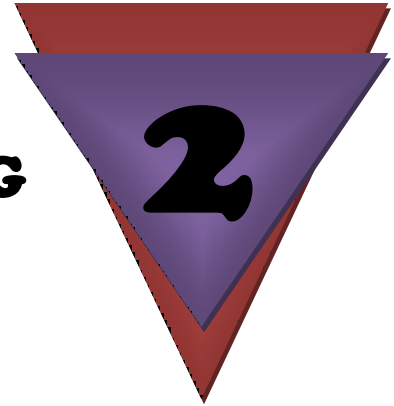


CHAPTER 2

ANALYSING MARKETING AND THE ROLE OF THE CONSUMER THEREIN



2.1 INTRODUCTION

Marketing has become more important for marketing managers in the 21st century as destinations and products seek ways to grasp the attention of tourists. It has become very important to organise product design and delivery around customer interests and establish the core values that underpin strategic planning and decision-making at every level of the destination.

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large (American Marketing Association, 2012). It is important to realise that tourism marketing is not a separate discipline but an adaption to the basic principles that have been developed and practised for many decades across a range of products and services.

In this chapter, marketing and the role of the customer in this process is important and will thus be analysed. This will add value to the understanding of the role the customer plays in the marketing process, especially for tourism products. The purpose of this chapter is therefore to analyse marketing as a science as well as the importance of the customer in this activity. This will firstly be done by contextualising tourism marketing.

2.2 DEFINING TOURISM MARKETING

“Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others” (Kotler, Bowen & Makens 2006:13). In the tourism industry, marketing is about consumers, how to find them, how to satisfy them and also how to keep them. To

encourage purchase and ensure consumer satisfaction, tourism marketers design and manage a service (and experience) that offers value (George 2008:4). Tourism marketing is thus about anticipating demand, recognizing it, stimulating and satisfying it. It is the understanding of what is to be sold, to whom, when and in what quantities. Therefore, good marketing forms part of the basis of economic growth (Holloway & Pitman 1994:7).

In tourism, marketing has become the process and tool used by tourism marketers to nurture customers and add value to their experience of tourism. It all seeks to develop their loyalty towards the product and/or service (Page & Connell 2009:334). According to George (2008:14), marketing activities are relevant to both domestic and international tourism and it plays an important role in people's everyday lives. Marketing has become more and more sophisticated and the increase in competition has also led to more innovative ways of conducting marketing and attracting visitors. From the information above it is clear that customers (tourists) play an important role in the marketing process and that their needs and wants should be adhered to. Before continuing with the analysis of marketing activities, the marketing management philosophies will be discussed in the subsequent section.

2.3 MARKETING MANAGEMENT PHILOSOPHIES (MMPs)

Marketing management philosophies address four concepts, namely the manufacturing concept, the production concept, the marketing and societal concepts. These are important as marketing management should execute tasks under some philosophy.

2.3.1 Manufacturing Concept

The focus of this concept is to assess the resources of the organisation as well as the services and then ask questions such as "what can we do best?" or "what services are we to offer?" The main focus is thus to maintain the internal capabilities of the industry rather than the desires of the target market (Cant, Strydom, Jooste & Du Plessis 2006a:9).

The most important task for an organisation in this respect is to increase its capacity as there will always be consumers who will buy the product when available and affordable. This philosophy can be useful in two ways: Firstly, it can be applied when the supply of

a product does not meet the demand. Here, the most important task for management is to increase production capacity, as consumers are more interested in obtaining the product than in its level of quality. Secondly, it applies when the cost of the product is prohibitive and improved productivity is essential to decrease the prices (Kotler, Bowen & Makens 2008:23).

The main focus of this philosophy is thus the internal production of the organisation rather than the needs and wants of customers, which is not the focus of tourism products and destinations.

2.3.2 Production Concept

Similar to the manufacturing concept, the production concept also has an inward focus. The production concept focuses on improving existing goods and processes instead of focusing on the development of new products and technologies and thus has sacrificed creativity, technological parity, thoughtful strategy and a commanding position. Destinations and tourism products should ensure that they still meet the needs of consumers as they might turn to other products to better satisfy their travelling needs (Kotler *et al.* 2008:24).

According to Kotler and Lee (2008:32), the production concept holds that the consumer will prefer and favour products offering quality performance or innovative features. Marketers of destinations need to provide a unique offering as oppose to finding new customers. The better quality products and services, with more features, result in customers responding to the product and the destination success comes from having the best and more efficient product (Blythe 2009:9).

The businesses operating under the production orientation believe that they will be successful if they manufacture/produce a good quality product/experience, regardless of the impact of other influences. Superior quality products are the focus of the organisation and they assume that all consumers will be interested in their products (Lamb, Hair, McDaniel, Boshoff & Terblanche 2000:8). Today tourism products focus on quality and on providing in the needs of visitors.

2.3.3 Marketing Concept

According to Kotler and Keller (2005:16), the consumer-centred mind-set is the cornerstone of this concept. This urges marketers to determine the needs and wants of larger markets and solving their problems and challenges better than competitors. The marketing concept is in sharp contrast to the production and manufacturing philosophies. Instead of being a market and sell philosophy, it is a sense and respond orientation. Kotler and Lee (2008:32) continue to say that the aim of marketing is to know and understand customers so well that the product or service fits them and sells itself. This also highlights the importance of market segmentation and an understanding of visitors.

In the application of this concept the consumer needs are the driving force throughout the entire tourist destination. Every staff member that is involved in marketing and managing the destination should consider consumer needs at every stage. The marketing orientation also includes the idea that consumers need information and advice about the product, advice on using the product and the availability thereof (Blythe 2009:10). According to Botha, Strydom and Brink (2004:9), adapting a marketing approach generates many benefits for the destination, as the product aims to provide solutions to consumer needs. This approach:

- generates products more likely to find a ready market;
- encourages customer loyalty;
- offers the opportunity to generate a price premium;
- keeps the destination in touch with the ever-changing customer needs;
- promotes awareness of competitors' actions and product offering; and lastly
- provides the potential to create differentiation where none previously existed.

All these approaches offer different routes to tourist destination success. The marketing concept emphasises not only the sales message and price but also the quality of products, their packaging, their method of distribution and the necessity to provide information by means of marketing communications (Botha *et al.* 2004:9).

As shown in Figure 1 the properly defined marketing concept focuses on customer needs and considers all marketing activities that effect customer needs. It meets the

destination goals by creating long-term customer relationships based on customer value and satisfaction (Kotler *et al.* 2008:27). This is becoming increasingly important.

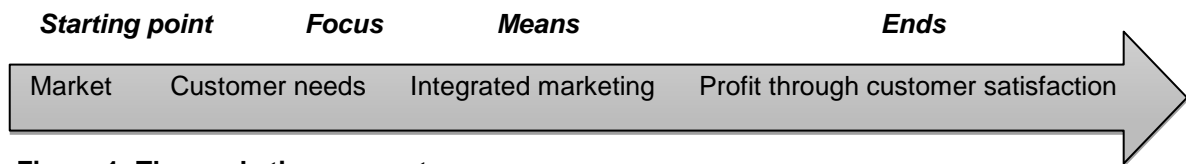


Figure 1: The marketing concept

Source: Kotler *et al.* (2008:27)

2.3.4 Societal concept

The societal concept acknowledges that the tourist destination does not only satisfy customers' needs and wants and the destination's objectives, but also enhances individual and societies' long-term best interests (Lamb *et al.* 2000:10). This marketing management philosophy holds that the destination determines the needs, wants and interests of the target market and delivers more effective and efficient customer satisfaction than the competitor. Cant *et al.* (2006a:13) state that the concept suggests improving customer value in a way that maintains and advances customer and society well-being.

This concept questions whether the marketing concept is adequate in addressing environmental problems, resource shortages, rapid population growth as well as world-wide inflation (Kotler *et al.* 2008:27). This orientation considers business as an overall operational system that put consumers, societal welfare and environmental considerations before operational considerations in all functional areas. Profit is not a primary objective and it is believed that one of the major functions of marketing is to educate consumers, business operators, and society to justify their consumption, activities and production techniques for achieving sustainable development (Kotler & Keller 2005:33).

Marketing operates within a dynamic ever-changing global environment. The marketing philosophies have a dramatic effect on industry and organisations should do more careful planning to ensure that the industry operates well. It was also clear that consumers play a vital role in marketing and that tourism organisations should focus on consumers, which will be discussed in the following section. Tourism has definitely

moved to the societal stage where there is bigger concern for the environment and looking after society. With that in mind the next section analyses the unique characteristics of tourism products and explain how these should be taken into account when conducting marketing activities.

2.4 ANALYSING TOURISM PRODUCTS

Roday, Biwal and Joshi (2009:330) state that when tourists decide to travel to a certain destination, their main aim is to look for a pleasurable experience in terms of safety, a comfortable journey, pleasing accommodation and meals, interesting attractions and leisure activities. All these are critical components of tourism products expected by a tourist who is willing to spend money for it. It is important for the tourism marketer to not only understand tourists but also their expectations from the product and service delivered.

According to Holloway (2004:129) as well as Roday *et al.* (2009:320), a product is anything offered to the market so as to satisfy needs or wants; therefore a product offered to the consumer must bear need satisfying qualities. Those products satisfying or fulfilling tourist's leisure, pleasure or business needs at places other than their own residences are known as tourism products.

It is important to realise that what tourists demand is not a product or feature offered by the product but benefits offered. Therefore it is essential for marketers to produce added and unique benefits to the product distinguishing one product from the other (Holloway 2004:132). The product is thus the sum total of physical and psychological satisfaction provided to the buyer. Tourism products are various services offered to the tourists (Roday *et al.* 2009:332), including transport, attractions, catering, accommodation and amenities (see Figure 2 on the next page). This can mean that the tourism marketers' responsibility is to create value and promote the desired experience for tourists (George 2004:23).

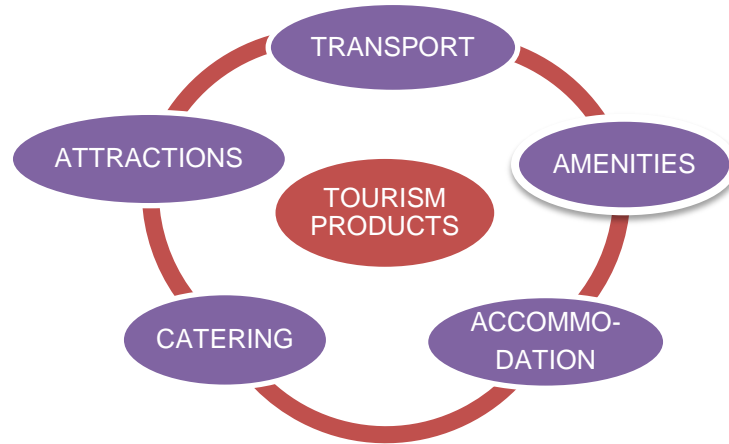


Figure 2: The tourism product

Source: Roday *et al.* (2009:332)

As the tourism industry is regarded as a service industry, there are several attributes distinguishing the marketing needs of tourism products from those of marketing a specific product. These products can be seen as a combination of several different services (Page & Connell 2009:338). If one therefore understands the tourism product and how it can adhere to certain needs, it is the first step in the direction of successfully conducting tourism marketing. Marketers in the tourism industry need to concern themselves with basic characteristics that make the marketing of their products challenging, such as intangibility, perishability, heterogeneity, inseparability and lack of ownership (George 2004:23) as listed and explained in Table 1.

Table 1: The underlying characteristics of service marketing

Principle	Explanation	Implication
Intangibility	Services are mainly intangible in nature. It is impossible for the customer to touch, smell, feel or hear the service offering in the same way as products.	Tourism marketers tend to 'tangibilise' the tourism offering in brochures and videos – visual displays of the real thing.
Perishability	It is not possible to store services. An unoccupied seat on a train or bed in a guest house is lost forever unlike a product which can be stockpiled until demand rises again.	The management task emphasise managing demand and capacity. For example, airlines offer standby fares to those willing to take unexpected empty seats at short notice.

Heterogeneity	It is difficult for service marketers to standardize service provision given to close contact between staff and consumers. Performance varies regardless of processes designed to minimize this factor.	For example, tourism marketers design processes to minimize differences in service encounters and provision between different outlets or between different shifts at a hotel. Provision of uniforms and of similar physical surroundings illustrates evidence of standardization.
Inseparability	Service provision and consumption occur simultaneously and the provider and the consumer interact in the process of delivery.	Marketers attempt to devise systems which ease interaction and invest in campaigns to educate staff and consumers concerning how to get the best out of the interaction. Training in hotels emphasizes how staff can manage the interaction.
Lack of ownership	Consumers do not take ownership of goods as in product marketing. They bring back memories and feelings from the holiday.	The marketer emphasizes pictorial references and souvenirs to reinforce the image of the holiday experience.

Source: Page & Cornell (2009:338)

- ***Intangibility***

Commodities, such as cars, are tangible products which have physical dimensions and attributes that can be seen, touched or tested, while service products are intangible and cannot be seen, touched or measured, but can only be experienced (Roday *et al.* 2009:334; Middleton, Fyall & Morgan 2009:48). Tourism product offerings such as the visit to Abrahamsrest Resort are an experience rather than a physical good, since it cannot be tested or evaluated beforehand (George 2004:23). This creates challenges in the marketing of these types of products.

- ***Perishability***

Service delivery is typically fixed in time and space and has a fixed maximum capacity on any day (Middleton *et al.* 2009:48). Tourism service products cannot be stored and sold at a later stage, they are perishable. Due to products being perishable in nature,

they are often discounted to avoid the loss of unsold products and services to overcome possible losses (George 2004:25; Roday *et al.* 2009:335; Kotler *et al.* 2006:45).

- ***Heterogeneity***

Services are rendered from human to human in tourism, resulting in variability when the producer and customer interact. This makes standardization difficult but can also add to the unique characteristics of the destination (Roday *et al.* 2009:335). Variability potential in service quality emphasises the need for rigorous selection, training and rewarding of staff service. Training should emphasise the standards expected of staff when dealing with customers (Jobber & Fahy 2006:175).

- ***Inseparable***

Tourism offerings are mostly services which cannot be separated by the person or the organisation providing it (Roday *et al.* 2009:334). Both the service provider and the customer must be present for the transaction to occur (Kotler *et al.* 2006:43; Middleton *et al.* 2009:47). Tourism consumers are likely to be concerned about the way in which the offering is delivered, such as the level of service delivery. Not only service providers form part of the offering, other consumers are also part of it. For example, strangers seated next to each other on an airplane, may affect each other's experience (George 2004:24) even though they do not know each other.

- ***Lack of ownership***

Consumers do not take ownership of goods as in product marketing. They bring back memories and feelings from the holiday (Page & Cornell 2009:338).

The characteristics discussed above create distinctive challenges for the marketing of tourism products but also provide opportunities to promote the product in a different and more creative style than other products. It is also important to understand the view of the tourist in terms of value and what is seen as a satisfying experience which will be dealt with next.

2.5 CONSUMER ORIENTATION IN MARKETING

Satisfying consumer [tourist] needs, demands and preferences should be the emphasis of all marketing actions. However, the tourism industry can provide need satisfaction as

far as its resources enable it to do so (Cant *et al.* 2006a:11). Since the tourism industry is very dependent on resources, care must be taken in managing these in a sustainable manner.

Drummond and Ensor (2005:5) explain that the understanding of customers and the creation of value solutions to actual customer needs is known as consumer orientation. Thus, consumers are the middle point of the business. Their needs, purchase power and behaviour patterns are of importance to any tourism destination. It is imperative for a destination or product to pay more attention to reaching and satisfying quality segments of the market. This clarifies the fact that a consumer-centred destination is in a better position to identify new opportunities and develop a proper marketing strategy path that delivers long-term profits. By monitoring consumer needs, the destination/product marketer can decide which consumer groups and emerging needs would be the most important to be served, taking into account the resources and objectives (Kotler 2000:248).

Blythe (2009:10) added to this by emphasizing that the better the understanding of consumers; the better able the tourist destination can deliver value to customers, since value is defined by customers and not by the destination. Therefore, consumer orientation entails an understanding of the consumers by creating better offers to customers and thus receiving better payments in return. Some consumers, as pointed out by Blythe (2009:10), indicated that consumption is similar to voting, where tourists show approval of the destination/product by buying these tourist offers and avoid those destinations/products they disapprove of.

Traditionally, managers focused on consumers as being the only true profit as depicted in Figure 3a. In this traditional organisation chart, the president (CEO) is at the top level, management at the middle level and the frontline staff and customers at the bottom level. However, the successful marketing companies invented the new chart, Figure 3b. In this chart customers are at the top. Next in line of importance are frontline people who meet, serve and satisfy customers, followed by middle managers, whose task it is to support the frontline people so they can serve their customers well. At the bottom of the diagram is top management, whose job it is to hire and support middle managers. Customers are added along the sides of Figure 3b to indicate that managers at every

level must be personally involved in knowing, meeting and serving customers (Kotler & Keller 2005:140).

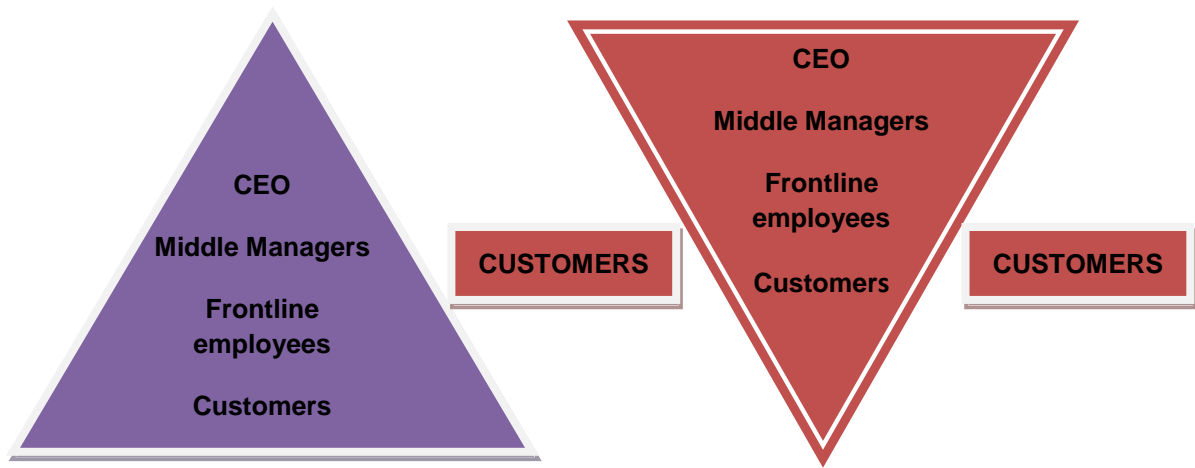


Figure 3a: Traditional organisation chart

Figure 3b: Modern Consumer Orientated chart

Sources: Kotler & Keller (2005:140); Ferrell, Hartline & Lucas (2002:15)

The market oriented destinations generate, disseminate and respond to market information. They are destinations that focus and analyse customers and competitors and integrate their resources to provide customer value and satisfaction. For a destination such as Abrahamsrust to be successful, it must be able to focus efforts and resources to be able to understand its customers in a way that enhances its ability to generate a sustainable competitive advantage (Ferrell *et al.* 2002:14). With that in mind the critical aspects pertaining to customers are discussed next.

2.5.1 Understanding needs, wants and demands

The unsatisfactory condition leading the consumer to an action of making a condition better is known as a need (Sheth & Mittal 2004:17). The basic concept underlying marketing is that of human needs, which are the forces driving consumers to take action and engage in exchanges such as holidays. On the physical and psychological dimension, an unsatisfied need is a gap between one's actual and desired states. These can be basic physical needs critical to tourists' survival such as food, drinks, accommodation and so on. There can also be social and emotional needs critical to psychological well-being such as security, love, esteem and self-fulfilment. If a need is

not satisfied, a void exists (Kotler, Bowen & Makens 2003:14). Tourist destinations must satisfy needs by assuring their survival and well-being are shaped by the destination's strategic objectives. Destination needs can relate to resource inputs, capital, equipment, suppliers and services necessary to meet their objectives (Mullins, Walker, Boyd & Larreche 2005:7).

Cant *et al.* (2006a:11) emphasise that a consumer (visitor) is so important in marketing that all marketing actions should be aimed at satisfying consumer needs, demands and preferences. This, however, does not mean that marketing management should provide for unrealistic consumer needs. The destination must provide need satisfaction in as far as its resources enable it to do so.

Maslow identifies a hierarchy of five needs levels, arrayed in the order in which visitors seek to gratify them. As shown in Figure 4, Maslow's needs hierarchy recognizes that a normal person is likely to be working towards need satisfaction at several levels at the same time and it is rare for all needs to be satisfied at a given level.

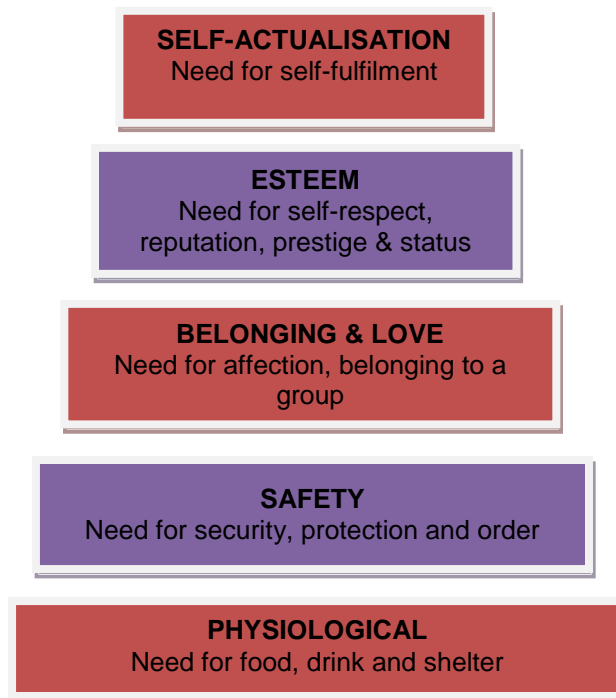


Figure 4: Maslow's' hierarchy of needs

Source: Etzel *et al.* (2007:101)

The hierarchy indicates that the majority of needs on a particular level must be reasonably well satisfied before a visitors is motivated to satisfy needs on the next level (Etzel, Walker & Stanton 2007:101). At some time or another, visitors will find a motivation/need to be satisfied.

Generally customers (visitors) have generic needs which marketers normally fulfil (Blythe 2009:13). Customers' (visitors) needs go beyond simple physical needs for food, clothing and shelter. Satisfaction of customer (visitor) needs is the ultimate test of a destinations success (Jain 2000:106). Table 2 presents examples of some visitor needs.

Table 2: Customer needs

TYPE OF NEEDS	EXAMPLES
Current product needs	All customers for a given product have needs based on the features and benefits of the product. This can also relate to quantities they are likely to buy as well as the problems they might experience with the products.
Future needs	This is discovered by talking to potential and actual customers and making an assessment of likely purchase quantities and it is a key function of market research.
Desired pricing levels	It is natural that customers will want to buy products and services at the lowest possible price. Customers will pay for what they think is reasonable for the product or service based on perceived benefits. Customers will not pay for more than what they consider to be a fair price.
Information needs	Customers need to know about the product and service as well as to understand the benefits associated with it.
Availability	Products and services need to be at the right place at the right time.

Source: Blythe (2009:13)

Wants, on the other hand are the manifestation of needs, for example, protection, and are basic needs that must be satisfied, a hungry person may want food. As consumers are exposed to diverse objects arousing their interests and desires, producers have to provide want satisfying products and services (Kotler *et al.* 2003:14; Solomon & Rabolt 2004:111).

2.5.2 Consumer value and satisfaction

The concepts *consumer* [visitor], *value* and *satisfaction* have been gaining prominence within marketing literature. *Value* is considered useful because it includes the concept *quality* in a broader sense. It takes into account the marketing mix elements and can be used to consider customer perceptions (Ferrell *et al.* 2002:101). Value is the ratio of the customers' perceived functional and psychological benefits and resources used to obtain those benefits (Schiffman & Kanuk 2004:14).

Marketing involves satisfying visitor needs and wants, while the task of the business is to deliver consumer value at a profit level (Kotler & Keller 2005:36). A market-led tourism destination, Drummond and Ensor (2005:6) say, aims at generating customer value and satisfaction. The success of the product/destination is based on its ability to selectively (within the market) deliver a level of customer satisfaction that exceeds those provided by competitors (Jobber 2004:13). This can lead to a detailed understanding of a question by destination marketers; what market are we in? It can also assist in retaining tourists, an aspect that is becoming more important with the growing amount of competition in the market.

Furthermore, by thinking like visitors, marketing of products become an interface between the tourism product and the visitor. Visitors want benefits and these benefits determine the level of visitor value resulting from product offerings. Consumer (visitor) value also depends on perception, meaning that perceived benefits are determined by the product and associated services such as delivery and maintenance and the association with the provider (Drummond & Ensor 2005:6). Zeithaml and Bitner (2000:75) as well as Barrett (2000:383) explain that visitor satisfaction evaluates the products or service in terms of whether they meet the customers' needs and expectations.

To satisfy visitors, tourist destinations should consistently provide offerings in a way that customers want or expect it to be done (Levy & Weitz 2001:152). Whether the visitor is satisfied after purchase depends on the offer performance in relation to the buyer expectations (Kotler 2000:36). Hence satisfaction is visitor' feelings of pleasure or disappointment resulting from comparing offering performance. Marketers aim for high levels of satisfaction because highly satisfied visitors are much easier to keep when a

new offer comes along than are unsatisfied visitors (Mullins *et al.* 2005:429; Greenwell, Fink & Pastore 2002:129; Nel 2000:36).

While visitor satisfaction is one of the primary factors between both the marketers and customers, destination marketers need to examine their product offering from a visitor's point of view, focusing on the benefits created for the visitors (Drummond & Ensor 2005:6). Mullins *et al.* (2005:429) stated that it is important for products and destinations to improve the product quality and services, and to generate sufficient sales and profit to justify the costs.

Satisfaction implies fulfilment, particularly in dealing with consumer service. Rust, Zahorik and Keiningham (1996:232) indicated that quality results from objective quality and expectations. Thus expectations can have a direct impact on perceived quality. These can also lead to the disconfirmation of the product which then produces new expectations. They further posit that satisfaction results first from disconfirmation, later to expectations. Moreover, the direct effect of expectations implies that the higher the expectations, the higher the satisfaction. Consumer satisfaction depends on how well their expectations are met by service providers such as resorts. Visitor satisfaction thus leads to visitors being loyal to the product and the likelihood of them returning.

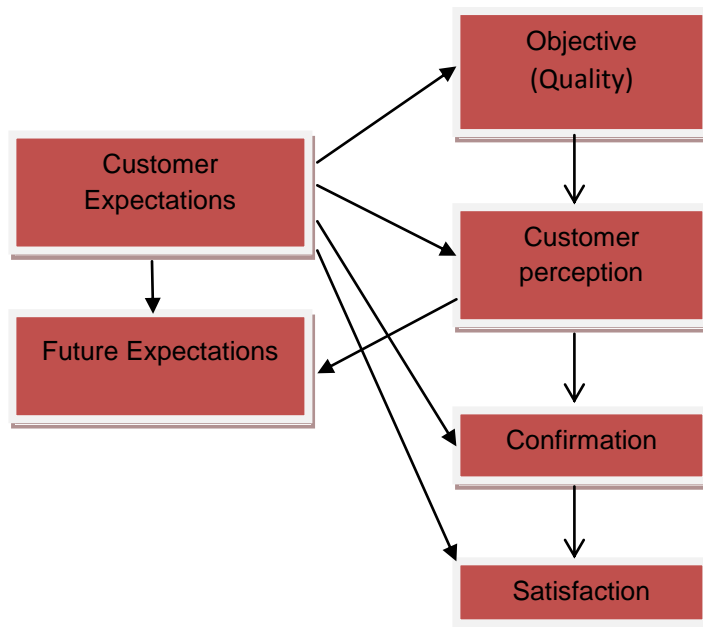


Figure 5: The satisfaction process

Source: Rust *et al.* (1996:232)

Kotler *et al.* (2006:17) state that customer satisfaction depends on the product's perceived performance in delivering value relative to buyers' expectations. If the product's performance falls short of the customers' expectations, the buyer becomes dissatisfied but if performance matches expectations, the buyer is satisfied (See Figure 5). Expectations are based upon past experiences, word-of-mouth as well as suppliers' marketing activities (Jobber 2004:15).

Furthermore, it is clear from this discussion that customer satisfaction relies on how tourists receive services from destination marketers. It is clear that customer perceptions need to equal expectations and when expectations are confirmed, the customer will be satisfied (Hoffman & Bateson 2010:72; Reid & Bojanic 2001:45).

The importance of customer satisfaction should not be underestimated and should form part of the marketing planning process. In the development of effective marketing plans it is important to understand consumer behaviour, to be discussed next.

2.5.3 The importance of understanding consumer behaviour

Consumers (Visitors) can be an individual or organisations purchasing a product or service so as to satisfy own personal needs and wants or those of others (Kardes, Cronley & Cline 2011:8). Consumers (Visitors) are the focal point of any business, and in a market place they play the role of a buyer and a user. Buyer (Customer) means someone who usually pays for the purchase while user is the one that uses or receives the benefits of the service (Cant, Brink & Brijball 2006b:2). The consumer (visitor) can also be the initiator, meaning he/she can suggest the idea of the product purchase, the influencer, decider or the approver (Sheth & Mittal 2004:12).

Consumer(Visitor) behaviour involves an exchange between the seller and the buyer. It involves individuals giving something for value and receiving something in return (Peter & Olson 2005:9). On the other hand, behaviour refers to the physical actions of consumers that can be directly observed and measured by others. It is only through behaviour that sales can be made and profits earned (Peter & Olson 2005:24); thus underlining the important role of the consumer (visitor). All activities and influences involved before, during and after purchase are included in consumer (visitor) behaviour (Cant *et al.* 2006b:2). Kardes *et al.* (2011:8) state that consumer (visitor) behaviour

entails all activities associated with purchase, use and disposal of services and it includes consumers' physical, mental and behavioural responses.

2.6 PERSONAL CHARACTERISTICS THAT AFFECT CONSUMER AND TRAVEL BEHAVIOUR

Age, race and gender are terms used to define individual characteristics each consumer possesses as an individual. These traits allow marketers to analyse markets and investigate customers at a segment level which is important for purposes of this study. Individual characteristics influence customer behaviour in distinct ways (Cant *et al.* 2006b:87) as illustrated in Figure 6.

George (2004:146) stated that personal factors relate to the psychological characteristics of the individual affecting decisions in purchasing tourism products. Knowledge of how customers make decisions about purchasing and using a product is necessary for marketers (Botha *et al.* 2004:37). This will assist in decision-making and product development. Figure 6 below summarises various individual and group factors influencing the decision-making process (Cant *et al.* 2006b:74).

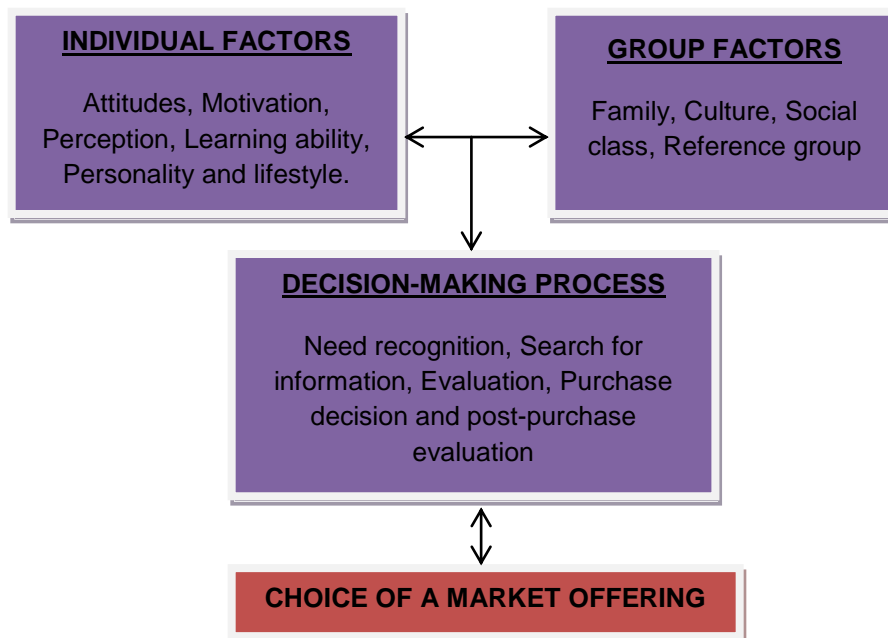


Figure 6: Factors influencing consumer behaviour

Sources: Botha *et al.* (2004:31); Cant *et al.* (2006a:74); Cant *et al.* (2006b:4)

Botha *et al.* (2004:31) state that if marketers wish to formulate a successful marketing strategy, they need to familiarise themselves with the influence of internal and external determinants of consumer behaviour in a specific target market.

2.6.1 The individual factors influencing customer behaviour

Figure 6 refers to factors inherent to human behaviour and provides answers to questions such as “Why do customers buy certain products?” and “Why do they buy at certain stores and certain resorts?” “Why do they buy at certain times?” and “How do they buy?” Marketers basing their offerings on recognizing consumers’ needs find the market ready to purchase their products. The following individual factors are important.

- ***Attitudes***

Attitudes describe a person’s feelings and thoughts about politics, food, clothes, sport, religion and also leisure time. It also reflects the ideas, beliefs, aspirations and fears people hold about their lives (Middleton *et al.* 2009:65) and it brings people into a frame of mind for liking and disliking (George 2004:148) certain products and services. Attitudes towards travel and tourism are subsets of wider views about people’s desired quality of life and how to achieve it (Middleton *et al.* 2009:65). Attitudes can be cognitive, affective and/or conative. Cognitive components refer to beliefs and opinions based on some evidence. Each belief attaches an attribute to an object or an outcome to behaviour, and reflects a subjective value people place on each attribute. For example, an individual’s attitude towards a destination may rise from certain beliefs, for example visiting a destination provides an opportunity to meet and socialize with new people or the place offers value for money. These beliefs form tourists’ attitude towards a destination (Oh & Pizam 2008:253).

The affective component refers to the feelings, moods and emotions about a destination or service offered and implies judgment on the basis of emotions whereas conative is the favourable or unfavourable character of the destination (Moutinho 2000:50).

Hudson (2008:44) adds that attitudes are difficult to change, as they are ingrained feelings about a certain factor or experience. Therefore Moutinho (2000:50) points out that in order to change attitudes in tourism, marketers can:

- modify the characteristics of the tourism products;

- alter beliefs about the product;
- alter beliefs about competitive products;
- change the relevant weights of the product attributes;
- induce attention to certain attributes;
- modify the tourist's ideal levels for certain attributes.

In order to change attitudes marketers first need to know the attitudes as it will influence the marketing planning.

- ***Motivational factors***

Motivational factors are the ones explaining why consumers buy a product (Cant *et al.* 2006b:75) and can be referred to as the driving force within individuals, propelling them to action (Moutinho 2000:49). Motivations can be either physiological, emotional or psychologically and these drives push the individual to action (Cant *et al.* 2006b:4; Evans, Jamal & Foxall 2009:6). This driving force is produced by the state of tension caused by an unfulfilled need (Evans *et al.* 2009:7; Schiffman & Kanuk 2004:87; Du Plessis & Rousseau 2007:261). Needs, wants, drives and desires of an individual leading to the purchase of the product are referred to as consumer motivations.

Looking behind the behaviour in order to understand consumers' motives is essential for marketers (Botha *et al.* 2004:31). Cant *et al.* (2006b:76) point out that, like physiological motives or emotional motives, economic motives also influence the buying of the product and service. The economic motives are rational by nature, dealing with the technical functions and performance of the product. Depicted below in Figure 7 are examples of the psychological, emotional and economic motives.

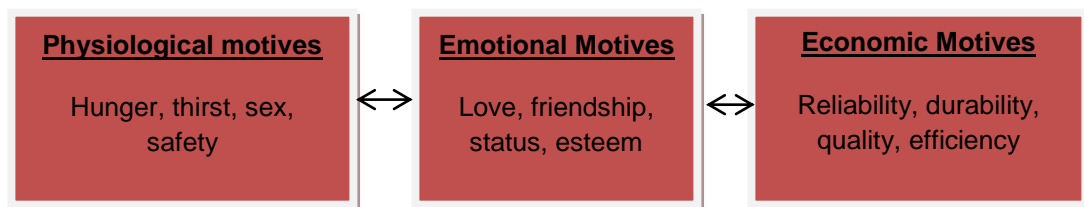


Figure 7: Buyers' motives

Source: Cant *et al.* (2006b:76)

In tourism there can also be other motivation factors influencing tourists such as those which motivate one to take a holiday and those which motivate one to take a particular holiday to a specific destination at a specific time (Swarbrooke & Horner 1999:53). Knowledge of the tourist will assist in understanding these motives.

- **Perceptions**

The way consumers perceive available products makes them prefer one tourism product over the other. Exposures from marketing communications bring perceptions that always trigger and influence buying behaviour. Consumers' decisions on purchase are normally based on what they perceive to be reality (Botha *et al.* 2004:43).

Perception is also the process whereby sensations are selected, organised and interpreted. The main focus of perception is to add or subtract from sensations to choose which to notice and assign meaning to (Solomon & Rabolt 2004:290). It can be seen as the way consumers experience and form understanding and it includes all the senses (sight, sound, smell, touch and taste) used every day in interacting with the environment (Wright 2006:106).

- **Learning ability**

This factor is normally used by marketers who want consumers to learn about their product. Learning can be described as the process by which one acquires the purchase and consumption knowledge and experience applying to future related behaviour (Cant *et al.* 2006:5). The main concern is to ensure that the offered product is remembered by consumers in the intended way (Evans *et al.* 2009:90).

Based on consumer behaviour, learning is the process of acquiring new information and knowledge about products and services. It changes the way consumers think about the use of the product. The more consumers learn about the product, the more likely they will be to use the product. In a consumer behaviour setting, learning enriches consumers' experiences with the product and influences their potential future behaviour related to the product (Kardes *et al.* 2011:198). Schiffman and Kanuk (2004:207) add that learning encompasses the total range of learning from simple responses to the learning of abstract concepts and complex problem solving. It is the reflect changes in

the probability of behaviour as a result of past experiences, which may eventually lead to habitual buying behaviour (Du Plessis & Rosseau 2007:261).

- **Personality**

Evans *et al.* (2009:201) state that personality is the combination of mannerism, habits and actions making a person or individual and making them distinct from everyone else. Personality is a function of inner drives, learned motives and experience. It also includes how consumers think of themselves, the product in the market place as well as how marketers think of consumers.

Similarly, personality influences the way a consumer responds to the environment, including cognitive, affective and behavioural tendencies. Understanding consumer personality helps to predict consumers' responses to marketing activities. Consumer personalities mature along with their physical growth (Kardes *et al.* 2011:241). Some consumers define themselves by the brands they wear and do not hesitate to pay more for it (Wright 2006:296). The same applies for tourism destinations; some consumers define themselves by the type of tourism products they support, for example nature-based tourism products.

- **Lifestyle**

Lifestyle is the customer's way of living (Cant *et al.* 2006b:5) and reflects consumers' unique patterns of attitude, interest and opinions. This factor can assist marketers in developing deeper insight into consumer behaviour by looking at how consumers spend their time and what they think of various elements of their environment (Evans *et al.* 2009:191).

2.6.2 Group factors influencing buying behaviour

The buyer has to affiliate with other groups in the social environment in order to satisfy social needs. Cultural groups, the family, social class and reference groups are the groups that can compel a consumer to conform to group norms (Cant *et al.* 2006b:85).

- **Cultural Groups**

Culture can be defined as the meanings shared by most people in a social class (Peter & Olson 2005:288; Levy & Weitz 2009:114). Cultural values, norms and symbols are

created by people and are transmitted from generation to generation and from parents to children (Cant *et al.* 2006b:85). Culture can also include social beliefs, attitude, goals and values shared by most people in the society (Peter & Olson 2005:289; Wright 2006:351). It includes shared myths, superstitions and behavioural patterns (Cant *et al.* 2006b:5). These are all learnt from society and lead to common patterns of behaviour (Du Plessis & Rosseau 2007:261). These groups can influence travel decisions.

- **Family groups**

Evans *et al.* (2009:266) explain that a family can either be nuclear (consisting of a mother, father and kids) or an extended family (comprising of a mother, father, kids and relatives). In family interaction, children learn behaviour patterns by means of the socialisation process. Therefore, family influences are those by the family members which could lead to joint decision making as one member might assist the others in decision making (Levy & Weitz 2009:113). Families will also decide on which holiday they want to take pending their internal and external environments.

- **Social groups**

Du Plessis and Rosseau (2007:261) state that social groups come from communication in face to face situations. Human groups involve several people sharing common goals or purposes. Each member of the group is perceived by others as a group member and all members are bound together by patterns and interaction over time (Evans *et al.* 2009:242). Social class has been defined by family ties, by gender, tribal connection, race, religion, income, occupation and education (Wright 2006:344). These social groups can have a definite influence on the travel decisions made by consumers.

- **Reference groups**

Any individual or a group of individuals that influences others' behaviour to a point where the group dictates a standard of behaviour can be called a reference group (Reid & Bojanic 2001:67). Consumers aspire to be like them, emulate them, listen to them, identify with them and buy what they buy. Consumers use reference groups as sources for attitudes, beliefs, values and behaviours because they perform certain important functions for consumers (Du Plessis & Rosseau 2007:261). Evans *et al.* (2009:242) hold that reference groups can be inspirational, meaning those people with whom one would like to compare one with and aspire to belong to. On the other hand, reference

groups can be associative, meaning those people who realistically represent others equally or it can also be dissociative, those people one do not want to be seen with.

A reference group involves one or more persons who someone uses as comparison or point of reference in forming an affective and cognitive response and performing behaviours. Reference groups can also be tangible (be actual people), or intangible (Peter & Olson 2005:349). Table 3 provides a listing of some reference groups, as well as their key characteristics.

Table 3: Types of reference groups

Type of reference group	Key distinctions and characteristics
Formal/ informal	Formal reference groups have a clearly specified structure; informal group do not.
Primary/ secondary	Primary reference groups involve direct, face-to-face interaction, secondary groups do not.
Membership	People become formal members of membership reference groups.
Aspirational	People aspire to join or emulate aspirational reference groups.
Dissociative	People seek to avoid or reject dissociative reference groups.

Source: Peter & Olson (2005:349); Evans *et al.* (2009:243)

It is clear that there are various factors influencing decision-making which emphasise the importance of understanding the tourist and how he/she makes decisions. The decision-making process is discussed in the following section.

2.7 THE DECISION-MAKING PROCESS

People make decisions every day, ranging from mundane to extremely important. Consumers constantly make decisions regarding the purchase of products and services. Their decision making ranges from automatic to the highly structured problem solving (Kardes *et al.* 2011:63). The decision-making process therefore consists of decisions customers make in the market place as buyers, payers and users. This decision includes whether to purchase a product/service, what to purchase, when to purchase, from whom to purchase and how to pay for a product/service (Sheth & Mittal 2004:277).

Solomon and Rabolt (2004:23) point out that consumer buying behaviour reflects the interaction between the consumer and producer at the time of purchase. This interaction becomes an on-going process involving exchange. The exchange emphasises the entire consumption process which includes issues influencing the consumer before, during and after purchase as illustrated in Figure 8.

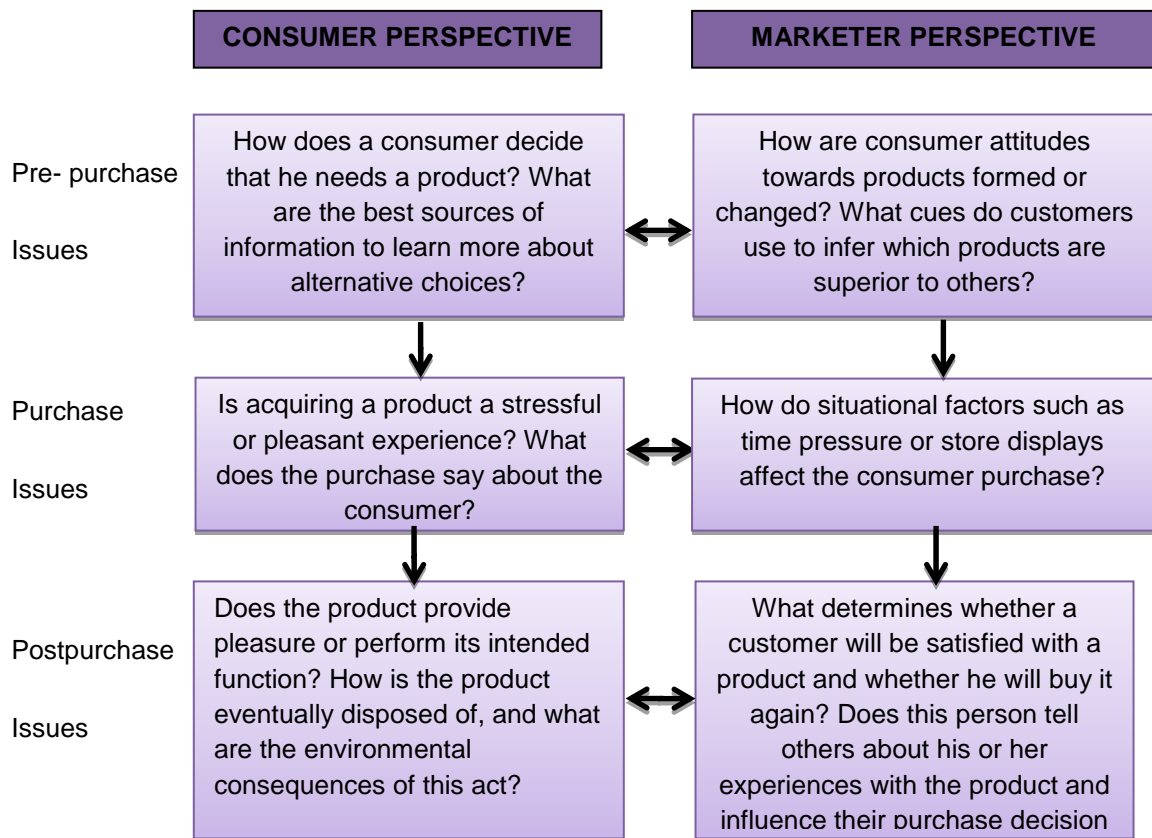


Figure 8: Stages in the consumption process

Source: Solomon & Rabolt (2004:24)

The above model serves to demonstrate that the scope of decision making is broader than a mere selection of one product/brand from a number of products/brands (Schiffman & Kanuk 2004:549). When a consumer makes decisions concerning the purchase of product/service, numerous actions take place (Reid & Bojanic 2001:75). The consumer buying decision process thus addresses decisions about whether to buy a product, which product to buy, where to buy it and how much to pay (Hoffman, Czinkota, Dickson, Dunne, Griffin 2005:176). Schiffman and Kanuk (2004:553) also

presented a model of consumer decision making reflecting the cognitive consumer and emotional consumer. This model as indicated in Figure 9 is aimed at the consumer decision-making process and consumption behaviour and has three major components, namely inputs, process and output.

EXTERNAL INFLUENCES

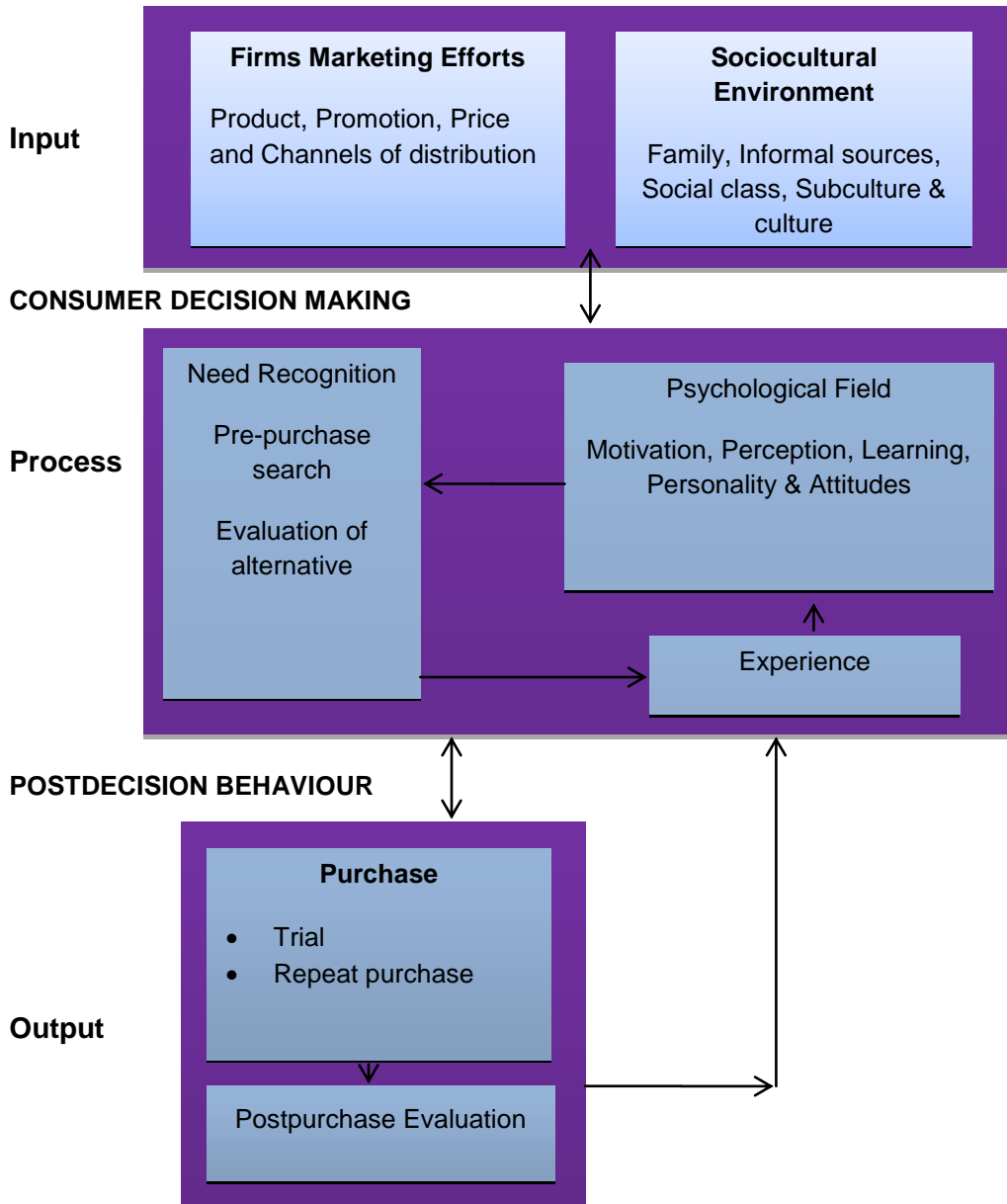


Figure 9: The consumer decision-making process

Source: Schiffman & Kanuk (2004:554)

The consumer decision-making process is thus very important to any marketer and influences marketing planning on all levels. The marketing process is discussed next.

2.8 MARKETING PLANNING AND PROCESS

Marketing planning processes have been developed by various authors in different formats. The concept of marketing process has been used in many industries and in larger industries the marketing department plays a major role in the marketing of products and services. The four Ps (price, product, place and promotion) play an important role in the development of the marketing plan. Decisions regarding these are combined to form the marketing strategy or marketing plan (Cant *et al.* 2006a:20).

McDonald (2002:28) defines marketing planning as a logical sequence and a series of activities leading to the setting of marketing objectives and formulating plans for achieving them. Lamb *et al.* (2000:399) define marketing planning as the process of anticipating events and determining strategies to achieve objectives.

Based on a definition given by Morrison (2010:288), the marketing plan is a written plan used to guide certain marketing activities for a period of two years or less. It is more detailed and specific and it helps in coordinating steps and people and processes involved in marketing. George (2004:84) explains that a marketing plan is a document consisting of detailed objectives, goals and the way of meeting them, also covering every aspect of future marketing activity.

Destination managers need to work through the management processes in developing marketing plans. The process normally involves a situation review, formulating some basic assumptions, setting objectives for what is being sold and to whom, deciding on how the objectives are to be achieved, scheduling, and costing out the actions necessary for implementation (McDonald 2002:28).

Within the tourism industry, a marketing plan, according to Kotler *et al.* (2006:766) serves the following purposes.

- It provides a roadmap for all marketing activities.
- It examines the major facts in the marketing situation under consideration.
- It identifies problems and opportunities.

- It establishes specific long- and short-term corporate objectives for the tourism offering.
- It recommends specific selling, advertising and promotional tactics to be carried out.
- It assists in the budgeting process to match resources with marketing objectives (Kotler *et al.* 2006:766).

Because it is a useful tool, a marketing plan provides the following benefits (Morrison 2010:293; Jobber & Fahy 2006:344):

- **Activities matched with target market.** A plan ensures that activities are focused on chosen target markets only.
- **Encourages organisational adaptation:** The organisation should adapt to match its environment; therefore marketing planning realises the necessity to accept the inevitability of change.
- **Consistency of objectives and target market priorities.** This benefit examines: How far should the plan go to meet objectives? Should each target market receive equal attention? These two questions are resolved by a good marketing plan, ensuring that the level of effort is consistent with the marketing objectives for each target market and the relative size of each market.
- **Common terms of reference.** Marketing plan entails detailed activities for many people within and outside the business. A good marketing plan provides common terms of reference for all and carefully coordinates their efforts. It also improves communication among those responsible for marketing.
- **Assistance in measuring marketing success.** A marketing plan is a tool of marketing management because it provides the basis for controlling and evaluating marketing activities. It actually plays a vital role in answering questions such as: How do we make sure we get there? (Control) and How do we know whether we do get there? (Evaluation).
- **Resource allocation:** The planning asks fundamental questions about resource allocation, for example: Which products should receive high investment, and which should be maintained?
- **Continuity in long-term planning.** Marketing plan provides a link between short- and long-term planning and complements strategic marketing planning. It makes sure that the destination's long-term goals are always kept in focus.

- **Encourages the monitoring of change:** Planning process forces managers to step away from day to day problems and review the impact of change on the business from a strategic perspective.
- **Competitive advantage:** Planning promotes the search for sources of competitive advantage (Morrison 2010:293; Jobber & Fahy 2006:344).

The marketing planning process thus acts as the central instrument for directing and coordinating the marketing efforts and can be both *strategic and tactical*. The strategic marketing plan outlines the target market and value proposition offered based on the analysis of the best market opportunities. The tactical planning deals with the marketing tactics, which include product features, promotion, pricing, sales channels and services. For marketing to be successful, teams develop the marketing plan with inputs into and sign-offs from every important function. Then the implementation plans are developed at the appropriate levels of the tourist destination. The process and results are monitored and necessary corrective action taken when needed. The complete planning, implementation and control cycle is illustrated in Figure 10 (Kotler & Keller 2005:43).

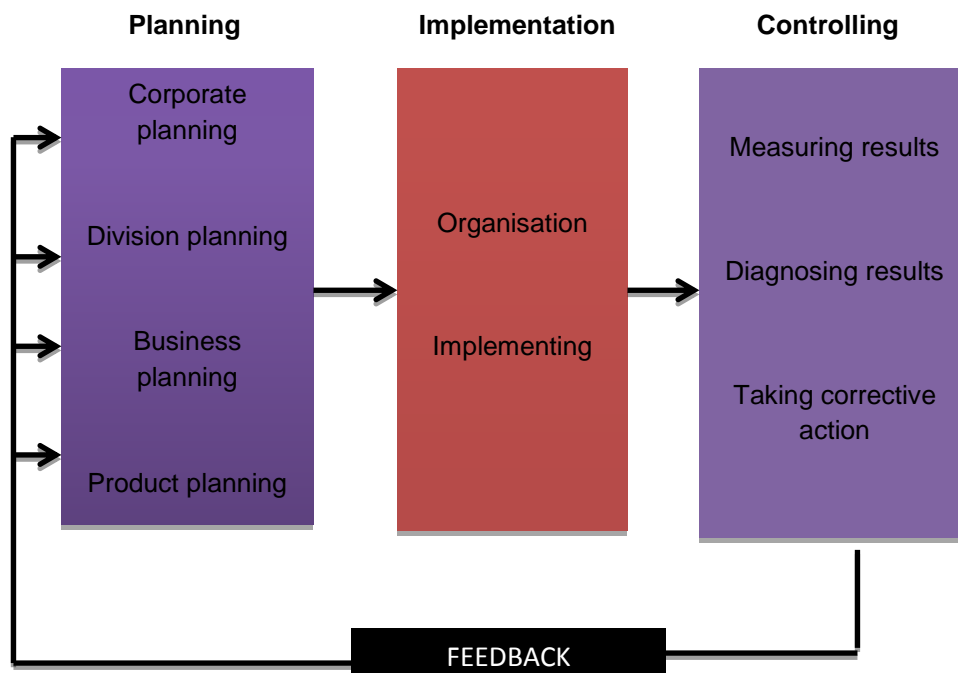


Figure 10: The strategic planning, implementation and control process

Sources: Kotler & Keller (2005:43); Cant *et al.* (2006a:545)

Planning has many advantages since it is the central task of marketing which begins by gathering information. At whatever level strategies are to be planned and information gathered from the internal and external environments, it needs to be constantly interpreted and monitored (Cant *et al.* 2006a:547).

The marketing planning process leads to the marketing plan and it is the systematic way of incorporating marketing into an organisation. For the plan to be successful, all departments in an organisation should be involved in its formulation (George 2004:72). Figure 11 (next page) shows the different steps in developing a marketing plan.

Phase one: Goal setting

Mission statement

As stated by George (2004:72), before any planning takes place it is important that the tourism industry understands what business it is actually in, where it is going, what their philosophy is and what their core competencies are? Answers to all these questions build up the marketing plan. A mission statement must reflect its aim and it is expressed in terms of the benefits offered to consumers. Because it is the part of the strategic plan of the industry, it should tell everyone, including customers, investors, employees and competitors, what the industry stands for and why it exists (Ferrell *et al.* 2002:4; McDonald 2002:39).

Briefly stated, mission statement defines the purpose of the destination/product and its attempts to differentiate itself from its competitors. It provides managers with the general guidelines for decision making for both the short and long term and they are normally brief and define the scope of business (Reid & Bojanic 2001:125; Hoffman *et al.* 2005:42).

Setting objectives

The establishment of objectives provides direction for the rest of the marketing plan. The marketing strategies and tactics will support the objectives. The latter are quantitative measurements such as room nights, passenger miles, number of cars to rent or occupancy. It is time specific as well as profit specific (Kotler *et al.* 2006:779).

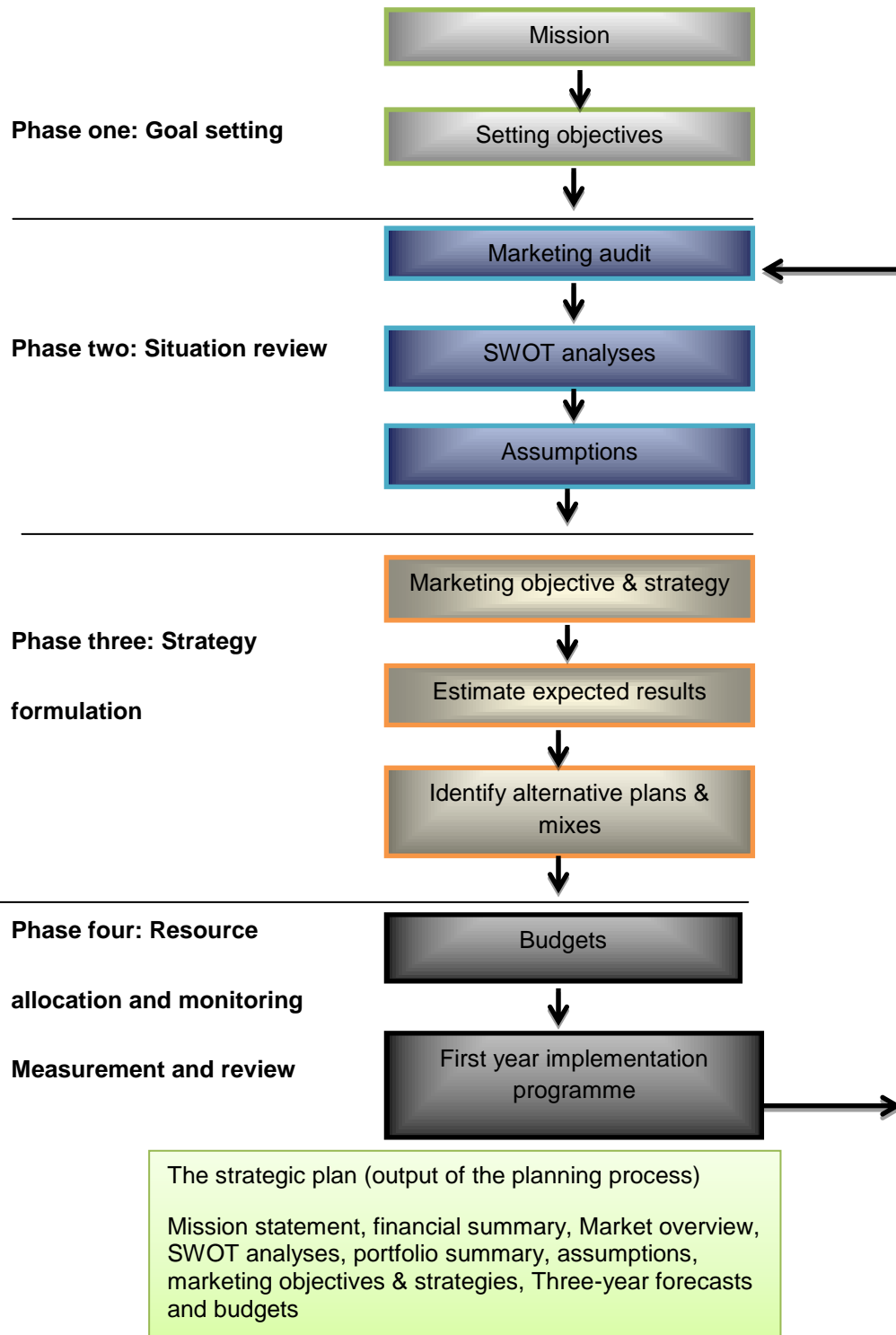


Figure 11: The marketing planning process

Source: McDonald (2002:40)

Phase two: Situation review

Marketing audit

The marketing audit refers to the systematic examination of the organisation's marketing environment, objectives, strategies and activities, aiming to identify the key strategic issues, problem areas and opportunities. The marketing audit is the basis on which the plan of action to improve marketing performance can be built. It therefore provides answers to questions such as: Where are we now?, How did we get there? and Where are we heading? (Jobber & Fahy 2006:329).

The marketing processes are thus firstly concerned with coordination potential exchanges. This is the reason for focusing on gathering, processing and disseminating information concerning objectives, interests, expectations and the functioning of potential and current exchange of the destination. Exchange conditions to be researched are not restricted to the aspects such as product, price and distribution efforts. This condition encompasses all the elements that may influence the exchange relationship such as specific interests, power, dependencies, investments, situation context, usage and consumption processes.

Situation analysis

A situation analysis begins with the history of a destination/product and provides background information necessary to make decisions regarding the future direction of the destination/product. It is actually the answer to the question "Where are we now" (Reid & Bojanic 2001:125). Kotler and Lee (2008:35) suggest that in relation to the purpose and focus of the plan, an audit should be conducted on factors and forces in the internal and external situation. The most popular tool used by marketing planners is the **SWOT** analysis, used for examining the macro (external) opportunities and threats as well as micro (internal) strength and weaknesses affecting the industry (Dibb & Simkin 2001b:295). This analysis helps mostly in determining what the industry is doing well and where it has to make improvements (Ferrell *et al.* 2002:22).

A **SWOT** analysis framework enables destination marketers to assess their position within a market in relation to the competition (Page & Connell 2009:349). Information on competitors and their activities is an important factor of a well-focused SWOT analysis (Hollensen 2003:267). Reid and Bojanic (2001:127) point out that the strength and

weaknesses component reflects an evaluation of a destination/products' internal situations. The opportunities and threats reflect an assessment of the external environment a destination/product faces.

Kotler *et al.* (2006:92) stated that the strengths and weaknesses refer to the internal environmental analysis. This analysis relates to an analysis of the business' marketing, financial and organisational competencies. Ehlers and Lazenby (2007:82) refer to a weakness as the lack of or deficiency in resources representing relative disadvantages in the business compared to what the competitor has. Poor service delivery and a lack of marketing skills is an example of weaknesses which can prevent a destination or product from developing a competitive position in the market place.

Kotler *et al.* (2006:95) stated that it is important to know the parts of the environment to monitor whether the business is to achieve its goals. The business has to monitor its macro-environmental factors and also the significant micro-environmental factors which will affect its ability to earn profits. Kotler and Keller (2005:52) believe that a major purpose of the tourism industry is to discern new opportunities. Good marketing is the art of finding, developing and profiting from opportunities. A marketing opportunity is an area of tourist need and interest in which there is a high probability that the destination can profitably satisfy that need. On the other hand, threats are posted by the unfavourable external conditions leading in the absence of defensive marketing actions, to lower sales or profit (Kotler & Keller 2005:53; Ehlers & Lazenby 2007:83).

Phase 3: Strategy formulation

Marketing strategy

The strategic section of the marketing plan shows how the industry will achieve its objectives. Marketing strategy involves selecting and analysing target markets and creating and maintaining an appropriate marketing mix to satisfy the needs of those target markets. At this stage the detail is known concerning how to gain competitive advantage by doing something different from the competitor. The destination/product must be of higher quality than that of the competitor, with consistent prices adding to value, efficient distribution methods and effective promotions (Ferrell *et al.* 2002:22).

Marketing mix

The concept marketing mix is of importance to marketing and it refers to the core of all marketing planning. This concept determines how the marketing budget is allocated, forms the foundation of a marketing plan's strategy and provides the marketing manager with the techniques to optimize budgetary expenditure for a marketing strategy (Holloway 2004:52).

The term 'marketing mix' refers to the product, price, place, distribution and promotion strategies designed to enable exchange with customers. The product is the main ingredient of the marketing mix and the heart of a destination. Promotion is the ending strategy though it is the one to count on to ensure that the target market knows the product, its price and how to access it (Dibb & Simkin 2001b:246).

Each element of the marketing mix is very essential for marketing, therefore it is necessary to discuss these.

- *Product or service*

It is important for marketers to recognize that much of the want satisfying nature of the product is derived from consumption, as consumers view marketing efforts in a more tangible term of the product. Consumers perceive the true nature of the product offering other than what marketers think it is or would do (Lancaster & Reynolds 2002:26). Therefore, products need to be continuously monitored for change in positioning strategy (Hollensen 2003:185).

- *Price*

Pricing is the key principle in the marketing of tourism products and services. Any price charged by the industry for its products and services should balance with what the industry should get in financial terms, and meet needs and wants of the consumer (Swarbrooke & Horner 1999:184). Thus the price customers are willing to pay determines the level of demand for the product offering (Lancaster & Reynolds 2002:28).

- *Place or distribution*

The distribution or place is more concerned with activities needed to move the product or services from the seller to the buyer (Lancaster & Reynolds 2002:31). Swarbrooke and Horner (1999:186) state that place is of great significance to consumers, because consumers may want the product and be able and willing to pay for it, but if they are unable to access it, no sale will result.

- *Promotion*

Promotion highlights communication with individuals, groups or organisations in order to facilitate exchange by informing and persuading customers to accept and buy the product (Dibb & Simkin 2001b:159).

Phase 4: Monitoring

Implementation

This stage of the marketing plan describes how the marketing strategies will be executed and this is done by creating specific actions that will ensure that the objectives are met. At this stage the marketing plan is wrapped up with a document specifying who will do what, when and for how much. Without a good implementation plan, the success of the marketing strategy is in jeopardy. Once a plan is chosen and implemented, its effectiveness must be monitored (Ferrell *et al.* 2002:23; Kotler & Lee 2008:43; Lamb *et al.* 2000:411; George 2004:82).

Marketing processes are thus concerned with creating exchange offers of highly attractive and potentially unique value to the selected exchange partners and important stakeholders. Kotler and Keller (2005:41) say, to employ a new value opportunity, the destination need value creation skills. Marketers need to identify new customers' benefits from the customer's point of view, utilize core competencies from the tourist destination domains and select and manage business partners from its collaborative networks. To craft new customer benefits, marketers should understand customers' thoughts, wants, do's and worries.

Finally, the marketing process focuses on all elements needed for the generation of exchange partner's value. The success and long-term running of a destination depends on its capabilities to offer unique and attractive value to their stakeholders. In general,

value generation demands acquisition of skills, resources, as well as their coordination in a value creation system.

To meet customers' needs efficiently, destination marketers need to focus on and develop effective marketing. Irrespective of the way the marketing plan is presented and utilized by destinations, common elements exist in all marketing plans. Elements such as defining the business mission and objectives, performing a situation analysis, identifying a target market and formulating a budget and marketing strategy are common to all.

2.9 CONCLUSION

The purpose of this chapter was to explain marketing as a science as well as the importance of the customer in this activity. This was firstly realised by contextualising tourism marketing where it was found that the experience plays an important role and should be part of marketing planning. In the analysis of the marketing philosophies it was found that tourism products are functioning between the marketing and societal concept with more focus on responsibility towards society.

Tourism products consist of various sectors such as transport, amenities, accommodation, catering and attractions. It was found that the intangible nature of these tourism products and services create challenges in the marketing of such products. However, it is clear that the customer is king and that his/her needs, wants and behaviour should be understood in order to conduct effective marketing. This supports the overall objective of this study. Consumers are influenced by various factors – a situation that makes marketing planning even more complex.

It was also found that the marketing process is a logical and effective way of conducting marketing and getting the message across to the target market. The importance of the target market in this process was evident, again supporting the main objective of this study. The next chapter will focus on analysing marketing segmentation and the importance thereof.