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Promoting Tourism Services to Consumers

Chapter outline

The role of promotion is to stimulate demand and generate customers (sales), through the three key goals of *informing* consumers, and then *persuading* and *reminding* them to act. Promotion is the most creative and most visible element in the marketing process, and there is no shortage of media with which to promote a tourism service. Effective marketing communications require the creative promotional ideas to be developed from the critical objective setting undertaken in the marketing planning stage. This means all promotions should support the brand identity (the desired image in the market), in ways that address specific marketing objectives. The chapter presents a six-step marketing communication process, which involves 1) selecting the marketing objective, 2) specifying the target segment(s), 3) determining the desired response from consumers, 4) designing the message content, 5) selecting the type of promotion/media, and 6) monitoring the impact. The main approaches used in promoting tourism services to consumers discussed in this chapter are: advertising, sales promotions, personal selling, direct (e) mail, point of sale, brochures, consumer expos, experiential, and collaborative. Internet promotion is discussed in *10: Social Media in Tourism*, followed by publicity seeking in *11: Tourism Public Relations and Publicity*, promotion to existing customers in *12: Customer Relationship Management in Tourism*, and promoting to the travel trade in *13: Tourism Distribution*.

Learning aims

To enhance your understanding of:

- The role of promotion in the marketing plan
- The six-step marketing communications process
- The main approaches used in promoting tourism services to consumers.

Key terms

Promotion

Promotions are communications in the market, aimed at stimulating demand to generate customers (sales). The type of promotion used will vary depending on the marketing plan objectives.

Marketing communications

Also referred to as *MarComs* or *Comms*, and often used interchangeably with the term promotion, this represents the integration of the *message* and the *media* used in the promotional mix to communicate with *target consumers*.

Hierarchy of Needs/AIDA

The Hierarchy of Needs is a theory proposing advertising should lead consumers through a process from reminding them of their needs though to making a purchase. A variation of this is the AIDA model of enhancing **A**wareness, stimulating **I**nterest, creating a **D**esire, which leads to **A**ction (purchase).

The role of promotion

Ultimately, the role of promotion is to stimulate demand and generate customers (sales), through the three key goals of *informing* consumers, and then *persuading* and *reminding* them to act. To do so requires more than just creative ideas, which while important, need to be based on the critical objective setting undertaken in the marketing planning process. Since a marketing orientation dictates all marketing decisions are made with the consumer in mind, promotion is more than just pushing a message about how great the tourism service is; it should be meaningful to the consumer and ideally stimulate purposeful dialogue. This is known as *marketing communications*, which acknowledges the needs of the target consumer, the message content, as well as the promotional media used. All marketing communications should consistently reinforce the brand identity (desired image in the market). Attention is in short supply out there, but it is gettable, and so the challenge is to cut through the clutter of the noise of competitors and substitute products (e.g. consumer goods brands such as fashion, electronics, cars etc), and be noticed by the target consumers who we seek to influence through a process of increasing awareness, interest, desire, and then action (purchase).

Setting the promotion budget

Small tourism businesses and not-for-profit organisations, such as museums, operate with scarce resources. The promotional budget must generate a measurable return on investment, and small tourism businesses have to look for ways

to execute well planned promotions at low cost. While the size of the promotion budget does not in itself guarantee success in the absence of effective tactics, a key challenge is setting the amount allocated for promotions, and allowing for flexibility to adapt to changing market conditions. Muddying the budget setting process is the difficulty in actually measuring the return on investment. There is an old adage used in the advertising industry, which states “I know half of my advertising is working, I just don’t know which half”. Also, every business is different, and so there is no single budget model that will fit all situations. Examples of circumstances that can influence the size of the promotion budget are summarised in Table 9.1.

Table 9.1: Circumstances influencing the size of the promotion budget

Internal factors unique to the firm	External forces not controlled by the firm
Business size	Seasonality on demand
Location, relative to target segment(s)	Number of competing firms
Staff marketing experience	Competitors' promotions
Business network	Macro-environment forces at the time
Type of service category	• Socio-cultural
Life-cycle stage of the business	• Technological
Cost structure	• Economic
Sources of competitive advantage	• Political
Current financial situation	
Marketing objectives	
Pricing strategy	
Customer relationship management	
Sophistication of performance metrics	

There are four common approaches to setting the promotion budget:

- 1 Affordability.** The simplest approach is to set a budget based on what the business can afford. Most small tourism businesses operate with an uncertain future cash flow and so this approach does actually represent reality rather than what might be ideal.

The disadvantages to this method are potentially underspending or overspending relative to the marketing objectives, and a short term focus rather than a long term strategy.

- 2 Industry average.** This approach results in a promotion budget based on analysis of what competitors are spending. Similar to *going rate* pricing, where prices are set to match the competition, the assumption is there is a collective wisdom within the sector. However, since every individual business faces different circumstances, setting a budget based on average industry spend is difficult to justify.

- 3 Ratio of sales.** This is based on a percentage of past or projected sales, and might be flexible to adjust to actual sales on a monthly basis for example. In this way promotion budget levels are a result of sales, as well as the cause. A