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Tourism Marketing Performance Measurement

Chapter outline

Effective marketing performance measurement is essential for small tourism businesses, which have to compete using relatively small promotional budgets. Promotional spending must be monitored for effectiveness to ensure efficient and best use of resources. Evaluating marketing performance necessitates having measurable objectives, benchmarking of the current performance, and clear performance indicators. While the ultimate marketing performance indicator is sales, there is a range of other quantitative and qualitative markers used to measure the outcomes of promotions, relative to the objectives. Performance measurement can be quite complex, with the greatest challenge being to quantify the direct impact of different promotions on sales. A range of practical options for small tourism businesses to evaluate the effectiveness of different promotional tactics is presented. The chapter then concludes with an introduction to consumer-based brand equity (CBBE), a model for evaluating brand performance over time. CBBE enables the evaluation of past marketing effectiveness, and provides indicators of possible future performance, through the analysis of brand salience, brand image, and brand loyalty. This then informs the next situation analysis, and new objective setting, in the continuous cycle of marketing planning, implementation and evaluation.

Learning aims

To enhance your understanding of:

- The need for clear marketing performance indicators
- Approaches for evaluating the effectiveness of promotions
- Consumer-based brand equity as an indicator of branding performance over time.

Key terms

Performance measurement

Evaluation of the extent to which an objective has been achieved.

Marketing performance indicators

Measurable markers used to evaluate effectiveness in achieving marketing objectives.

Consumer-based brand equity

A model for measuring the strength of a brand in consumers' minds, over time, which analyses brand salience, brand image and brand loyalty.

Marketing performance indicators

Good management starts with good measurement (Aaker, 1996: 316). Measuring the effectiveness of marketing activities is critical in the management of small tourism businesses. Operating with scarce resources requires careful decision making about budget allocation, and therefore a need to monitor the effectiveness of promotional spend. As performance measurement is the evaluation of the extent to which an objective has been achieved, three questions underpin the process:

- 1 What is the marketing objective aligned with the promotion?
- 2 What is the current level of performance, in relation to the marketing objective?
- 3 What performance indicator(s) will be used to evaluate success?

As mentioned in 4: *Tourism Marketing Planning*, performance indicators are measurable markers used to evaluate effectiveness in achieving objectives. The ultimate performance indicator, and the goal of all promotional activity, is level of sales. Sales level indicators are typically the number of paying customers or units sold (e.g. beds, seats), often as a ratio of capacity, and the amount of sales revenue.

Case 14.1: Getting sales in an old fashioned way

Owen Eagles recently retired from his position as Managing Director of ANZCRO (www.anzcro.com.au), Australia's most successful wholesaler of travel packages to New Zealand. While ANZCRO is no longer considered a small tourism business, with over 100 staff, overseas offices in the UK and USA, and annual sales over \$75 million, Eagles helped the founder start the business, working from his kitchen table with no staff. This case outlines the effectiveness of what Eagles describes as "getting sales the old fashioned way", which ultimately cemented the success of what was then a start-up small business.

During the 1990s, the travel pattern for Australians visiting New Zealand was shifting from predominantly coach touring holidays towards self-driving rental cars and campervans. ANZCRO aimed to capitalise on this opportunity and become a leading wholesaler of self-drive products for Australian travel agents. A key strategy of the New Zealand NTO

at this time was a joint venture marketing fund to stimulate cooperative promotions in overseas markets. The NTO offered to match private sector contributions dollar for dollar, in marketing initiatives that could produce measurable sales of travel to New Zealand. ANZCRO's plan was to target Australia's rural population, an important sector of the Australian market that Eagles argued had been generally ignored by the New Zealand tourism industry. Australia is such a vast country, larger in size than Europe for example, that international tourism marketers concentrated on the city markets. ANZCRO's decision to target rural Australia was based on the following research findings:

- Postcode analysis of Australian arrivals at New Zealand's international airports showed a sizeable proportion were from rural areas.
- Rural farming communities had a strong awareness of New Zealand, through agricultural associations.
- New Zealand's travel industry sales representatives rarely visited travel agents in rural areas.
- Travel agents in rural areas indicated loyalty to travel companies that made an effort to service them.

ANZCRO's promotional idea was to organise an old fashioned sales mission, to talk to rural people face to face. The company renovated an old coach to serve as a mobile showroom, which was also fitted with a kitchen to prepare breakfasts for travel agents. The travelling road show toured rural towns in four Australian states, in a series of two-week bursts. Group members, who included a small Maori entertainment group, as well as ANZCRO's travel product suppliers, travelled long distances, and had to assemble and disassemble displays at each town. To save costs the group stayed in camping grounds. In advance of each stop, ANZCRO contacted the town council for permission to set up shop in the main street, and advised local agents and media what was going to happen. At each stop the team would park the coach in the highest profile main street location by 5am. A breakfast presentation for travel agents was held at 7am. During the rest of the day the team put on Maori cultural entertainment and 'spruiked' New Zealand to passers-by.

A simple method was designed to track the effectiveness of the campaign. In the mobile showroom, ANZCRO provided interested consumers with a personalised travel itinerary and a fully costed quote. A copy of the quote was sent to the consumer's preferred travel agent, who was advised to call to the consumer to follow up. ANZCRO was able to track the number of bookings made from the quotes, and these exceeded expectations. This is an example of a clever but simple promotion, designed to take advantage of several opportunities, and was results oriented with measurable indicators such as sales leads for agents, and actual sales.

Source: Adapted from Pike (2008)

Discussion question

What key marketing principles do you take from this old fashioned promotion, which remain relevant today?