destinations. Hsu, Killion, Brown, Gross, and Huang (2008) believe that “tourism destinations have a commercial imperative to create and sustain competitive advantage” (p. 81). Cracolici and Nijkamp (2008) argued that “destinations have to face the challenge of managing and organizing their scarce resources efficiently in order to supply a holiday experience that must outperform alternative destination experiences on the tourist market” (p. 338). In the words of McDowall (2010) “tourism is a business of selling memorable experiences” (p. 24). By the same token, Hsu et al. maintained that having a sound understanding of consumer experience is very important. “For travel and tourism businesses, this imperative is even greater” (Hsu et al., 2008, p. 3). Tourists’ positive experience of a tourism destination is important because it could produce repeat visitation as well as recommendations for potential tourists (Bramwell, 1998; Oppermann, 2000; Postma & Jenkins, 1997). In essence, there is a concern that any neglect in managing destination resources can create a considerable obstacle in achieving competitive advantages. Hence, the critical role of destination management (DM) for developing and achieving destination competitive advantage is noteworthy.

From a marketing view, as tourism destinations compete for visitors, it is important to apply a competitive strategy to gain new customers and keep current ones. That is the focal point of the new perspective of marketing (relationship marketing [RM]). Revisits and positive recommendations are two important issues in RM strategy in tourism destination.

DESTINATION MARKETING

A destination is a place that attracts visitors for a temporary stay, including continents, countries, states, cities, villages and purpose-built resort areas (Pike, 2004), and thus is an amalgam of all the tourism services and experiences offered to consumers (Buhalis, 2000). According to the WTO (2004: 10):

“… Destination marketing covers all the activities and processes to bring buyers and sellers together; focuses on responding to consumer demands and competitive positioning; is a continuous coordinated set of activities associated with efficient distribution of products to high potential
markets; and involves making decisions about the product, branding, price, market segmentation, promotion and distribution ".

Additionally, Horner and Swarbrooke (1996) argue that destination marketing involves using tourism as a means to an end rather than an end in itself for reasons including: improving the image of an area to attract industrialists; increasing the range of facilities and amenities available to the local community; giving local residents more pride in their local area; providing rationale and funding for improvements to the local environment; and trying to make the destination politically more acceptable to outsiders.

While it is widely acknowledged that marketing contributes greatly to destination development (see E.g. Cooper _et al._, 1998; Howie, 2003; Prideaux and Cooper, 2002), the process is not always straightforward or well understood and is a particularly challenging form of the marketing art (Bennett, 1999). These challenges are related to the complexity of the tourism product and the number of stakeholders involved in destination marketing.

**Table 1: Strategic marketing objectives for destinations**

1. Enhance the long-term prosperity of local people
2. Delight visitors by maximizing their satisfaction
3. Maximize profitability of local enterprises and maximize multiplier effects
4. Optimize tourism impacts by ensuring a sustainable balance between economic benefits and socio-cultural and environmental costs.

_Source_: Buhalis (2000).

**Destination and Competitive Advantages**

According to Porter”s model, the competitive advantage for a tourism destination is ensured by four independent conditions (Vanhove, N: 2005)

1. Factor conditions: natural or generated, among which human and financial resources, general and tourism specific infrastructure, knowhow, cultural and historic resources, etc demand conditions: the home demand, the most important for many tourism destinations, and the foreign demand;
2. Tourism related and supporting industries: commercial sector and leisure industry that stimulate the tourist actions; the industries of construction, alimentary goods, etc. which support the tourism development;
3. Strategy, structure and rivalry between tourism firms, starting from the reality according to which the competition impels to evolution and discourages the stagnation. Subsequently, Porter added two supplementary elements, namely government and chance, both being able to influence each condition previously listed.

From another point of view, Crouch and Ritchie (1999) posited that “where comparative advantages constitute the resources available to a destination, competitive advantages relate to destination”s
ability to use these resources effectively over the long-term” (p. 143). A study done by Hong (2009) highlighted the fact that “competitive advantages provide a deeper insight into the reallocation of different tourism resource endowments. The destination then has a feasible approach (strategy) to modifying its comparative advantages” (p. 112). Hong, in his study, assumed that the competitive advantages of a tourism destination have some of the dimensions listed in Table 1.

He argued that these indicators of the competitive advantages of a destination are very significant in terms of acquiring competitive advantages. However, there is no unique and distinctive set of competitiveness indicators that relates to every destination at every time (Dwyer & Kim, 2003).

Dwyer and Kim (2003) made the point that some indicators are “relevant to determining destination competitiveness” and claimed that “there are myriad indicators that can be employed at any given time” (p. 399). The main elements of destination competitiveness identified by Dwyer and Kim (2003) include:

(a) Endowed resources (natural and cultural/heritage),

(b) Created resources (tourism infrastructure, range of activities, shopping, entertainment, special events/festival),

(c) Supporting resources (general infrastructure, quality of service, accessibility of destination, hospitality, market ties),

(d) DM (destination management organization [DMO], destination marketing management, destination policy, planning and development, human resource development, environmental management),

(e) Situational conditions (competitive environment, destination location, global environment, price competitiveness, safety/security),

(f) Demand factors,

(g) Market performance indicators (visitor statistics in terms of both)

**TABLE 2: Indicators of Competitive Advantages**

- Infrastructure investments (including accessibility design, accommodations, transportation system, and characteristic food)

- Strategic planning to market ties (including building tourism linkages with related characteristics and creative activities)

- Maintaining resources (including regular maintenance schedule, protection institution, seasonal peak load adjustment, and protection technological innovation)

- Monitoring resources allocations (including resources input/output analysis, exhausting monitor system, and emergency response system)

- Growth and development (including economic growth and public security system development)
Operational performance effectiveness (including one-stop package services)

Facilitating resources created (including public services and financial institutions)


Destination marketing organizations

Destination marketing organizations (DMOs) are organizations that have been established to promote specific destinations to potential travelers (Gartrell 1994). Destination-management organizations (DMOs) are often given a central role in the marketing of a destination because they are created to take the overall responsibility for promoting tourism and for attracting visitors to the place or region defined as their domain (Pearce, 1992). This is a particularly challenging task for many DMOs because they often have small budgets (Pike, 2004). To be able to develop co-ordinated marketing activities for the domain, DMOs need to adopt a strategy where a key component is the mobilization of resources controlled by others, i.e. by the stakeholders involved (Middleton, 1994; Buhalis, 2000; Gretzel et al., 2006; Sheehan et al., 2007).

The key factors determining a good return on DMOs” marketing investment are fivefold, of which destination marketers can influence most factors (Pratt, S., McCabe, S. et al. 2009):

1. The proportion of visitors who have booked before receiving the marketing material;
2. The proportion of respondents who visited the destination;
3. Influence of the marketing material;
4. Visitor expenditures: a. per person per night expenditure, b. length of stay in the destination, c. party size;
5. Reach of the marketing campaign.

The DMO has to be aware of the existence of all the relevant actors within the destination and understand their incentives as well as those of the actors in their surrounding context. From a strategic point of view, devoting much time to networking, relationship building and network understanding is crucial for the DMO if it wants to strengthen its legitimacy (cf. Sheehan et al., 2007).

Hypothesis1: Devoting time towards networking, relationship building and network understanding is crucial for the DMO if it wants to strengthen its legitimacy.

Consumer Narratives:

With the emergence of social media on the Internet, there has been a surge of interest in studying the use of consumer narratives (e.g., consumers“ reviews and/ or stories) for marketing tourism and hospitality businesses (Godar, 2005; Litvin, Goldsmith, & Pan, 2008; Pan, MacLaurin, & Crotts, 2007; Tussyadiah & Feenmaier, 2007; Wang, Tussyadiah, & Mattila, 2008). Narratives are widely believed to have a potential to be an effective way to market products/services. Indeed, Learned (2007) argued that storytelling in its many forms is one of the most powerful tools for presenting the truths of
products, services, or brands, and that stories have the ability to convey the values of the products/services to the buying minds of the audiences. As a result, marketing through storytelling continues to gain popularity and is extensively adopted by companies in tourism and hospitality industry. Web 2.0–based local review sites and travel blogs (e.g. travelblogs.org, citysearch.com, yelp.com) are becoming increasingly popular forms of storytelling where destination marketing organizations (DMOs) have integrated blogs and other story like features on their websites (e.g., Road trippers section on visitPA.com).

Adaval and Wyer (1998) found that consumers tend to favorably evaluate products about which the information is conveyed through narratives (i.e., in thematically and temporally related sequence) instead of merely a list of attributes; this claim is supported by the study of Mattila (2000, 2002). Escalas (2004a, 2004b) introduced the term mental simulation in narrative processing, whereby it is argued that a consumer forms a cognitive construction of the hypothetical scenario based on the chronology (i.e., temporal dimension) and causality (i.e., relational organization) of the story. In a more recent study using a psycholinguistic paradigm, Luna (2005) argued that an accurate and integrated mental representation of ad contents is influential for ad comprehension and evaluation. He further claimed that to form the integrated mental representation, the text in an ad should be coherent and possess referential continuity.

In the field of tourism and hospitality, narrative marketing is particularly significant since tourism and hospitality products are characterized with their experiential values. Polkinghorne (1997), Gabriel (2000), and Mattila (2000, 2002) argue that stories are uniquely effective in representing and conveying lived experiences because they offer a logic for the narrators and audiences, and therefore, narrative appeals should be effective in communicating the value of tourism and hospitality as experiential products to audiences (Mattila, 2000, 2002; Padgett & Allen, 1997). Recent studies on consumer narratives in the context of tourism marketing have focused on analyzing the contents of travelers’ stories for their implications to destination marketing (Pan et al., 2007; Tussyadiah & Fesenmaier, 2008). Using narrative theory and following the narrative structure analysis proposed by Escalas (2004a, 2004b), and more recently, Tussyadiah and Fesenmaier (2008) proposed a methodology for assessing the effectiveness of narrative marketing by extracting the key marketing strategies from blog contents of a DMO website. Despite their contribution to the better understanding of the role of tourists’ stories from the perspective of the organization, the study did not directly evaluate the marketing effectiveness of stories. To that end, this study assesses the effectiveness of using consumers’ stories for marketing tourism and hospitality products by analyzing the relationship between story comprehension and product evaluation and, more important, the behavioral intention of audiences.

**Hypothesis 2a:** The ability to comprehend the plot and schema of tourists’ stories as indicated by understanding the outcomes of action will increase the overall knowledge about the destination.

**Hypothesis 2b:** The increased knowledge of a destination will influence the intention to visit the destination.

**Hypothesis 2c:** Identification of resemblances to past positive experience will influence the intention to visit the destination.
Relationship Marketing

“Relationship Marketing has received considerable attention since [the] 1990s as consumers have become more demanding in their exchanges with firms and competition has intensified” (Sherrell & Bejou, 2007, p. 4). Sherrell and Bejou (2007) believe that “building strong customer relationship offers a significant competitive advantage due to difficulty of direct imitation by competitors” (p. 4). In the context of RM, customer satisfaction is considered a major matter in both conceptual and empirical studies focusing on customer loyalty and customer retention (e.g., Back & Parks, 2003; Bigne, Sanchez, & Sanchez, 2001; Oliver, 1999; Yoon & Uysal, 2005).

A number of studies have offered evidence supporting the point of view that travel satisfaction affects destination loyalty (Yoon & Uysal, 2005) and that loyalty is an important phenomenon connected to relationships (e.g., Sheth & Parvatiyar, 1995) and “represent[s] an important basis for developing a sustainable competitive advantage” (Dick & Basu, 1994, p. 99) as well as the most fundamental part of RM (Palmer, 1994). Loyalty is emphasized by a majority of studies because of its positive and strong link with profitability (e.g., Loveman, 1998; Reichheld 1996; Rust & Zahorik, 1993).

It follows that in the context of tourism, destinations must consider an appropriate strategy to survive in a competitive market. Findings from Fyall, Callod, and Edwards (2003) implied that “with increasing global competition owing to newly-emerging destinations and tourists becoming more exacting in their choice and desire for a variety of options, relationship marketing arguably offers considerable potential to achieve advantage” (p. 645). In destinations’ competitive market, one of the overriding concerns in terms of achieving competitive advantages is creating loyalty. In this respect, Boonajsevee (2005) claimed that “loyalty is a primary goal of relationship marketing, and sometimes is equated with the relationship marketing concept itself” (p. 13). A stream of studies focusing on loyalty have espoused the premise (creating loyalty; e.g., Dick & Basu, 1994; do Valle, Silva, Mendes, & Guerreiro, 2006; Dowling & Uncles, 1997; McDowall, 2010; Niininen, Szivas, & Riley, 2004; Oppermann, 2000; Sharma, 2007).

From a marketing perspective, a typical question would be as follows: How does RM with a focus on loyalty gain competitive advantage in tourism destination? The answer is related to two indicators that have to be addressed in destination loyalty: (a) revisits and (b) positive recommendations. In the tourism industry, intentions to revisit a destination and to recommend it to a potential tourist are acknowledged by many scholars and researchers as indicators of loyalty (e.g., Cai, Wu, & Bai, 2003; Chen & Gursoy, 2001; Chi & Qu, 2008; Niininen et al., 2004; Oppermann, 2000; Petrick, 2004).

Revisit

Determinants of intention to revisit have been studied by many researchers (e.g., Kozak, 2001; Oh, 1999; Uh, Chon, & Ro, 2006). A number of studies have corroborated a positive relationship between tourists’ satisfaction with various components of the destination (e.g., Juaneda, 1996; Kozak & Rimmington, 2000; Ross, 1993; Yoon & Uysal, 2005); image of the destination (e.g., Court & Lupton, 1997); travel experience (e.g., Alexander, Kouthouris, & Meligidis, 2006); perceived quality of service,
attractiveness, and value for the money (e.g., Um et al., 2006); and safety (e.g., Chen & Gursoy, 2001) and their intentions to revisit and recommend. Notably, intention to revisit is tied to several key elements in tourism destination. Hence, to create destination loyalty, it is vital to understand and concentrate on the major determinants of intention to revisit.

Positive Recommendation

Loyal customers are more likely to act as free word-of-mouth (WOM) advertisers that provide networks of potential customers such as relatives with a product or service (Shomaker & Lewis, 1999). Chi and Qu (2008) argued that “recommendation by previous visits can be taken as the most reliable information source for potential tourists. Recommendations to other people (WOM) are also one of the most often sought types of information for people interested in traveling” (p. 625). Studies on tourism destinations have confirmed the positive effect of WOM information for destination selection (e.g., Shanka, Ali-Knight, & Pope, 2002). In sum, the benefits of RM in competitive markets, such as creating loyal customers, reducing market research, gaining competitive advantage, and preparing long-term profitability, are recognized by many researchers and scholars (e.g., Kotler, Bowen, & Maknes, 1999; Lovelock, Vandermerwe, & Lewis, 1996).

Hypothesis 3a: RM with a focus on loyalty fosters a competitive advantage in tourism destination.

Hypothesis 3b: To create destination loyalty, it is vital to understand and concentrate on the major determinants of intention to revisit.

Hypothesis 3c: Positive Recommendation from loyal customers helps increase visits and profitability.

Branding:

Geographic locations, like organizations or products, can also be branded and the goal of such branding is to make people aware of the location and then link desirable associations to create a favorable image to entice visits and businesses (Keller, 2003). According to Dinnie (2004), the interests of companies and places are similar and often overlap as, ultimately, both desire stability and prosperity. Fan (2005), however, warns of the dangers of treating place brands like commercial brands as there are fundamental differences between the two. He cites, for example, that products can be altered, re-launched, replaced or withdrawn from the market, whereas places cannot; a nation brand can only create emotional benefits due to intangibility; product brands have a single owner with legal rights, whereas a place is owned by any organization that chooses to exploit the image of the place; and the audiences for place brands are diverse and hard to find, unlike product brands that have targeted segments.

Clarke (2000) further emphasizes the relevance of branding to tourism destinations by highlighting the marketing advantages of branding to tourism organizations or destinations, which she summarizes into six points. These are as follows:

a) Tourism involves complex and high involvement purchase decisions and so branding can reduce the choices available to consumers.
b) Branding can help offset the effects of the intangibility of the tourism product, especially if combined with positive past experience.

c) Branding can communicate consistency in a sector that is sensitive to variability of experience.

d) Branding can act as a mechanism to reduce the risk of ill-spent time through selection of a poor destination.

e) Given the inseparable nature of the tourism product and the desire for segment compatibility therefore being high, branding helps ensure tourist satisfaction and thus facilitates precise segmentation.

f) Motivation and teamwork are of high priority in such a high-contact service as tourism and brands can provide a focus for the integration of producer effort and assist people in working towards the same outcomes.

Morgan and Pritchard (2004) add that in order to create an emotional attachment a destination brand has to be:

a) Credible

b) Deliverable

c) Differentiating

d) Conveying powerful ideas

e) Enthusing for stakeholders and partners

f) Resonating with the consumer

**Hypothesis 4:** Branding helps in reducing risk as well as creating an emotional attachment for the customers.
References:


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