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Promoting tourism destinations: A strategic marketing approach

Abstract

This paper provides an outline of principal marketing strategy issues and their application in promoting tourism destinations. It provides an overview of a report prepared for the Tourism Promotion Committee (T.P.C.) of Heraklion District, Crete. In the context of the tourist industry, the ‘product’ is an experience achieved through the combination of a diverse range of products and services. Nowadays tourism destinations face new and increasing marketing challenges arising from changing tourist behaviour and environmental conditions. Strategies are needed to suit the changing and more demanding competitive environment. In the first section of this paper, the context of tourism destination promotion is outlined. The second section addresses the imperative for careful environment analysis and assessment, highlights the main aspects of strategy formulation and implementation, and provides a brief overview of the appropriate approach to electronic marketing, an issue of special interest in strategic marketing. In the next section a critical evaluation of the strategic planning model is performed, highlighting its merits, weaknesses and limitations. Recommendations contributing to the effective implementation of marketing strategy in destination marketing are presented in the last section.

Keywords: tourism destination; strategic marketing approach; destination marketing organization; electronic marketing; Greece

Introduction

This paper outlines the main topics of a report prepared for the Tourism Promotion Committee (TPC) in Heraklion District, Crete. This body is responsible for coordinating marketing activities and promoting its area. Its membership is composed of the main public and private sector organizations involved in providing tourism services in Crete. The report was compiled for TPC by the first author, who has been closely involved in the development of tourism marketing and planning on Crete for over ten years. It was commissioned with the aim of improving the destination’s marketing effectiveness and efficiency. The task assigned was to provide a report (i) reviewing the marketing activities undertaken by the TPC; (ii) providing the appropriate approach to be adopted and implemented in promoting Heraklion as tourism destination; and (iii) giving a set of recommendations for key areas requiring improvement.
The report suggested that a strong focus on a strategic marketing approach should be adopted and implemented. However the model's pitfalls and limitations must be taken into account. Tourism destinations today face a set of new challenges arising from changes in consumers and the environment. It is believed that only those destinations, which recognize the changes occurring in the marketplace and proactively respond to them, will continue to be successful in the future. Thus, strategies are necessary in order to address the more demanding competitive environment; Destination Management Organizations (DMOs) need to be more forward thinking than ever before. The aim of this paper is therefore to provide an outline of principal issues to be addressed in promoting tourism destinations.

The tourism 'product' is an experience achieved through the combination of a diverse array of products and services (Heath & Wall, 1994; Scott, Parfitt & Laws, 2000). For visitors, the product is the total experience, covering the entire amalgam of all aspects and components of the product, including attitudes and expectations. According to Middleton & Clarke (2001), the overall tourism product is a package, and might be defined in terms of five main components, namely: destination attractions; destination facilities and services; accessibility of the destination (including transport); images, brands and perceptions; price to the visitor. Hence, destination is a provider of experiences. Destinations can increasingly be seen as ‘clusters’ or aggregations of businesses, consisting of mainly Small Medium-sized Tourism Enterprises (SMTEs). Destination marketing thus involves many stakeholders and a complex product offer (Goodall & Ashworth, 1997). Through new web technology tools and interoperability, SMTEs can develop an integrated infrastructure and assist each other in providing the customer with a ‘complete’ experience, including the delivery of complementary products (Buhalas, 2005). Destinations are among the most difficult entities to manage and market, owing to the complexity of relationships between stakeholders (Buhalas, 2000; Pike, 2004). Virtually all DMOs and tourism industry enterprises have recognized their interdependence, and work together in some form or other to market tourism to their home countries or regions. Complexity and interdependency among stakeholders have resulted in the creation of many local tourism marketing alliances and partnerships between the private and public sectors (Palmer & Bejou, 1995; Selin & Myers, 1998). These forms of cooperative marketing are particularly efficient in destination marketing. Effective collaborative marketing efforts require more than strong leadership and administrative support. A number of internal factors including a shared vision, goal accomplishment, and open communication between members will contribute to effective collaboration and member satisfaction. A well-known example of destination marketing partnership is ‘Maison de France’. This body has the responsibility of coordinating French tourism marketing and is generally recognized as a model of good practice (Varvaressos & Soteriades, 2005).

There is an increased demand for destination marketing, due to rising customer expectations and growing competition between destinations (Pike, 2004; Scott et al., 2000). In response, more sophisticated marketing is used including product development, enhanced promotional imagery and targeting of specific market segments. Destination marketing partnerships are important because most destinations have to compete on a global level. The preponderance of small businesses in destinations and the diversity of objectives in larger organizations is an impediment to the implementation of strategic destination marketing (Scott et al., 2000). Additionally, destination marketing functions and activities must be supported by a DMO, a structure aiming at: managing the tourism system; improving the competitiveness of the regional tourism industry;
improving destination attractiveness; enhancing destination performance; and increasing marketing effectiveness. A good example of successful DMO is ‘Tourismo de Barcelona’, an organizational structure that enabled the City of Barcelona to acquire a shared vision and common strategy, thus leading to remarkable results (Loukaras, 2005). Recent studies have stressed the crucial role that knowledge management and information and communication technology (ICT) could play in these partnerships and other joint schemes in the field of destination marketing (You, O’Leary & Fesenmaier, 2000; Scott et al., 2000; Pyo, Uysal & Chang, 2002; Riege, Perry & Go, 2002; Mistilis & Daniele, 2005). It is obvious that the strategic marketing approach makes the coordinated marketing of all actors involved feasible. This includes inter-relating the tourist attractions, activities, facilities and services and the various and increasingly fragmented tourist markets.

The strategic marketing approach

MARKETING AND STRATEGIC APPROACH
Marketing is a managerial process involving several activities (Kotler, 2003): establishing marketing goals and objectives, formulating marketing strategy, preparing and implementing plans. According to Tribe (1997, p. 13) ‘Strategy… is the planning of a desirable future and the design of suitable ways of bringing it about.’ Marketing strategy specifies the long-term goals and objectives of an organization, identifying opportunities and the scope of activities needed to realize them. Strategies therefore show how objectives may be pinpointed. Calver (1994, pp. 285-286) pointed out that the use of the term ‘strategy’ as a description of longer-term planning is helpful, but may prove equally ineffective unless it provides the right guideposts. The strategic plan should provide a blueprint for action that can be interpreted at any organizational level. Marketing strategy is therefore an action-based discipline and must provide clear indications of which markets are to be targeted and the means by which they will be targeted in the long term. The two terms ‘marketing strategy’ and ‘marketing planning’ are often used interchangeably. A marketing strategy offers an overall analysis of a given organization and provides its environment with a means of achieving overall objectives. On the other hand, a marketing plan should be prepared for the long term, with clear guidelines for action and tactical details for implementation, dealing with specific marketing activities. Strategies may therefore be regarded as substantial preface to plans.

From the above brief discussion, it might be pointed out that: (a) Strategy shows how to pinpoint objectives; (b) Strategic marketing entails a stream of decisions and actions, which lead to the development and implementation of effective strategy (Crawford-Welch, 1996); (c) Strategy is not only about deciding on future direction but also the actual implementation at operational level. The crucial point is how to convert strategy into action; and (d) Strategic marketing is as much an art as a science and is not a panacea or a prescription for success.

Marketing strategy in the tourism industry faces a particular challenge as it deals with a multifaceted, poorly standardized product, and a volatile, fastidious customer (Middleton & Clarke, 2001). To be successful in the tourism markets, DMOs must be able to interpret the needs of their visitors, identify appropriate ways of segmenting the markets in which they compete, develop and launch the appropriate products and effectively communicate with potential visitors. These issues are closely interrelated, as they form the basis of the marketing interface between the DMO and its business and market environment. Tourism takes place in a complex, dynamic and constantly changing environment that must be monitored and adapted to by all tourism enterprises. The industry today faces a set of new and increasing challenges arising from
changing tourist behaviour and environment conditions (Calver, 1994; Crawford-Welch, 1996; Middleton & Clarke, 2001; Varvaressos & Soteriades, 2005). These challenges include (a) the reconciliation of the need to consolidate the industry’s service offerings to the consumer and maintain a market position with the need to remain flexible enough to respond to changes in its operational environment; and (b) to design and properly deliver products and services corresponding to the needs of the various markets. It is estimated that only those destinations that recognize the changes occurring in the marketplace and proactively respond to these challenges will continue to be successful in the future (Chon & Singh, 1995). These tasks require a strategic marketing approach, as well as more reliable information through proper long-term strategic planning and decision-making. It should be noted that information is the basis of planning and decision-making, and is needed in order to develop meaningful and effective strategies. Thus, a marketing information system becomes a valuable tool and an essential support for the decision-making process in DMOs, complementing intuition and entrepreneurial ability.

The importance of monitoring and analyzing the tourism environment and its dynamics has been documented by several authors (among others Porter, 1995; Middleton & Clarke, 2001; Varvaressos & Soteriades, 2005). Scanning the environment for trends that dictate strategic postures is a necessary and vital part of strategic marketing. The one certainty of the future is that change will continue and those tourism destinations which are both aware of economic, social and technological changes, and develop effective responses to them, will achieve longer-term viability (Moscardo, Faulkner & Laws, 2000, p. xxxi). Predictions are that the industry will continue to be volatile, consolidation will continue, consumer satisfaction will become even more important and technology will play an increasingly more important role (Matovic & McCleary, 2003). Therefore, environment and resource analysis and assessment are essential if DMOs are to identify and respond to changes incurring in any field and undertake the appropriate marketing actions. A strategic approach is of paramount importance to all significant areas of marketing function. Strategies allow the DMO to address the more demanding competitive environment. As for implementation, it is worth noting that: (i) in order to implement a strategic marketing approach effectively, appropriate marketing systems - information, planning, and evaluation - are required; (ii) one aspect of strategy implementation is resource planning, at both the organisational and operational levels. The former refers to the allocation of resources within the various parts of the organisation to support the strategy. The later refers to the identification of critical success factors needed at the operational level; and (iii) there is a need to develop and implement action plans in all related fields, such as human resources and quality (Varvaressos & Soteriades, 2005). Recent studies have suggested innovative approaches; for example, Edgell, Ruf & Agarwal (1999) proposed a new approach to strategic marketing planning in the tourism industry, emphasizing quality, efficiency and effectiveness in the marketing process. The authors recommend a six-step approach to strategic marketing planning, including needs analysis, research and analysis, creative infusion, strategic positioning, marketing plan development, as well as training, implementation, evaluation and adjustment. The suggested framework is designed to provide a road map for almost any tourism organization or destination and to help improve their marketing efforts. While being a strategic marketing system, it is also action-oriented to benchmark and counter competitors’ strategies.

In closing this section, it is worth noting the following issues: (i) DMO must ensure that an efficient marketing information system informs the strategic planning process and that the organizational culture is able to respond to market trends and be proactive
in the identification of new strategic directions (Ritchie & Ritchie, 2002); (ii) Segmen-
tation is a valuable marketing strategy. In the tourism industry, the diversity of destina-
tions, products and customers has justified the intensive use of segmentation methods
as strategic tools. Among these techniques, benefit segmentation has extensive use in
tourism research, and seems to receive wide approval by academics and practitioners
alike (Frochot & Morrison, 2000); and (iii) Over the past two decades, tourism destin-
ations have implemented product differentiation and branding strategies in response to
their own maturation. This issue has not been addressed on Crete. Within this frame-
work, it seems that DMOs could benefit from ICTs by adopting a strategic approach.

ELECTRONIC MARKETING
The rapid advancement of ICTs, notably the Internet and the World Wide Web, has
created challenges and opportunities for the tourism industry (Sheldon, 1997;
Fesennmaier, Gretzel, Hwang & Wang, 2004). ICT developments permeate every aspect
of tourism marketing. A rapidly changing business environment, largely brought about
by the Internet, requires DMOs to implement new business methods rapidly, develop
new networks and alliances, and be creative in their marketing. In the late 1990s,
Internet and E-marketing systems came to dominate the strategic thinking of the entire
industry (O’Connor, 1999; Buhalis, 2002). WTO (2000) pointed out the dramatic
challenges and impacts to be faced by the tourism industry in the information age and
thus suggested the need to achieve public-private partnerships that will help the industry
in devising its best promotion strategies. Evidence shows that ICT influences nearly
every aspect of marketing and the main stages in the marketing mix (Middleton, 2001;
Kotler, 2003; Siegel, 2003). The digital marketplace not only brings rapid proliferation
of new products and services, but also new ways of marketing. ICT is slashing market-
ing cost, removing intermediaries, and redefining marketing relationships (Rayport &
Jaworski, 2001; Fesenmaier et al., 2004)). Mature tourism destinations as Crete are
usually highly controlled by tour operators. The introduction of the Internet as a com-
mercial tool has provided the supply side with an alternative channel for communica-
tion, marketing, and distribution, which may prove capable of sidestepping these
middlemen (Buhalis, 2005). At the regional level, the appropriate approach and use of
ICTs could considerably contribute to various fields / areas: marketing facilitation,
regional networking; establishment of a destination management system; SMTE coop-
ervative marketing. These topics are briefly presented hereafter.

Marketing facilitation: The availability since the late 1990s of the Internet and cheap
connectivity for businesses of every size is revolutionizing the traditional facilitation
processes for DMOs, making them far more efficient and cost-effective and opening up
new opportunities (WTO, 2000). The virtual marketplace is an ideal tool for all DMOs
that can implement marketing facilitation strategies, by using Websites (B2B) simulta-
neously for information, promotion, distribution, relationship marketing and marketing
research, offering many advantages to DMOs with restricted budgets. Facilitation
strategies are particularly valuable for SMTEs that lack the resources to undertake
marketing activities. Doolin, Burgess & Cooper (2002, p. 557) note that ‘commercial
web site development typically begins simply and evolves over time with the addition
of more functionality and complexity’. Middleton & Clarke (2001) reported on two
examples of B2B Websites designed for the tourism industries in Canada (the Canadian
Tourism Commission’s Tourism Exchange, an industry-focused Internet service, called
CTX) and Britain (the British Tourist Authority: www.visitbritain.com) indicating the
way that DMOs develop their facilitation services for the businesses that deliver tourism
services at the destination. These examples illustrate the way that businesses can be
supported in marketing terms with online connectivity, via which advice, information
and up-to-date good practice can be disseminated at low cost. Thus, for many DMOs, the website has become an important component within their promotional mix.

**Regional networking:** The tourism industry exists as a network of interconnected subsectors, and consequently, networking is very beneficial in destination marketing. The Internet allows the creation of virtual enterprises in which ICT provides the linkages – especially networks for micro-businesses (Braun, 2002; Palmer & McCole, 2000). SMEs would benefit from increased information flow through regional networking, to enhance market visibility, global positioning, and strategic leverage in the new economy. The development of the tourism portal www.purenz.com is a good example of the multilateral alliances and cooperative effort required in order to market New Zealand as a tourism destination (Bhat, 2004; Ryan, 2005). This website acts as a portal that catalogues attractions and activities in New Zealand so that visitors can directly access and communicate with individual operators and providers of accommodation. By using such web-based marketing methods, Tourism New Zealand has been very effective in making the most of a limited promotional budget.

**Establish a destination management system:** Destinations such as Crete which lack a Destination Management System (DMS) will only be able to maintain their attractiveness if they manage to enhance interconnectivity among suppliers at the destination, interactivity with customers, and DMOs. In this way, e-commerce and e-business activities throughout the network will be facilitated. Tourist businesses will be able to dynamically adapt to changing consumer demands, offer value-added products, assist travellers arriving at the destination and cater for those wishing to experience a particular type of niche tourism (WTO, 2001). In several cases, DMSs have been used to integrate the entire tourism supply at the destination. Their contribution to strategic management and marketing is demonstrated by their ability to integrate all stakeholders at destinations and to reach a global market at a fairly affordable cost (Sheldon, 1997; Buhalis, 2000). Increasingly, DMOs provide innovative information that allows potential visitors to plan their itineraries and develop their individualised packages online, or purchase commercial packages from tour operators. A number of DMSs are also moving to fully functional websites that can support the entire range of customer purchasing requirements. Tiscover in Austria and Gulliver in Ireland have been leading these developments, and gradually other destinations, including The Netherlands and Jersey, are following their example (Buhalis, 2005). Hence, these systems establish a flexible and profitable communication bridge and a strategic management tool. They effectively provide the infrastructure at the destination level and can network the entire range of principals and operators on a neural network.

**SMEs cooperative marketing:** Given the variety of businesses operating from a particular destination, and the geographic dispersal of source markets, cooperative marketing arrangements are quite common and offer clear advantages. A cooperative B2B portal has the potential to emulate all the benefits of a traditional cooperative and achieve competitive advantage through niche marketing, e-commerce procurement, and information exchange (WTO, 2001; Braun, 2002). SMEs have the opportunity to both collaborate and compete by joining a regional marketing portal founded on cooperative principles, such as sharing resources and exchanging industry knowledge. DMO might offer support to private sector consortia of small businesses, formed for the purposes of more efficient marketing. As with joint marketing schemes and support for new products, a B2B Website offers the most cost-effective means of communication for members and a DMO Website offers the most cost-effective means for communication and distribution to visitors. Scott et al. (2000) argue that destination level cooperation between tourism organizations can provide mutual benefits harnessing the self-
interests of operators with disparate objectives and operational styles, but point out that the efficiency of cooperative marketing depends on effective leadership. Gretzel, Yuan & Fesenmaier (2000) suggested that the changes occurring in the new economy involve a rethinking of who partners and competitors are and how networks with other organizations can increase organizational capacity to learn. Thus, they argued that success of DMOs in the new economy is more about change in approach than technology itself. It is obvious that marketing in the digital age requires dynamic and innovative strategies. It has been suggested (Porter, 2001; Christian, 2001; Demetriades & Baltas, 2003) that it is necessary to adopt a strategic approach to electronic marketing as a medium to accomplish organizational objectives. Such an approach allows DMOs to overcome the challenges and exploit the opportunities presented by ICT. Soteriades, Aivalis & Varvaressos (2004) have proposed a methodological framework, which would enable tourism and hotel enterprises to develop and implement their electronic marketing and commerce activities. This framework reflects a strategic approach in order to integrate e-commerce initiative into organizational operations as a medium serving the destination strategy.

The strategic planning model is an approach having various merits. Without strategy, organisations are susceptible to strategic drift – a consequence of failure to monitor and respond to the changing external environment. Tribe (2005) argue that organisations that do not use strategic planning tend to make ad hoc decisions and be reactive rather than proactive to events. This is more relevant to destinations, which are not single organisations but rather represent a coalition of interested parties. This approach is useful where decisions are taken in terms of the direction of the product offering and the markets to target. It provides an effective framework for the consideration of these issues, while also planning clear advantages for resorts (Cooper, 1995), e.g. take proactive decisions about their product and market portfolios. This involves choosing facilities to offer, anticipating the demands and changing tastes of their visitors and attempting to influence the nature of their experiences. This proactive approach contrasts to the often ad hoc, opportunistic entrepreneurial responses that characterized the early development of many resorts (Laws, 1995). Laws & Cooper (1998, p. 341) stress that ‘the process of goal setting provides a common sense of ownership and direction for the many stakeholders in the resort, whilst at the same time sharpening the guiding objectives. The coherence provided by the approach provides a framework for joint initiatives between the commercial and public sectors and demands the clear identification of roles and responsibilities’. However, the strategic model encompasses some pitfalls and limitations. First, the traditional approach to destination marketing strategy has been derived from the literature on organizational strategy. However, there is a fundamental weakness in an approach to destination management, which relies on the assumption of strong leadership and clear goal-driven decisions to which all participants adhere. Destinations are conglomerates of attractions, operators and agencies which each have individual objectives. Often these are in direct conflict, and managers may regard competition with local organizations as their main policy concern. In contrast to the classical organizational strategy paradigm of clarity and consensus based on a rational process of analysis, destinations experience tension between operators, they seldom have strong leadership and lack cohesion in the way in which the area promotes its image externally. (Scott et al., 2000). Secondly, it seems that organizational models of strategic thinking and action are inadequate. The heart of the problem for destinations is their complex nature, resulting in policy/implementation conflicts between operators. Typically, the destination experience for visitors comprises the products of a wide range of organizations of differing scales and levels of business sophistication.
presented within a general ambience derived from a combination of the area’s primary attractions and the ways in which tourists perceive its image (Laws, 1995). Not only are destinations complex, but they lack the formal relationship frameworks between operational departments that enable large organizations to act consensually. Approaches to strategic marketing differ on two dimensions, the outcomes of the strategy (profit maximizing or pluralistic) and the processes by which strategy is made (deliberate contrast with emergent styles). Thirdly, it should be noted that the success of a strategy depends on the accuracy of much of the analysis contained in the plan. Much of the analysis involves forecasting and the future is notoriously unpredictable. Moreover, the classical approach to strategy assumes a particular rationality of those working in organisations that cannot always be relied upon. Tribe (2005, p. 131) note that ‘in the real world strategy is a contested concept and a messy business’. Destinations generally operate under a coordinating body to which only some of the total tourism operators belong, raising the issue of leadership in promoting destination through marketing partnerships, as noted above. Nevertheless, the preponderance of small businesses in resorts and the diversity of objectives of the larger organizations is an impediment to the implementation of strategic destination marketing (Palmer, 1998). Finally, with regard to electronic marketing, DMO needs to be able to offer a full service to any user, and its web pages need to act as a portal for those operators, attractions and accommodation providers that exist within its region (Ryan, 2005). However, many DMOs have scarce resources. A range of competing motives also drives them. Ryan (2002) describes the political framework within which DMOs operate. In brief, in spite of calls for strategic and rational planning regimes, the nature of both the funding and the stakeholders often means that DMOs are flexible and inconsistent in marketing.

Conclusions and recommendations

Tourism marketing represents the systematic, coherent and consistent effort of DMOs to develop, formulate, and implement their strategies in order to achieve their main goal: making the tourism product a successful experience for their visitors. In a strategic approach, tourism marketing has taken on new dimensions, which increasingly reflect the perspective of visitors and those hosting them. There are several important benefits to undertaking a strategic approach to marketing. These advantages include: establishing the overall objectives and strategies, providing a rational basis for decision-making on marketing and laying the foundation for effective implementation of the marketing plan. However managers must be aware of the planning model’s pitfalls and limitations. The strategic approach to marketing at destination level is now widely adopted as a principle, although implementation of the action plans is still weak in some instances, as for example in Crete. King (2002) suggested that DMOs need to get away from promoting the destination to a mass market, and instead engage the visitor to ensure they effectively promote and provide the experience they want. This will require a major change in the role, structure and skills of DMOs. It is worth stressing that the marketing strategy and promotion programme of a destination should be comprehensive, particularly reflecting the close relationship that must be maintained between development and marketing. The marketing strategy for both international and domestic tourism must be derived directly from the development strategy and the need to project a focused and positive image. A key principle applied in formulating the marketing strategy is the maintenance of a close relationship to the development strategy, which emphasizes product improvements and diversification. This strategy constitutes the main priority of Crete’s Regional Development Plan. Therefore, marketing and product development go hand-in-hand, and must be carefully coordinated to achieve successful tourism development. Additionally, demonstration or pilot projects can be an excellent means of showing how new forms of tourism (e.g. religious tourism, alternative and
activity holidays) and development approaches can work. Bearing in mind that strategic marketing is not a panacea or a prescription for success, the following recommendations could be put forward to DMOs in order to effectively formulate and implement strategic marketing: (i) Marketing strategy is based on a careful analysis and assessment of the marketplace and depends on the use of appropriate marketing information. Relevant and accurate information is required in order to carry out effective strategic marketing plans; (ii) In order to implement a strategic marketing approach effectively, appropriate management support is required; (iii) In order to ensure that marketing objectives, strategies and tools are optimally adapted to the dynamic environment, an evaluation system should be developed; and (iv) ICTs empower tourism marketing and management as they provide cost-effective tools for destinations to target appropriate market segments and to develop strategic tools. ICTs also support the interaction between tourism enterprises and consumers and, as a result, they re-engineer the entire process of developing, managing and marketing tourism products and destinations. However, it should be recognised that ICTs are not a panacea; they require a restructuring of several management practices to ensure that DMOs achieve their strategic objectives (Buhalis, 2005).

This paper, by no means exhaustive, has attempted to cover several issues that should be considered by a DMO in promoting its tourism product. These issues should be addressed and appropriate approaches implemented in order to render marketing activities more efficient and effective. At this end, it is suggested that the limitations under which regional DMOs operate when engaging in strategic marketing and the pitfalls of the strategic model must be carefully considered.

Note:
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