Chapter Sketch

Present chapter focuses on the concepts which for the basis for statement of the problem and thus discussed the market segmentation and promotion in tourism industry. The first part of the chapter comprises of market segmentation and second part of the chapter discusses the promotional aspect of tourism industry. After understanding and defining market segmentation, reasons for segmentation are discussed, thereafter ethical issues and various approaches in segmentation are highlighted. The two models elaborate the applicatory part of market segmentation techniques. The second part starts with promotion, its planning and execution and finally highlights the various elements of promotion mix, viz: advertisement, personal selling, public relations and sales promotion are discussed. The chapter ends with the promotional aspects of a destination which also discussed the role of different stakeholders in destination’s promotion.

The importance of segmentation in tourism is widely acknowledged (e.g. Bieger & Laesser, 2002; Cha, McCleary, & Uysal, 1995; Kastenholz, Davis, & Paul, 1999). To date research has assisted us to understand which bases can be used by tourism destinations to effectively segment tourism markets (e.g. Dolnicar & Leisch, 2003; Johns & Gyimothy, 2002; Laesser & Crouch, 2006). Further, these efforts have largely centered upon building tourist profiles for a destination using visitor data (e.g. Frochot, 2005; Hudson & Ritchie, 2002; Laws, Scott, & Parfitt, 2002). Little research attention has been directed towards understanding how the tourism stakeholders segment their markets. As a result we do not know how tourism stakeholders segment a market for managerial and marketing purposes. Marketing strategists of Tourism Destination Organizations (TDOs) often encounter the problem of selecting the most appropriate technique or methodology to segment the tourist market of a destination.
Kotler and Armstrong define market segmentation as "dividing a market into distinct groups of buyers who have distinct needs, characteristics, or behaviour and who might require separate products or marketing mixes" (Armstrong and Kotler, 2005: 54).

The overall aim of this chapter is to understand the concepts of the market segmentation followed by the next steps of the market segmentation process.

5.1 Origin of market segmentation

The concept of market segmentation was originally given by Smith in 1956. He states that every tourist is different. Every tourist feels attracted by different tourist destinations, likes to engage in different activities while on vacation, makes use of different entertainment facilities and complains about different aspects of their vacation. While all tourists are different, some are more similar to each other than others: many people enjoy culture tourism, many tourists like to ski during their winter holiday and many tourists require entertainment facilities for children at the destination. Acknowledging that every tourist is different and that the tourism industry cannot possibly cater for each individual separately forms the basis of market segmentation.

Smith (1956) introduces the concept of market segmentation strategy. He states (p.6) that ‘Market segmentation consists of viewing a heterogeneous market (one characterized by divergent demand) as a number of smaller homogeneous markets’. When segmenting a market, groups of individuals are developed which are similar with respect to some personal characteristic. The particular personal characteristic with respect to which similarity is explored is the segmentation criterion or segmentation base. Segmentation criteria/bases can be socio-demographics (for instance, old versus young sightseers) or psychographic variables (tourists motivated by rest and relaxation verses those motivated by action and challenges).

Market segmentation can be applied by any unit operating in the tourism industry: hotels, travel agencies, tourist attractions, restaurants and local charities. The benefit of market segmentation lies in a tourist destination being able to specialize on a need of a...
particular group and become the best in catering for this group. In doing so the
destination gains a competitive advantage because: (i) competition can be reduced
from the global market to tourism destinations specializing on the same segment (e.g.
all eco-tourism destinations); (ii) efforts can be focused on improving the product in a
specific way rather than trying to provide all things to all people at high cost (e.g. a
family destination is unlikely to need extensive nightlife options); (iii) marketing efforts
can be focused by developing the most effective message for the segment targeted
(e.g. a sun and fun message for young tourist travelling with friends) and by
communicating the message through the most effective communication channel for the
segment (e.g. in national geographic or other nature magazines for ecotourists); and
finally (iv) tourists experiencing a vacation at a destination that suits their special needs
are likely to be more satisfied with their stay and, consequently, revisit and advertise
the destination among like-minded friends. Or, as Smith stated in his seminal paper
(1956, p.5): 'Market segmentation tends to produce depth of market position in the
segments that are effectively defined and penetrated. The (organization that) employs
market segmentation strived to secure one or more wedge-shaped pieces of the market
cake.

The examples above demonstrate that the expected outcome form market
segmentation is competitive advantage. Consequently, the aim of the actual
segmentation task is to group tourists in the way that is of most managerial value. In
order for a segment to be managerially useful number of requirements should be
fulfilled.

1. The segment should be distinct, meaning that members of one segment should
   be as similar as possible to each other and as different as possible from other
   segments.
2. The segment should match the strengths of the tourism destination.
3. The segment should be identifiable. While female travellers can be identified
   vary easily, identification of those visitors who are motivated by rest and
   relaxation may not be as simple.
4. The segment should be reachable in order to enable destination management to
   communicate effectively. For instance, surf tourists are likely to read surf
   magazines which could be used to advertise the destination.
5. A segment should be suitable in size. This does not necessarily imply that a bigger segment is better. A tourism destination may choose to target a small niche segment that represents a large enough market for the particular destination and has the advantage of having very distinct requirements. The above criteria for the usefulness of segments have to be considered when one or more of many possible segments are chosen for active marketing.

5.2 Understanding market segmentation?

It is now generally accepted that it costs more to attract new customers than to keep existing ones (Kotler et al., 2005; Massnick, 1997). In the past, many managers believed in the concept of mass marketing and argued that it creates the largest market potential, which leads to lowest costs and largest revenues. Today, most companies are moving away from mass marketing to market segmentation and targeting (Bikert, 1997). According to Kotler et al. (2005), segmentation is splitting a market into smaller groups of buyers with distinct needs, characteristics or behaviors that require individual products or marketing mixes. Nowadays companies realize that they cannot appeal and reach all consumers in the marketplace. Moreover they know that they cannot target all consumers with the same service, product, and strategy. In segmentation, rather than trying to compete with other companies in an entire market, each company identifies submarkets that it serves best and most profitably. Hence, using market segmentation, companies divide large heterogeneous markets into smaller homogenous segments that can be reached more successfully. There are several ways to segment a market: (i) geographic segmentation based on dividing the market into different geographical areas such as nations, regions, cities, etc., (ii) demographic segmentation based on age, gender, family size, etc., (iii) psychographic segmentation based on the social class, lifestyle, and/or personality characteristics, and (iv) behavioral segmentation based on occasion segmentation, benefit segmentation, loyalty status, and user status (Kotler et al., 2005). Cooper and Inoue (1996) tackle segmentation using the concept of competitive market and consumer structures. The idea is to cluster the market by targeting competitive consumers’ groups. This is done through what they call “switching probabilities” and “product attribute rating.” This allows positioning the
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segments and understanding differences among them. Marcus (1998) argues that segments derived from complex statistical techniques should be useful for managers to design effective communication strategies. The Customer Value Matrix that identifies key segments and helps designing effective marketing strategies is a useful alternative. Technically, there are several ways to segment the market. Statistical techniques vary from K-means, through Two-Step to hierarchical clustering. The basic objective is to propose natural groupings of consumers based on similarities and association measures, i.e., sort consumers into homogenous sets called segments. Segmentation requires the selection of a set of variables/criteria that help differentiating between unique clusters or groups of consumers. Segments are usually defined in terms of intra-group homogeneity and inter-group heterogeneity. Respondents belonging to the same cluster should exhibit the same behavior and fit the same profile that leads to intra-group homogeneity. Conversely, respondents belonging to different clusters have different profiles leading to inter-group heterogeneity (Brusco et al., 2002; Chaturvedi et al., 1997).

The market segmentation is mentioned as being one of the key elements of modern marketing and is, as mentioned, the process of dividing the market into several groups and/or segment(s) based on factors such as demographic, geographic, psychological and behavioural factors. By doing so the marketers will have a better understanding of their target audience and thereby make their marketing more effective (Gunter and Furnham, 1992: 1). This is due to the fact that by using the analytical process that puts customers first, the marketer will get more satisfied customers and thereby gain a great advantage over competitors (Dibb and Simkin, 1996: 3). Market segments can be characterized in different ways, one way is to characterize the preferences of the target customers; homogeneous preferences, referring to customers that roughly have the same preferences. Secondly there are diffused preferences which mean that the customers vary in their preferences and finally clustered preferences which mean that the natural market segments emerge from groups of consumers with shared preferences (Kotler and Keller, 2009: 249).
5.2.1 Segmentation defined

In the marketing literature there are many definitions for the concept of segmentation available. Brennan et al. (2003) define segmentation in somewhat general terms as “the process of identifying groups of customers who are relatively homogenous, in order to tailor them to meet their needs.”

Rao & Steckel (1998, p.23) add another aspect to the definition. They define segmentation as “identifying groups of consumers who behave differently in response to a given marketing strategy.” They stress that there is homogeneity within groups, but dissimilarities between groups, characterized by differences in the response to a marketing strategy.

Weinstein (2004, p.4) provided a more detailed definition: “segmentation is the process of partitioning markets into groups of potential customers with similar needs and/or characteristics who are likely to exhibit similar purchase behaviour.” Thus, he specifically addresses the homogeneity within groups with regard to their (purchase) behaviour.

In a literature review on user profiling, conducted for the Alter Ego project of the Telematica Institute, a definition of segmentation was included that extended the basis of homogeneity within groups. In that review, Van Dijk et al. (2005) defined segmentation as “the process of dividing a population into groups (segments) on the basis of similarities in user-related information of individuals.” This definition goes far beyond purchase behaviour as the basis for grouping; it takes all kinds of user-related information into account.

What can be distilled from these four definitions is that segmentation is a process of dividing one population into smaller sub-populations (i.e. segments or groups), which are characterized by different needs, characteristics or behaviours, including their response to the way they are approached and affected. Figure 5.1 shows a graphical explanation of segmentation. The left circle represents the whole market, whereas the right circle illustrates a segmented market, with four distinguished segments.
In the literature about segmentation, a number of related concepts and terms are used. These related concepts are: targeting, personalisation, tailoring, customisation and adaptation. In order to clarify the differences and similarities of these concepts in relation with segmentation, they are defined below:

a) Personalisation, tailoring and customization

Personalisation, tailoring and customisation are concepts that are closely related. Different fields of application, such as health communication or product design, use the latter terms as a synonym to personalisation. According to Van Dijk et al. (2005) the three concepts are the same. Their definition is stated as follows: “tailoring (personalisation, customisation) is the aiming at individuals.” For the sake of clarity, the term personalisation is used from now on, which thus includes tailoring and customisation.

When looking at this definition and contrasting it with targeting, personalisation is going a level deeper. Instead of making a strategy to specific segments, personalisation is a strategy to aim at the individual. This individual can be seen as a segment of one (Van Dijk et al., 2005), which is considered to be the ultimate form of segmentation. Personalisation gives organisations the opportunity to make communication more effective and efficient, but it also can help understanding, predicting and even influencing the behaviour of citizens (Pieterson et al., 2007).

An example of effective personalisation can be found in the case of Neckermann.

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Neckermann has made a shift from mass communication to one-to-one communication. The company is doing this by combining the purchase history of consumers with consumer variables and with the history of other consumers who are in the database. This is used as a basis for making recommendations. By doing so, Neckermann accomplishes to give each consumer the feeling that he or she is treated as an individual and that s/he is a personal contact of the company. (source: http://www.sas.com/offices/europe/Netherlands/success/neckermann.html).

b) Adaptation

Adaptation is a concept that is less often addressed than personalisation, but it is certain worthwhile to mention. Van Dijk et al. (2005, p.14) describe adaptation as “the process of adapting the appearance and content of messages and media to segments or individuals.” Adaptation can be divided in targeting and tailoring. Both targeting and tailoring (personalisation) are thus methods to transmit a message to either particular segments or individuals. The underlying figure demonstrates the relationship of the concepts that are mentioned so far.

![Figure 5.2: Adaptation and related concepts (Van Dijk et al., 2005)](image)

Figure 5.2: Adaptation and related concepts (Van Dijk et al., 2005)

c) How is segmentation applied?

The main driver behind the introduction of segmentation in marketing, which occurred in the 1950’s, was to change the marketing scope from mass marketing to more targeted marketing (Brodie et al., 1997; Lemon & Mark, 2006). This has an analogy with the position of public bodies and governments with regard to segmentation.

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Governmental organisations often have the whole ‘general public’ in all its diversity as their client, which makes it unlikely that the public can be approached effectively with a ‘one size fits all’ strategy. In addition, the diversity of the general public has increased over time. It is claimed by Rao and Steckel (1998) that tastes and lifestyles of consumers have become much more complex because of expanded disposable incomes and higher educational levels. Besides this, Dibb and Simkin (2001) add that segmentation is an important strategic decision for each company, irrespective the industry it is in. This includes governmental organisations. Segmentation is thus a technique that is used to get a grip on the diverse nature of the market and thereby satisfy the needs and wishes of the different customers (i.e. segments) successfully (Dibb & Simkin, 2001).

To date, segmentation has become a key marketing tool (Weinstein, 2004) and hence has grown as one of the most researched topics in the marketing literature (Wedel & Kamakura, 2000). The purpose of segmentation is to gain understanding and knowledge about the customer, in order to give the customer what he wants, build relationships with him and communicate with him via targeted channels (Weinstein, 2004). In this section, segmentation strategies, the reasons for segmentation and ethical issues in segmentation are described.

d) Segmentation strategies

By acknowledging similarities within groups and differences between groups, communication strategies can be developed that address certain segments of the whole population. By utilizing different approaches for various segments, the clients may feel that they are approached on a personal level.

Identifying sub-populations needs to be done very carefully. Gankema and Wedel (2003, adopted from Hessing and Reuling, 2003) propose seven criteria for good segmentation. These criteria are summed up in the table below. McDonald (1995) proposes similar criteria as described by Gankema and Wedel (2003), but add one. According to him, a description of segments should also be relevant to the purchase situation.

Adventure tourism market segments and promotional policies there in: a study of Himachal Pradesh....
Table 5.1: Segmentation criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
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<tbody>
<tr>
<td>Identifiability</td>
<td>It should be easy making sure to which segment someone belongs</td>
</tr>
<tr>
<td>Accessibility</td>
<td>The segments should be approachable</td>
</tr>
<tr>
<td>Sufficient size</td>
<td>The segments should not be to small</td>
</tr>
<tr>
<td>Heterogeneity</td>
<td>The segments should differ from each other</td>
</tr>
<tr>
<td>Stability</td>
<td>The segments should not be subject to change</td>
</tr>
<tr>
<td>Homogenous response</td>
<td>Individuals within a segment should react more or less uniform</td>
</tr>
<tr>
<td>Operability</td>
<td>There should be keystones for (marketing) strategies</td>
</tr>
<tr>
<td>Relevance</td>
<td>The segments should be relevant for the purchase situation</td>
</tr>
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Identifying sub-populations can be done in different ways. Three different global strategies for segmentation are distinguished in this report, namely: undifferentiated, differentiated and concentrated segmentation.

Undifferentiated segmentation implies that the organisation is choosing for the mass market. This means that all segments are treated in the same way or are offered the same product or service (Doornbos, 2004). Examples of companies which apply undifferentiated segmentation are McDonalds and Coca-Cola.

Differentiated segmentation is a strategy to approach separate segments differently. An example can be found in a neighbourhood association (buurtvereniging in Dutch). When this association is planning activities, they might divide the people who live in the particular neighbourhood in four groups, i.e. children, youngsters, adults and elderly people (Doornbos, 2004). Different activities are planned for the various groups, assuming that elderly people probably are not playing soccer, while the children may not be interested in playing jass (klaverjassen in Dutch).

The third strategy is called concentrated segmentation. When using concentrated segmentation as a strategy, the organisation focuses on one particular segment (Doornbos, 2004). Concentrated segmentation is sometimes also called niche marketing. An example of this kind of strategy is a clothing shop who just sells clothes for people who need larger/wider clothes than regular people.
e) Reasons for segmentation

Potential users of online services are likely to differ in a variety of aspects and on many dimensions (Rao & Steckel, 1998). In its usual commercial context, important goals behind segmentation are either selecting those consumers or users with a particular relevant characteristic and, subsequently, adapting communication to this specific group or create different products or services that meet the different needs of a variety of consumer or user groups. It is this latter aspect, tailoring web content or messages to specific user needs, which may be of specific relevance for e-government. Furthermore, in services marketing it is increasingly realised that understanding particular market segments is the key to understand customers (Rodgers, et al., 2007), increase customer satisfaction and, thus, developing long-term relationships with customers (i.e. relationship marketing, Zeithaml & Bitner, 1996). Unless careful segmentation has taken place, clients’ expectations, needs and requirements may be defined too broadly, which may leave a large proportion of customers unsatisfied (Zeithaml & Bitner, 1996). In sum, market segmentation is an important tool for targeting specific groups of clients.

According to Weinstein (2004) segmentation can be the heart of a good business strategy and value creation. He claims that segmentation is necessary for the following reason: “in fast-changing and increasingly hypercompetitive markets, successful twenty-first century companies have to be superb segmenters to survive and thrive. Having superior quality goods or services are no longer sufficient”.

To conclude, Weinstein (2004) focused on both the benefits and limitations of segmentation. The benefits he distinguished are that it enables companies to design products that meet the specific needs of the market, and, hence are more successful, to be effective and cost-efficient, to evaluate the market competition and to gain insights into choosing between strategies. The three limitations he subsequently addresses are the high costs involved in segmentation strategies as opposed to mass-marketing strategies, the necessity of a major corporate commitment and the composite rather than individual profiles it affords.
f) Ethical issues in segmentation

Whereas segmentation may be beneficial for organisations to target their products or services to the right customers, the application of segmentation strategies may also give cause to a number of ethical issues. Henman (2005) addresses five ethical issues that can play a role in segmentation. Those issues are presented below, on order of increasing relevance for e-government situations. However, a critical note needs to be made. The ethical issues presented here have the purpose to provide an indication of the downsides of segmentation. We found only one source in our search that focused on negative side effects and ethical issues. This means that the listing of the ethical issues below is probably far from exhaustive and can not be generalised properly. Although we address these drawbacks, it will give an indication that segmentation is paired with several issues that need to be considered, because they are important in the e-government context.

The first ethical issue that Henman (2005) addressed is pre-emptive action. Segmenting a market is done to apply a strategy effectively. This is often done in advance of launching a product or service, on the basis of statistical models. However, this is not applicable in all kinds of situations. For example, it is not very considerate to start supplying assistance to someone who is known to have a calculated risk to need a service, before s/he actually needs the assistance (Henman, 2005).

The next problem is identified by Henman (2005) as accountability and procedural fairness. For several reasons, this is an issue in the e-government context. First, the segments and the models where it is based on are often not transparent for outsiders, and governmental actions should be transparent. Second, people may not be aware of that they are approached with a group-specific treatment, and governments should not discriminate between groups. And thirdly, reasoning on the basis of segmentation is often complex and its appropriateness is hard to predict. Governments, even more than businesses, cannot afford to make wrong predictions, because their clients (citizens) have no choice to select another public service provider.

A third dilemma Henman (2005) demonstrates is inequality of treatment. Different
people need different approaches. So even when having segmented the population, some people may be missed by the strategy to approach that certain segment. Two underlying factors play a role in this. First, inequality of access and choice (e.g. people who have more chances to become sick need to pay higher premiums) and second, the reversed principle of the presumption of innocence (e.g. someone who looks like a terrorist is a terrorist) (Henman, 2005).

The fourth issue is identified by Henman (2005) as the reinforcement of social divisions. When different segments receive different services, the already existing social divisions and inequalities might be enhanced. Henman (2005) states that this is quite common and accepted in the private sector, but it is problematic for the public sector. In the private sector, people with higher income are rewarded and benefit of particular services, while people with lower income are discouraged or even excluded of using those particular services.

Finally, the concerns of privacy and data protection come into play (Henman, 2005). Segmentation is often done by analysing large personal data sets. Governments, even more than private sector organisations, must strictly adhere to privacy regulations.

5.3 Segmentation in practice - approaches

"The methods used to identify market segments are an important aspect of obtaining a successful segmentation scheme" (Galguera, Luna & Méndez, 2006). Although many different typologies of segmentation practices exist, Myers (1996) managed to divide these into two distinct segmentation approaches, namely approaches based on consumer characteristics and approaches based on product or service-based variables. Consumer-based variables involve specific characteristics differentiating consumers or users in ways that are meaningful for strategic planning purposes, and consist of such variables as demographics, motives and needs. Product or service-based variables deal with specific features of the product or service to be delivered, such as physical features, the types of benefits consumers or users want and usage motives. In some sources, a third segmentation approach is distinguished. This approach is called market-
based segmentation (Rao & Steckel, 1998), in which the focus is more on business-to-business communication.

5.3.1 Approach-1

A) Consumer-based segmentation

For the sake of consumer-based segmentation, consumers are identified according to a number of shared characteristics (Buttle, 2007). These characteristics can be categorized into three main groups of variables, namely demographic, geographic and psychographic/lifestyle variables. The three groups are introduced in this section.

a) Geographic segmentation

Geographic segmentation is one of the simplest and most widely used methods for dividing markets into target segments (Weinstein, 2004). Geographic segmentation can be considered as a specific form of demographic segmentation (e.g. Rao & Steckel, 1998), but it can also be seen as a segmentation variable in itself (e.g. Doornbos, 2004).

Geographic segmentation is based on the assumption that people, who live in the same place, share a number of characteristics with their closest neighbours, such as lifestyle characteristics, demographics and consumption behaviour patterns (Mitchell, 1995; cited in Wedel & Kamakura, 2000). Hence, geographic location is utilised to identify segments by means of clustering neighbourhoods instead of clustering individual consumers. The neighbourhoods are distinguished on the basis of the postal area code.

Geographic segmentation implies that information is available about the geographic locations of consumers, such as country, province, region, city, city area and climate (Van Dijk et al. 2005). Information on the inhabitants of a neighbourhood is collected for a limited number of people or purchases (e.g. average income, whether they own a house, a dog, etc.). By inference it is assumed that people in the same neighbourhood share those characteristics or behaviours (Wedel & Kamakura, 2000).

The geographic segmentation divides customers into segments based on geographical areas such as nations, states, regions, counties, cities or neighbourhoods. A company can target one or more areas and must be aware of the fact that data according to
geographic segmentation may vary due to population shift (Pickton and Broderick, 2005: 376).

It is important to segment according to geographic basis, due to the fact that the purchasing behaviour of the customers is influenced on where they live, work etc. (Gunter and Furnham, 1992: 5). Therefore many companies customize their products, advertising, promotion and sales efforts to fit the needs of the geographical variables (Armstrong and Kotler, 2005: 186).

The geographic segmentation is furthermore useful when there are differences in a location where a product is marketed. The differences can be caused by cultural factors, traditions, politics etc. and furthermore the differences can be significant in one segment, whereas in other segments the differences can be minor and less significant. (Gunter and Furnham, 1992: 5)

Furthermore as a result of an increase in the globalisation today the geographic segmentation has been linked to other differences in socio-economic and demographic characteristics. The result of this type of segmentation is referred to as geodemographics (Gunter and Furnham, 1992: 7). The geodemographic segmentation combines the geographic segmentation with the demographic segmentation and thereby combines the study of the target customers with where they live (Pickton and Broderick, 2005: 376). Hence the geodemographic classifies the customers according to where they live in comparison to the way the social class defines consumers by their occupation and thereby the companies are more capable of predicting consumer behaviour (Gunter and Furnham, 1992: 7).

b) Demographic segmentation

Demographic segmentation is the most common form of segmentation. This has to do with the easiness of measurement, the often relative low costs of demographic data, the fact that demographic segments are often quite large and easy accessible and that they can be projected to the future (Rao & Steckel, 1998). Demography is the statistical study of complete populations, e.g. of all inhabitants of the China. The concept of demographics defines selected population characteristics used in government and
marketing research. Therefore, demographic segmentation includes consumer groups differentiated by means of particular characteristics, such as age, educational level, housing situation, etc. These characteristics are usually measured by having people fill in application forms, questionnaires and surveys providing a simple, quick and cheap means of data collection (Van Dijk et al., 2005). The characteristics often associated with demographic segmentation are, according to Rao and Steckel (1998): gender, age, marital status, household size, subcultures (i.e. race and ethnic groups), occupation, income, education and social class. These demographic variables have been utilised widely in market research to differentiate customer population effectively (Fu et al., 2004). Some have argued, however, that at the present time there simply is too much variation in demographic segments to be of practical use (e.g. Buttle, 2007). The once popular family lifecycle idea, for instance, no longer applies. The family lifecycle distinguished between young and single individuals, married couples with no children, married couples with (older) children, older married couples with children out of the house, empty nesters with employment, retired empty nesters and sole survivors.

The demographic segmentation divides customers into segments based on demographic values such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, social class and nationality (Armstrong and Kotler, 2005: 187).

The demographic segmentation is often used in market segmentation for the reason that the variables are easy to identify and measure. Furthermore the demographic variables are associated with sale of many products and services and finally they provide a description of the target customers so media buyers and others can target a desired target market.

Each of the variable are useful knowledge when segmenting markets and some of the above mentioned variables will be elaborated in the following (Gunter and Furnham, 1992: 9).
c) Age and life-cycle segmentation

The consumer’s needs and wants change with age. Therefore some companies use age and life-cycle segmentation, where age and the life-cycle determine the marketing approach. Using telephones (landline and mobile) as an example the marketers must take into consideration that although some 70-years-old use a landline telephone, e.g. due to the lack of technological knowledge, others may only use a mobile telephone. Thus, marketers using the age and life-cycle segmentation must be careful to guard against stereotypes. (Armstrong and Kotler, 2005: 188)

Furthermore the age and life-cycle segmentation are associated with behavioural characteristics and buying patterns. An example of this is single people who have a tendency of purchasing new fashionable items due to the fact that they have no other economic obligations. This is opposed to married people, who have a large economic obligation and thereby they prioritize their economy different (Gunter and Furnham, 1992: 11).

d) Gender segmentation

Gender segmentation is used to differentiate the needs and wants between men and women due to the fact that men and women have different attitudes toward a product. The gender segmentation has long been applied in connection with clothing, hairstyling, cosmetics, magazines and travel preferences etc. Furthermore it must be taken into consideration that metro sexuality has become a common gender-factor and thus the marketers must not only define a product as being masculine or feminine (Kotler and Keller, 2009: 257).

e) Income segmentation

Income segmentation divides the market into different income groups. It is used in automobiles, clothing, cosmetics, financial services and travel. Many companies within the mentioned categories seek to target the high-income customers. Others seek to target the customers with a lower income in order to gain consumer loyalty and lessen the competitive pressures. However, companies must consider the fact that the income does not always predict the most suitable customers for a given product due to the fact
that some customers may have other preferences and prioritize their money different (Kotler and Keller, 2009: 258).

f) Generation segmentation

Each generation is influenced by the times in which they grow up i.e. the music, the movies, politics and other significant events characteristic of that period. Marketers therefore market to a generation by using icons and images that is relatable according to the generation (Kotler and Keller, 2009: 259).

g) Social class segmentation

Social class segmentation divides the customers according to their preferences in cars, clothing, home furnishings, leisure activities, reading habits and retailers. However, although the tastes of social classes changes, many companies design products for specific social classes (Kotler and Keller, 2009: 260).

In conclusion, the demographic, and the abovementioned variables', approach to market segmentation assumes that since people can be grouped into certain types of categories (i.e. age, income, education etc.) they are likely to share the same values and buying behaviour.

B) Psychographic/lifestyle segmentation

The psychological variables derive from two principal types of customer; personality profiles and lifestyle profiles (psychographics). Psychological profiles are often used as a supplement to geographic and demographics when these does not provide a sufficient view of the customer behaviour. While the traditional geographical and demographical bases (sex, age, income etc.) provide the marketer with accessibility to customer segments, the psychological variables provide additional information about these and enhance the understanding of the behaviour of present and potential target markets (Gunter and Furnham, 1992: 26).

Psychographic segmentation therefore divides people according to their attitudes, values, lifestyles, interests and opinions (Pickton and Broderick, 2005: 377).
Furthermore some marketers have used personality variables to segment the markets (Armstrong and Kotler, 2005: 190).

Segmentation models and approaches used to focus on demographic variables. For example, certain products or services were related to the highly educated segment, to younger men or to elderly women with low incomes. However, over time these variables have become an insufficient predictor for the various types of behaviour or strategies that segmentation was meant for (Hessing & Reuling, 2003). According to them it is becoming more difficult to put people in ‘boxes’, because of the dynamic diversity of lifestyles, needs, possibilities and ideas in all levels of society. The tendency towards diversity is amplified by increasing individualisation is many western countries. This creates an even higher need for segmentation, but then focused on psychographic/lifestyle variables in addition to more traditional segmentation variables.

Psychographic segmentation divides a population into groups that have similar psychographic characteristics, values, personal traits and lifestyles (Rao & Steckel, 1998; Brennan et al., 2003). Personal traits include characteristics such as need for cognition, self-monitoring, locus of control and need for closure. Lifestyle information is collected by asking people about their activities, possessions, interests and opinions (Kahle et al., 1986; adopted from Van Dijk et al., 2005).

Psychographic segmentation models were developed by marketing specialists in the 1960s to meet the need for a better understanding of consumers’ motivations and their lifestyles (Wedel & Kamakura, 2000). The concept of lifestyle was introduced to marketing research by Lazer in 1963. Plummer (1974) defined activities, interests and opinions as the three basic components of lifestyle (cited in Wedel & Kamakura, 2000). Activities are reported behaviours, e.g. in relation to club membership, community, entertainment hobbies, shopping and sports. The concept of interests explains the level of involvement with community, family, fashion, food, home, job, media and recreation. Opinions comprise beliefs on business, culture, economy, education, politics, and self and social issues. Some other characteristics, namely personality, attitudes and lifestyles have been added to psychographic segmentation models by later researchers (Rao & Steckel, 1998; Doornbos, 2004) the concept of psychographic
segmentation.

Psychographic segmentation can be used as a complement to demographic segmentation. This segmentation method attempts to understand and predict consumer behaviour on the basis of psychological processes and traits. It is closely connected to consumer psychology, and the data from lifestyle segmentation include unobservable and complex information (Rao & Steckel, 1998). Lifestyle segmentation provides a rich description, often in the form of personas with a realistic image of the consumer segment. However, life style questionnaires tend to be very long and exhausting (Wedel & Kamakura, 2000), because they have to cover many different domains and topics of daily life.

C) Behavioural segmentation

Behavioural segmentation is based on the customers' attitude toward, use of, or response to a product. Many marketers believe that the behavioural variables such as occasions, benefits, user status, usage rate, buyer-readiness stage, loyalty status and attitude are the best starting points for constructing market segments and thus these variables will be described further in the following (Kotler and Keller, 2009: 263).

a) Occasions

Occasions are when the customers are divided into segments based on the time of day, week, month and year (Kotler and Keller, 2009: 263). People is therefore being grouped according to the time (occasions) on which they get the idea to buy, make their purchase or use the purchased item (Armstrong and Kotler, 2005: 191).

This can for example be during the time around holidays such as Christmas. A company may choose one kind of marketing strategy around Christmas and another at Valentine's Day in February and thus being able to target as many desired target customers as possible.

b) Benefits

Benefit segmentation divides the customers according to the different benefits they may seek from a product. Benefit segmentation seeks to find the benefits people look
for in a certain product, the kinds of people who look for each benefit and the brands that deliver each benefit (Armstrong and Kotler, 2005, 194).

Furthermore the benefit segmentation identifies market segments by casual factors rather than descriptive factors such as e.g. demographics.

c) User Status

By segmenting according to nonusers, ex-users, potential users, first-time users and regular users of a product a company can customize its marketing for each group (Armstrong and Kotler, 2005: 194).

Where regular users of a certain product request one kind of marketing approach, potential users may request another kind of marketing approach, and thus it is necessary to divide the customers into different segments and target them in different ways.

d) Usage rate

The usage rate segmentation divides the customers according to how much they use a product. They are divided into groups of non-users, light, medium and heavy product users and companies often seek to target one heavy user rather than several light users (Armstrong and Kotler, 2005: 194). Finally the usage rate divides the customers in terms of time and place i.e. a company may sell one product at one part of the day, month, year and another product another time of the day, month, and year as is the similar case when using occasion segmentation (Internet 3 - Market segmentation).

e) Buyer-readiness stage

Buyer-readiness stage refers to people's awareness and interest of the product. Some people are unaware of the product, some are aware, some are informed, some are interested, some desire the product and some intend to buy (Kotler and Keller, 2009: 264). The purpose is to lead the customer along so he or she will purchase the product in the end.

Thus the company should seek to design their marketing strategy according to these factors. For example, people from the USA may have limited knowledge about a
product from the UK. So in order for the product to be successful in the USA, the company should adapt their marketing strategy according to the limited knowledge an American may have.

f) Loyalty status

A market can also be segmented according to the loyalty of the customers. It is assumed that customers are always loyal by buying the same product. These customers are referred to as hard-core loyals. Other people that are loyal toward two or three brands and buy these on a random basis are referred to as being split loyals. A third group of people are those who shift from one brand to another and staying with that brand for a period of time until they shift to another brand. These customers are referred to as shifting loyals. The fourth and final group of loyals are those who do not show loyalty or preference towards one particular brand, but rather buy a product or brand that is on sale or available at the time of the occasion. These customers are referred to as switchers (Kotler and Keller, 2009: 264).

g) Attitude

As a final variable to the behavioural segmentation is attitude toward a product. People can be divided into segments based on whether they have an enthusiastic, positive, indifferent, negative or hostile attitude toward a product.

By considering the customers' attitudes toward a brand or product the company will get a wide-ranging view of the market and its segments (Kotler and Keller, 2009: 265).

By combining the different behavioural variables, it is possible for marketers to get a view of a market and its segments and thereby the marketer can enhance its targeting strategies (Kotler and Keller, 2009: 265).

In conclusion to the section of defining the target audience it is important for the marketer to recognise the fact that it is not impossible to reach all buyers in all segments. This is due to the fact that the customers are too different and have various needs and purchasing behaviours. The company need to consider the variables of the concepts within market segmentation i.e. the demographic segmentation, the geographic segmentation, the psychographic segmentation and the behavioural
segmentation. Considering these concepts, it should be possible to decide which concepts are best suited when designing market strategies. When a company has defined the target customers the next stage in the segmentation process is to evaluate the market segments and then decide which segments to direct their marketing strategies at.

5.3.2 Approach- 2

a) Product-based segmentation

Product-based segmentation is associated with both the customer and the product, service and/or specific circumstances in which the product or service is used (Frank et al., 1972; cited in Wedel & Kamakura, 2000). In this section, three product-based segmentation categories are presented.

b) Purchase (choice)-based segmentation

The basis of purchase-based segmentation depends on product-related variables (Zhang et al., 2007). These variables include buying intentions and behaviours of customers toward a specific product (Wedel & Kamakura, 2000). The central idea of purchase based segmentation is that customers with similar purchasing behaviour are likely to respond in a homogeneous way to marketing efforts (Tsai & Chiu, 2004).

Tsai and Chiu (2004) proposed a purchase-based market segmentation methodology to segment customers. In their study, specific purchase-based variables such as the items purchased and the associative monetary expenses, which could be found in the transactional history of customers, were utilised. Customers in the same cluster of items purchased or expenses made were assumed to have similar purchase patterns. The number of clusters was pre-defined. Recency of the contact with the vendor, frequency of the contact and monetary value analysis (RFM) were utilised to assess the profitability of each cluster of customers. RFM is a model used for analysing customer behaviour and defining market segments. This model is preferred by many organisations to segment their customers and optimise the purchase response rates of their marketing efforts (Hughes, 1994). This segmentation method is still used by marketers, because of its simplicity and cost-effectiveness (Zhang et al., 2007).
c) Benefit (value)-based segmentation

Benefit-based segmentation, like purchase-based segmentation, has a product-specific base (Wedel & Kamakura, 2000). It identifies the customers purchasing certain products and clusters them on the basis of similar purchasing behaviours. In contrast to purchase-based segmentation, benefit-based segmentation focuses on ‘why’ the customers choose a particular product rather than ‘what’ products are chosen (Zhang et al., 2007). The concept was introduced to the marketing field by Haley (1968; cited in Wedel & Kamakura, 2000). It suggests that the benefits sought by people in products are the basic reason for their purchase behaviour. Heuvel and Devasagayam (2004) proposed to use a benefit-based segmentation method to investigate the customers’ feelings on the products rather than arbitrarily identifying customers according to demographic data like their income or postal codes. A benefit analysis is highly useful for identifying gaps in the market between customer expectations and experiences (Weinstein, 2004).

d) Usage segmentation

Segmenting customer groups by their consumption patterns can be quite insightful for comprehending potential customer segments (Weinstein, 2002). Furthermore, classifying customer accounts based on actual customer behaviour patterns toward products, such as frequency or diversity of use, can yield effective strategies (Van Dijk et al., 2005).

Kumar, Shah and Venkatesan (2006) further state that valuable insights on the customer level makes it possible for organisations to use different (marketing) tactics on a more individual level. These insights give organisations opportunities to determine and understand customer behaviour and can thereby offer the most relevant communication, products and services (Berger et al., 2006).

Usage segmentation includes not only differences in usage of a product, such as usage during a specific time of the day, week or year, but also usage frequency such as low, medium, heavy or non-users (Kardes, 2002; cited in Van Dijk et al., 2005). Other usage characteristics are loyal versus non-loyal customers, users versus non-users, lead users.
and competitive users (Weinstein, 2004). This categorization of users helps both to develop strategies for targeting light, medium, heavy and non-users, and to detect the location in which product-related behaviour takes place (e.g. at home or in a working environment) (Van Dijk et al., 2005).

Usage analysis can also contribute to increase customer retention efforts. Customer retention (to keep the customer coming back to the product or the vendor) is the aim of customer relationship management. The findings of the study of Weinstein (2002) indicated that both usage segmentation and relationship marketing are the significant strategies to retain more and better customers.

5.3.3 Approach 3

a) (Industrial) market-based segmentation

Segmentation does not always focus on consumers; companies or markets can be segmented as well. Rao and Steckel (1998) identify two ways to do this. The first option is based on general characteristics (i.e. firmographics) and the second option is based on psychographics at the organisational level. However, they also note that this type of segmentation is far less studied and applied than consumer-based segmentation. For that reason, we will only include a very short summary of this approach.

b) General segmentation

General segmentation of companies or markets is segmentation in its most basic form. The characteristics or organisations that are taken in account in this segmentation approach are, according to Rao & Steckel (1998):

- SIC code (Standard Industrial Classification), sector
- Size of the organisation
- Geographic location
- Structure (power relations and reward systems)
- Technology

c) Psychographic segmentation

Organisations or markets can be segmented on the basis of psychographics as well. Rao
and Steckel (1998) have tried to come up with organisation-psychological characteristics that are useful for this purpose:

- Direction
- Achievement motivation
- General degree of conflict
- Organisational climate

### 5.4 Techniques of segmentation

Segmentation and strategy development would be impossible without objective techniques that identify groups within a population. The general term for the techniques used for segmentation is data-mining. Data-mining as a general term is "the science of extracting useful information from large data sets or databases" (Hand, Mannila & Smith, 2001). Frawley et al. (1992, p.58) defined this technique as "the nontrivial extraction of implicit, previously unknown, and potentially useful information from data."

Special software is used to sort through databases with customer data and find patterns or clusters that interact with specific customer characteristics. Automatic Interaction Detection (AID) is the general term for techniques for predictive clustering (Wedel & Kamakura, 2000). AID is a method for analyzing a large quantity of data by means of subdividing this data into disjoint exhaustive subsets in order to explain a dependent variable, such as purchase behaviour, on the basis of a given set of categorized predictors, often socioeconomic and demographic characteristics (Kass, 2006). Various statistical methods or algorithms are used in AID software for finding the clusters and patterns. Cluster analysis is the statistical method most widely applied.

#### 5.4.1 Cluster analysis

Cluster analysis, first used by Tryon in 1939, is a simple statistical technique which is mostly used for post-hoc descriptive segmentation (Wedel & Kamakura, 2000; Rao and Steckel, 1998).
In this technique, different objects are sorted into groups in a way that the degree of association between two objects is maximal if they belong to the same group and minimal otherwise (Source: http://www.statsoft.com/textbook/stcluan.html). In other words, cluster analysis simply reveals structures or patterns in data without explaining why they exist. The technique helps the analyst to form clusters of consumers who ‘belong in the same group’ on the basis of their similarities.

5.4.2 Association rules mining

Association rules mining, proposed by Agrawal and Srikant (1994), can reveal correlations of events which can be represented as probabilistic rules (Changchien et al., 2004). The technique helps to see events that are frequently occurring together. Discovering association rules in large databases can be a good step in a data-mining process. Main advantage of association rules mining was its scalability: one can identify correlated features or events that are not easily detected in a local or limited query, for example a query focusing on one particular consumer characteristic.

5.4.3 Sequential patterns mining

The purpose of sequential patterns mining is to find out the hidden sequential patterns among items (Changchien et al., 2004). Sequential patterns mining include web-log analysis, customer purchase behaviour over time and medical record analysis (Chen & Hu, 2006). It is utilised to reveal for example customer purchasing behaviour gained from databases with longer term information on customers. Most researchers focus on the frequency of purchasing or customer contact in sequential databases, since frequency is a concrete indicator for sequential patterns (Chen & Hu, 2006).

5.4.4 Discriminant analysis

Discriminant analysis is a statistical technique for identifying the smallest possible set of variables that distinguish groups, examining differences between two or more groups in terms of several variables simultaneously (Fu et al., 2004). This technique is used to predict group membership on the basis of the respondents’ demographics. Discriminant analysis is often used in marketing for determining the factors which distinguish different types of customers and/or products based on data collected in surveys,

5.4.5 Neural networks

Neural networks are in essence non-parametric, non-linear regression models that help execute inductive upshots, just like conventional techniques (Zahavi & Levin, 1997). They explain that the new thing about neural networks lies in the fact that the technique is capable to model non-linear processes without any premade assumptions about underlying relations and processes. They furthermore state that a neural network is a procedure that imitates the processes of the human brain. In underlying quotation of Cooper and Schindler (2003) it is made clear what neural networks are and what can be realised with it:

"Neural networks, or artificial neural networks, are collections of simple processing nodes that are connected. Each node operates only on its local data and on the inputs it receives via the connections. The result is a non-linear predictive model that resembles biological neural networks and learns through training. The neural model has to train its network on a training data set. One drawback is that no explanation of the results is available. Neural networks are best used where a predictive model is more useful than an explanatory model. For database marketing, a neural network can be constructed that predicts whether a specific person is likely to purchase a particular product. This enables the marketing organisation to be very specific in its target marketing, reducing costs and dramatically improving sales 'hits'" (Cooper & Schindler, 2003).

5.5 Market segmentation models in tourism

Through the development and progress in travel and tourism it has taken the shape of full-fledged industry and becomes the concerns in each and every corner of the world. Everyone wants to get benefitted from the mighty impacts of this fastest growing industry, whether that is in terms of direct earning or that may be in terms of creating jobs or get benefitted by development of infrastructure or upliftment of the local society. This industry is vastly expanded all over the world and comprises of very diverse ranges of products and services. The planners, developers, promoters, businessman and service providers involved in tourism business must divide the market...
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... into different segments according to different set of criteria for the calculated growth of industry. So some models which are prevalent in tourism industry to segment the markets are being discussed below:

5.5.1 The Minerva model

The Minerva model divides people into 5 different lifestyle segments based on their values and each of these segments is designated a colour; the blue, the green, the rose, the violet and the grey. In addition to that, a system of co-ordinates has been developed a vertical axis and a horizontal axis with a colour, of the above mentioned, in each corner. The northern part of the vertical axis represents the modern customer, whereas the south is traditional. The western part of the horizontal axis is pragmatic or materialistic and finally the eastern part of the axis is idealistic. Represented in the middle of the system of co-ordinates is the grey segment. The grey segment is considered an indefinite average segment, which also represents a range of elements from each of the remaining 4 segments. In the following sections the green, blue, rose and violet segment will be explained further and the landline telephone and the mobile telephone will be used as examples.

Figure: 5.3 Minerva model

Source: AC Nielsen - AIM PDF-file Minerva Snap Shot

a) The blue segment

The blue segment represents the modern individual. The people segmented according to the blue segment are individualistic, well educated people who emphasize prestige and visible success. Furthermore people belonging to the blue segment can be characterized as being reflective i.e. being able to explain behaviour from a rational

...
point of view. Some of the keywords characterizing people in the blue segment are that they have self-confidence and consumption.

b) The green segment

The green segment represents the group-oriented individual. People in the green segment emphasize the values of the group and social realization. Furthermore it is primarily a modern and idealistic female majority in the green segment, who is interested in culture and humanities. Some of the keywords characterizing people in the green segment are commitment, dedication and activity.

c) The rose segment

The rose segment is similar to the green segment; however it differentiates itself by emphasizing the realization of traditional, social objectives such as family, friends and community. Furthermore, where the green segment is a mixture between being modern and idealistic, the rose segment is a mixture between being idealistic and traditional. Furthermore due to the fact that the rose segment is diagonal of the blue segment and thereby the two segments are each other’s' opposite, people in the rose segment are non-reflective. Some of the keywords characterizing people in the rose segment are tradition, family and the local community.

d) The violet segment

Finally there is the violet segment. The violet segment primarily represents the individualistic individual who values traditional orientation and emphasizes independence. The majority of the people represented in the violet segment are typically skilled men e.g. craftsmen. Some of the keywords characterizing the violet segment are stability, tradition and do-it-yourself-attitude.

Critique of the Minerva model

The Minerva model has in recent years received critique, which is necessary to consider when working with the model. The Minerva model is a helpful tool when determining target customers, but it does not work concretely on one individual, but is more explicitly an expression of an average consideration of people as a group. Another
problem with the Minerva model is that according to critics, the model does not consider the tendencies of subcultures and globalisation.

Furthermore, it can be argued that since the Minerva model does not provide an opportunity to blend two or more of the coloured segments it can be difficult to place the mobile telephone according to one specific colour in the model. Furthermore it can be argued that, due to the fact that the Minerva model only provides information about the target customers' lifestyle and due to the fact that trends and interests change over time, it is not sufficient to base the results on the lifestyle of the target customers. Therefore it can be argued, that in order to get a more precise and profound information about the target customers the Mosaic model is better suitable. However, the Minerva model is suitable when approached with a critical mind due to the fact that the model will still be suitable to provide an overall view of the target customers.

5.5.2 The Mosaic model

The Mosaic model is a segmentation system developed by Experian and exists in many countries worldwide. It is based on the geodemographic values. The geodemographic value combines the variables from the geographic segmentation and the demographic segmentation and thereby the geodemographic segmentation combines the study of the target customers with where they live. The model divides people into broad groups and within these broad groups the target consumers are divided into smaller groups. For example in the UK the Mosaic allocates the postcodes into 12 broad groups and 52 detailed types based on the consumers living in the UK. The Mosaic model is one of the most common used models when segmenting according to the geodemographic segmentation.

The model bases its information on sources such as census, electoral rolls, socio-economic characteristics etc. By combining the information gathered from the above mentioned sources, the model is capable of measuring aspects of consumer behaviour on a geographical basis and down to a postcode levels (MOSAIC segmentation).
Critique of the Mosaic model

The Mosaic model is one of the most common used models when trying to define the target customers. It exists in many countries and each country has been divided into a number of broad groups and these groups have further been divided into an amount of groups. However, due to the fact that the Mosaic model does not exist in all countries, it only provides information of the 16 countries and thereby the model can only be used in limited ways.

Based on the poor answers from the questionnaire it is difficult to establish the correct target customers of respectively the mobile telephone and the landline telephone. However, if there had been access to the information such as census, electoral roll etc. of the respondents it could have lightened the analysis and thereby it could have been possible to make a better analysis.

5.6 Promotion

The development of a good product, pricing it to attract customers and making it available to target customers by companies need to be integrated with proper communication with current and prospective customers. Modern marketing managers need to effectively develop promotional techniques as a proper medium to disseminate information about their products. The companies have woken up to realize the importance of the various communication channels as important promotional tools.

A company’s total marketing mix - also called its promotion mix- consists of the blend of advertising, personal selling, sales promotion and public relations. These are the various tools that the company uses to pursue its marketing objectives. Before each is described in detail it is important to understand a number of general features about the promotional process.

Promotion means activities that communicate the merits of the product and persuade target customers to buy it. Ford spends about $2.3 billion each year on advertising to tell consumers about the company and its many products. The franchised dealers and...
salespeople assist potential buyers to buy a Ford car. Ford and its dealers offer promotions - sales, cash rebates and low financing rates as purchase incentives.

The promotion activities of marketing are concerned with communication with the customers that the right product is available at the right price and at the right place. The promotional communication aims at informing and persuading the actual and potential customers into actual purchase of the product. An effective marketing programme moulds all the marketing mix elements - product, price, place and promotion to achieve the marketing objectives.

5.6.1 Promotional objectives

Effective promotion starts from an analysis and formulation of clear-cut objectives. These include:

- Identification of the target audience to be reached;
- Identification of the purpose of the communication;
- Formulation of message to achieve the goal;
- Choice of media for delivering the message to the target audience;
- Allocation of the budget to achieve the desired purpose;
- Evaluation in terms of sales and feedback obtained from the customers.

The more carefully objectives are set the better promotion works. Promotional planning can be done with a view:

- **To create new ideas and attitudes:** The purpose could be to create awareness of completely new tourism products such as alternate tourism product like spirituality in Himalayas.

- **To change the image:** The purpose could be to change the unfavorable image of an existing tourism product in the minds of customers. For example in case of Indian destination we can promote the living culture of highly crowded cities.

- **To reinforce the image:** Larger firms try to reinforce the attitude of customers to retain their existing market like visit to Disneyland and destinations like Goa, Uttarakhand and Singapore are trying to motivate new customers as well as also attracting the old ones.
5.6.2 Promotion planning and execution

Before starting its image campaign, a destination has to analyse carefully the current situation. Seaton and Bennett (1996). According to the authors, there are three aims for a promotional campaign:

- Reinforcement: retaining the market;
- Creating new ideas and attitudes: such as an interest for a new activity;
- Change of the attitude or behaviour, such as about a destination with a bad image.

Before launching the planning, the strategic objectives have to be clear (Seaton and Bennett (1996):

- Identification of the target market;
- Determination of the promotion aims: they should be measurable and be achieved within a given period (Coltman 1989);
- Design of the messages to achieve these aims;
- Selection of the appropriate media;
- Attribution of the budget for the execution of the strategy;
- Evaluation scheme in order to estimate the success of the strategy. Coltman (1989) adds the promotion timing.

5.6.3 Promotional mix

The four major promotional tools of promotion are as follows:

A) Advertising

Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor. It appears in mass media and advertising prospects/brochures, etc.

- Mass media: Newspapers are less used for advertisements than magazines which can be specialised on tourism, including niche destinations. The press is generally more suitable for more complex, detailed messages. This is in contrast to television with a high audience but also high costs. Radio advertising does not
imply the visual aspect and has a lower audience. Posters are suitable for simple messages and relatively expensive; the cinema has a disproportional percentage of young people, a low audience and a poor frequency. (Seaton and Bennett)

- **Advertisement material:** According to Seaton and Bennett, the majority of the advertisement budget in tourism is spent for brochures, CDs, travel guides and point-of-sale displays. Brochures promote an area (publicised e.g. by government tourism offices) or tourist suppliers. A combination of both is the most effective. Brochures should be factual, reliable and credible but have an eye-catching layout (Davidoff and Davidoff 1983). The facts are particularly important for travel intermediaries (e.g. travel agencies) as they inform and advise the end customer. Because of the importance of brochures, some rules have to be respected:
  
  ✓ **Aim at the target market:** if there are several, the production of various brochures is advisable;
  ✓ **Keep in mind the marketing objectives;**
  ✓ **The content should include information for taking action, including contact data.** Brochures can be distributed directly via mail, via tourist suppliers, transport terminals and car service stations, public tourism organisations, chambers of commerce, associations and clubs, tourist information centres, displayed at public events and trade intermediaries (e.g. travel agencies).

The importance of travel guides is underlined by Boyer and Viallon (1994) who also mention the significance of road maps, combined with information about a destination.

**Coltman (1989) mentions further advertising means, such as:**

- **Shows/films;**
- **Trade advertising:** advertising through intermediaries, such as travel agencies, tour operators, transportation associations, accommodation/food-service/attraction organisation, etc.; the main advantage is a more targeted advertising;
- **Direct mail,** mostly in the form of newsletters, addressees travel agencies, tour operators, hotels and former/potential consumers. While being much more targeted, it is more expensive than conventional advertisements but electronic
mails have reduced the costs significantly. Mostly, they contain sales promotion, information about special events, general news from the sector and travel recommendations. They should be short and precise and can be accompanied by flyers, brochures or catalogues;

- Co-operative advertising: e.g. advertising made by resort destinations for the whole area who shares the cost with tourism suppliers in the area, resort supplying a travel agency with display materials/brochure shells (partially printed brochures) into which travel agencies can insert their own text for specific tours they wish to promote.

a) Uses of advertising in tourism industry

Advertising in tourism has many uses. They include:

- Creating awareness (e.g., Euro Disney launch in 1993);
- Advertising a special offer (e.g., a special weekend price for all hotels of Taj Group);
- Providing information on seasonal deals (e.g., Goa hotels deals in the rainy season);
- Informing about special services (e.g., new timing of an airline during summer holiday rush);
- Direct selling (tour operator selling cruises through corporate bookings);
- Soliciting consumer information (e.g. questionnaire on a new hotel to be launched to know consumer profile);
- Overcoming negative attitudes (e.g. adverts to assure people after flu scare at a destination)
- Reaching a new target audience (e.g. advertisement promoting mountaineering among school children during summer holidays);
- Providing a new use (promoting health tourism in Kerala).

b) Some effective advertising techniques in tourism marketing

The advertiser creates the message in such a manner that will capture the target market's attention and interest. In tourism marketing some techniques of message presentation have been extensively used by advertisers over the years such as following:
1) Slice of life

This technique shows some characters using or discussing the product's uses/benefits. For example, husband and wife recalling their experiences to a particular destination and decide to visit the place again.

2) Lifestyle

This style shows how a particular product fits in with a particular lifestyle. For example, Uttarakhand Tourism prints advertisement exhorting adventurous people to come for river rafting in Rishikesh.

3) Testimony

The method of selling the product is through the testimony of satisfied customers. A single person, a number of people or a famous celebrity can do it.

4) Problem solution

This method starts with a problem, introduces the product and its benefits and shows the problem resolved at the end. For example, a TV commercial shows an Indian family that wants to go to Europe for a tour and there is a problem of choosing a holiday package that provides Indian vegetarian food during the tour. The advertisement introduces a particular package and its features and finish with a satisfied family.

5) Demonstration

This method uses an actual description of the product or its use. For example, an advertisement showing the interiors of a cruise ship for promotion to make an impact on customers.

6) Documentary

This TV technique involves using real-life short films of destinations. For example, Discovery channel showing a documentary on Mystic India or Geographic channel showing a documentary on wild life of India.

Adventure tourism market segments and promotional policies there in: a study of Himachal Pradesh
7) Fantasy

This method creates a fantasy around the product or its use. For example, ads showing a honeymoon couple enjoying a particular destination for its blissful peace and privacy.

8) Musical

This method shows one or more people singing about the product. For example, Broadway actors sang the song ‘I Love New York’ to encourage tourists to visit New York. The tourist organizations often use a combination of the above-mentioned techniques while promoting tourist product.

B) Sales promotion

Short term incentives to encourage the purchase or sale of a product or service. Suppose you go to the market to buy soap. The shopkeeper suggests that if you buy two soap cakes, an extra soap cake will be given to you free of cost under “buy 2 get 3” scheme. You feel attracted to buy as by doing so you are saving money on one soap. Moreover, soap is an item which is required on a regular basis, and so you can keep the extra two cakes to be used later. This is an approach of increasing sale of a product and it is quite different from other forms of promotion.

Every businessman wants to increase the sale of goods that he deals in. He can adopt several ways for that purpose. You might have heard about “lakhati bano”, “win a tour to Singapore”, “30% extra in a pack of one kg”, “scratch the card and win a prize” etc. You might also have seen gifts like lunch box, pencil box, pen, shampoo pouch etc. offered free with some products.

The BOGOF promotion, or Buy One Get One Free. Others include couponing, money-off promotions, competitions, free accessories (such as free blades with a new razor), introductory offers (such as buy digital TV and get free installation), and so on. Each sales promotion should be carefully costed and compared with the next best alternative.

There are also exchange offers, like in exchange of existing model of television you can get a new model at a reduced price. You may have also observed in your neighbouring...
markets notices of “winter sale”, “summer sale”, “trade fairs”, “discount upto 50%” and many other schemes to attract customers to buy certain products.

a) Concept of sales promotion

Sales promotion adopts short term, non-recurring methods to boost up sales in different ways. These offers are not available to the customers throughout the year. During festivals, end of the seasons, year ending and some other occasions these schemes are generally found in the market. All these are incentives offered by manufacturers or dealers to increase the sale of their goods. These incentives may be in the form of free samples, gifts, discount coupons, demonstrations, shows, contests etc. All these measures normally motivate the customers to buy more and thus, it increases sales of the product. This approach of selling goods is known as “Sales Promotion”.

In marketing, sales promotion is one of the four aspects of promotion. (The other three parts of the promotional mix are advertising, personal selling, and publicity/public relations.) Sales promotions are non-personal promotional efforts that are designed to have an immediate impact on sales. Sales promotion is media and non-media marketing communications employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

Sales promotion is commonly referred to as “Below the Line” promotion.

Generally, there are 3 modes of Sales Promotion –

1. Consumer oriented (Pull Strategy- encouraging purchase)
2. Sales force oriented (Motivation/incentives to sales team- Results in increased volume of sales)
3. Retailer oriented (a “push strategy” encouraging the channels to stock the product). This is usually known as “selling into the trade”.

b) Methods of sales promotion

There are many consumer sales promotional techniques available

1) Price promotions

Price promotions are also commonly known as “price discounting”. These offer either
(1) A discount to the normal selling price of a product, or
(2) More of the product at the normal price.

Increased sales gained from price promotions are at the expense of a loss in profit – so these promotions must be used with care. A producer must also guard against the possible negative effect of discounting on a brand’s reputation.

2) Coupons

Coupons are another, very versatile, way of offering a discount. Consider the following examples of the use of coupons:
- On a pack to encourage repeat purchase
- In coupon books sent out in newspapers allowing customers to use the coupon at a retailer
- A cut-out coupon as part of an advertisement

3) Gift with purchase

The “gift with purchase” is a very common promotional technique. It is also known as a “premium promotion” in that the customer gets something in addition to the main purchase. This type of promotion is widely used for:
- Subscription-based products (e.g. magazines)
- Consumer luxuries (e.g. perfumes)

4) Competitions and prizes

Another popular promotion tool with many variants. Most competition and prize promotions are subject to legal restrictions.

5) Money refunds

Here, a customer receives a money refund after submitting a proof of purchase to the manufacturer. These schemes are often viewed with some suspicion by customers – particularly if the method of obtaining a refund looks unusual.

6) Frequent user / loyalty incentives
Repeat purchases may be stimulated by frequent user incentives. Perhaps the best examples of this are the many frequent flyer or user schemes used by airlines, train companies, car hire companies etc.

7) Point-of-sale displays

Research into customer buying behaviour in retail stores suggests that a significant proportion of purchases results from promotions that customers see in the store. Attractive, informative and well-positioned point-of-sale displays are, therefore, very important part of the sales promotional activity in retail outlets.

c) Sales promotion in tourism

Sales promotion is a key component of marketing efforts in the tourism industry. The results can be staggering. It is estimated that the City of Atlanta generated over $1.6 billion in revenue as a result of their bidding and sales promotion to host the 1996 Olympic Games. Beijing, China, spent over $20 billion to host the 2008 Olympic Games.

Sales promotion is one of the promotional tools available to marketers of an organisation or company. It is a marketing technique in the promotional mix along with advertising, public relations, direct marketing and personal selling. These are marketing activities which provide an extra value or incentive to either the consumer or the trade intermediaries. Their cost is often paid by the selling organisation or business. However, sometimes for more product or service consumers are willing to pay slightly more for the incremental value.

In the tourism industry, sales promotion is a common marketing strategy for both consumers and trade. Sales promotions are offered to both in advertisements, press releases, direct marketing and sales offers, and are aimed at boosting sales at a typically slow revenue period or in the shoulder seasons.

Free airline tickets for cruise reservations, two-for-one attraction admission or buy-one-ticket-get-one-free, or a special Sunday brunch for repeat resort customers are among typical examples of efforts to attract additional customers. Trade sales promotions include point-of-purchase displays, contests and dealer incentives, training programmes, trade show representation and cooperative advertising.
Examples of these include a cruise company paying travel expenses for representatives of a destination marketing group to attend a trade show, a hotel company offering a reduced room rate to an airline that is packaging air-land itineraries so that the airline has a larger profit margin, and a car rental company and an attraction entering into a cooperative advertising programme.

Sales promotions are typically offered for times when business volume is lower than peak months. Often they are called 'blitzes' because of the immediate response that is desired. Other occasions for sales promotions include the launch of new products by offering samples and coupons to create awareness for it, attending a trade show and offering a special-priced vacation package plus a drawing for a free vacation, and sponsoring a major event and creating a commemorative product.

C) Public relations

Public Relation is a management function that involves monitoring and evaluating public attitudes and maintaining mutual relations and understanding between an organization and its public. Public could include shareholders, government, consumers, employees and the media. It is the act of getting along with people we constantly come in touch with. PROs ensures internal cohesion in the company by maintaining a clear communications network between the management and employees. Its first objective is to improve channels of communication and to establish new ways of setting up a two-way flow of information and understanding.

Public relations involves the cultivation of favorable relations for organizations and products with its key publics through the use of a variety of communications channels and tools. Traditionally, this meant public relations professionals would work with members of the news media to build a favorable image by publicizing the organization or product through stories in print and broadcast media. But today the role of public relations is much broader and includes:

- Building awareness and a favorable image for a company or client within stories and articles found in relevant media outlets
- Closely monitoring numerous media channels for public comment about a company and its products
• Managing crises that threaten company or product image
• Building goodwill among an organization’s target market through community, charitable and special programs and events

Here our focus is on how public relations support marketing by building product and company image (sometimes referred to as publicity). Yet, it should be noted that there are other stakeholders companies reached via the public relations function, such as employees and non-target market groups. Favorable media coverage about a company or product often reaches these audiences as well and may offer potential benefit to the marketer.

Public relations are another major promotional tool of building good relations with the public by obtaining favourable publicity, good corporate image and handling unfavourable events.

a) Objectives of public relations

Like other aspects of marketing promotion, public relations is used to address several broad objectives including:

• **Building Product Awareness** – When introducing a new product or relaunching an existing product, marketers can use a PR element that generates consumer attention and awareness through media placements and special events.

• **Creating Interest** – Whether a PR placement is a short product article or is included with other products in “round up” article, stories in the media can help entice a targeted audience to try the product. For example, around the holiday season, a special holiday food may be promoted with PR through promotional releases sent to the food media or through special events that sample the product.

• **Providing Information** – PR can be used to provide customers with more in depth information about products and services. Through articles, collateral materials, newsletters and websites, PR delivers information to customers that can help them gain understanding of the product.

• **Stimulating Demand** – A positive article in a newspaper, on a TV news show or mentioned on the Internet, often results in a discernable increase in product sales.
• **Reinforcing the Brand** – In many companies the public relations function is also involved with brand reinforcement by maintaining positive relationships with key audiences, and thereby aiding in building a strong image. Today it is ever more important for companies and brands to build a good image. A strong image helps the company build its business and it can help the company in times of crises as well.

b) Public relations tools

Public relation professionals use a variety of methods and tools to influence the public opinion. These include:

1) **News**

News is considered as one of the most credible sources of information for the public. The public relations department of the company finds or creates favourable news about the company and its product and people. Certain events and activities are undertaken to create news that is favourably placed before the public. For example, news can be implanted as to how a particular airline is buying new airbuses to expand air travel.

2) **Speeches**

Speeches can also create product and company publicity. The corporate professionals should create occasions to arrange talks at trade associations or sales meetings to build the company’s image.

3) **Special events**

Events are image-building tools used by organizing news conferences, press tours, grand openings, multimedia presentations, hot air balloon releases and educational programmes to reach and interest the target audience.

4) **Written material**

Public relations people prepare written material to reach out to and influence their target markets. This material includes annual reports, brochures, articles, and company newsletters and magazines.
5) Audiovisual material
The films, slide- and-sound programmes, and video and audio cassettes can also be used as communication tools.

6) Corporate identity material
Such material is created to form a corporate identity that the company immediately recognizes. Logos, brochures, business cards, uniforms and company cars have become attractive tools to give a distinctive identity to a company.

7) Public service activities
The companies improve public goodwill by undertaking some activities and contributing money and time to public service activities. For example, a tourist association may involve itself in the upkeep of a tourist place at a particular destination.

Before choosing among the various tools marketers should begin by identifying their targeted audiences (e.g., target markets) and key messages they wish to send. These should align with the messages and audiences identified for the product being promoted or corporate goals for non-specific product promotions, such as corporate image promotions.

The key messages are used in the development of public relations materials and supporting programs described below. The purpose of key messages is to provide a consistent point of view over time and across numerous PR methods that reinforce product positioning (i.e., customer’s perceptions) and reach the desired target audience.

Public relation is becoming the most powerful marketing tool of communication and should be blended smoothly with other promotion activities.

8) Additional PR activities
In addition to serving as means for helping to achieve marketing objectives, public relations professionals may undertake additional activities, aimed at maintaining a positive image for an organization. These activities include:

Adventure tourism market segments and promotional policies there in: a study of Himachal Pradesh...
9) Market monitoring

Monitoring public comment about a company and its products is becoming increasingly important especially with the explosion of information channels on the Internet. Today monitoring includes watching what is written and reported in traditional print and broadcast media and also keeping an eye on discussions occurring through various Internet outlets such as forums, chatrooms, blogs and other public messaging areas. Marketers must be prepared to respond quickly to erroneous information and negative opinions about products as it can spin out of control very quickly through the new technology channels. Failure to correct misinformation can be devastating to a product or company’s reputation. It should be noted that specialized monitoring services can be contracted to help companies keep track of “buzz” about the company and its products.

10) Crisis management

Marketers need to be prepared to respond quickly to negative information about the company. When a problem with a product arises — in fact or substantiated only by rumor — a marketer’s investment in a product and brand can be in serious jeopardy. Today, with the prevalence of the Internet and wireless communications, negative information can spread rapidly. Through monitoring marketers can track the issues and respond in a timely fashion. To manage response effectively, many companies have crises management plans in place that outline steps to take and company spokespeople to speak on behalf of the company should an event occur.

c) Public relations in tourism

Nowadays travel and tourism public relations play an important role in both tactical and strategic marketing activities and in many cases are integrated with marketing communications. The tourism industry has its own specific major sectors such as hotels and lodging, restaurants, establishments, tourist destinations, and transportation service. Each mentioned sector of the travel and tourism industry has its own messages, public relations tools and audience. For instance, meeting planners are the most important to hotels, as well as travel agents; but they are of less importance to restaurants and airlines.
It is very important to create visitors’ positive perceptions and feelings about holiday destination because success in the field of travel and tourism industry depends on it much. Hotels, restaurants, destinations, attractions and transportation modes - they all need strategic and effective public relations to be successful and popular among tourists. PR department creates favorable impressions of each and every sector of the travel and tourism industry.

Working out concepts, presenting companies, planning and conducting of PR campaigns are major tasks of winning the public attention in tourism. Another direction for public relations activities is interaction with the mass media (newspapers, radio, television, internet), with clients, partners and competitors and bodies of government.

• Products such as Spas in Kerala,
• People such as Spirituality Guru or Yoga Guru,
• Ideas such as Ayurveda healing for health,
• Organizations such as Museums,
• Activities such as River rafting and mountaineering, and
• Even nations such as ‘Incredible India’ or ‘Malaysia on sale’.

Trade associations have used public relations to rebuild interest in declining interest of the consumers such as a group of hotels coming together to build a favourable image after the flu scare. Nations have also used Public relations to attract more tourists such as New York campaign ‘I Love New York’ to dispel bad images about the city and boost tourism.

D) Personal selling

The sales force of the company makes personal presentations to make sales. Personal selling occurs where an individual salesperson sells a product, service or solution to a client. Salespeople match the benefits of their offering to the specific needs of a client. Today, personal selling involves the development of longstanding client relationships.

In comparison to other marketing communications tools such as advertising, personal selling tends to:

• Use fewer resources, pricing is often negotiated.
• Products tend to be fairly complex (e.g. financial services or new cars).

• There is some contact between buyer and seller after the sale so that an on-going relationship is built.

• Client/prospects need specific information.

• The purchase tends to involve large sums of money.

There are exceptions of course, but most personal selling takes place in this way. Personal selling involves a selling process that is summarised in the following Five Stage Personal Selling Process. The five stages are:

1. Prospecting.
2. Making first contact.
3. The sales call.
4. Objection handling.
5. Closing the sale.

5.6.4 Promotion of a destination

In the particular case of a tourism destination, Coltman (1989) suggests several ways:

• Supply promotional literature for the potential tourist;

• Send tourist promotional literature to travel agencies;

• Organise travels through the country for travel trade representatives, including travel writers who have an important influence on the potential tourist (Holloway and Plant);

• Arrange contacts between travel trade representatives and tourist suppliers;

• Arrange workshops about the country's tourist assets for the travel trade representatives;

• Participate in tourism fairs: apart from the press, they also allow to meet professional and private potential customers; for being successful, a good training of the stand's manpower and preliminary information of tourism stakeholders, especially the press and tour operators, is essential. Moreover, sufficient literature should be
available at the stall. A presentation about the destination would be an additional asset, particularly for the press coverage (Holloway and Plant);

**Opaschowsk**i adds some further promotional means:

- Advertisements in travel magazines;
- Production of own magazines subscribed by tourism trade representatives and potential tourists; Sale of merchandising products, such as t-shirts with the destination's logo.

### 5.6.5 Image of a destination

According to Davidoff and Davidoff (1983: 61), "image is everything in marketing" as it decides about a product's success or failure. While it requires constant hard work to maintain a destination's positive image, a negative image is very persistent. Image problems can emerge due to the following reasons:

- Security: e.g. political unrest, terrorism;
- Price: expensive destination;
- Product differentiation: the tourist does not identify himself with this product.

According to Mill (1990), people visit a destination on the basis of media and comments from people they know. Independent of the correctness of such a picture, this image is important for the travel decision.

This thesis is supported by Seaton and Bennett (1996) stating that:

- An image is often influenced by stereotypes;
- People believe rather in comments from their acquaintances than from professional tourism institutions and advertisements;
- A destination's image is more influenced by public relations than by advertisements;
- The image of a destination varies according to the consumer group (nationality, education, etc.);
- The image of a product/destination is enhanced if it is linked to a logo or symbol.
Before starting to work on one’s image, it is important that the organisation/product/destination has to know its own image in the public and its target group (Cornelsen 2000). This is mostly done by questionnaires or other surveys.

As stated by Seaton and Bennett (1996), the image of a destination is also determined by its quality and service as it is much easier to convince a person about the assets of a destination if recommended by friends and family than by professional promotion.

5.7 The role of the different stakeholders in a destination’s promotion

According to Coltman (1989), the national government should be responsible not only for the maintenance of tourist sites, but also for an appropriate infrastructure, a proper environment and the promotion of its country as a tourist destination.

The National Tourist Office is normally responsible for the marketing of its country as a tourist destination. In most cases, it has branches abroad as well. Its tasks are, inter alia, the promotion of a positive image, familiarise the travel trade with its products and provide for an efficient information transfer about its tourist products.

Mostly, public organisations organise travels through the country for intermediaries (e.g. journalists and photographers), provide press kits for travel writers and information packages for potential tourists (Coltman). Other opportunities are special events, such as hotel openings. For reasons of synergy, they sometimes collaborate with other resorts for their promotion. This idea is supported by Opaschowski (2001) stating that holiday regions have to co-operate increasingly in public relations in order to be stronger against remote tourist competitors.

However, as mentioned by Coltman, promotion is not only done by the state but also by the attraction itself by producing brochures, carrying out advertisements and public relations. Many are collaborating with the state for promotion but this can also be carried out together with private institutions, such as hotels, airlines, other close attractions, etc. The same author also suggests the way of promoting packages stating that brochures are the most appropriate means but could be preceded by advertisements. They should ideally be distributed by travel agencies.
Further suitable tourism institutions for the promotion of a destination are described by Coltman:

- Public information offices which can be set up at border-crossings, highway entrances to destination areas and airports in order to inform the tourist at his arrival. They often dispose of abundant material about the destination, including maps, accommodation, eating facilities and attractions;
- Tourism organisations: e.g. accommodation/food-service/attraction associations, chambers of commerce, tourist information offices; through their advertisements and the provision with information to the potential tourist and tourism traders, they play an important role for the promotion; by sharing the promotional costs with other tourist suppliers, advertisements becomes affordable.

As, according to Seaton and Bennett (1996), destinations are marketed and promoted by these different institutions, a good co-operation is essential in order to be effective.

The promotion continues during the stay, i.e. through the provision of further information material about the destination (Seaton and Bennett 1996). After the trip, information to the former customers should still be distributed, containing new offers, changes in travel conditions or news about the destination.

Chapter Summary

The concept of market segmentation was originally given by Smith in 1956. He states that every tourist is different. This market segmentation can be applied by any unit operating in the tourism industry: hotels, travel agencies, tourist attractions, restaurants and local charities.

The benefit of market segmentation lies in a tourist destination being able to specialize on a need of a particular group and become the best in catering for this group. Segmentation is splitting a market into smaller groups of buyers with distinct needs, characteristics or behaviors that require individual products or marketing mixes. Nowadays companies realize that they cannot appeal and reach all consumers in the marketplace. By doing so the marketers will have a better understanding of their target
Tourism Market Segmentation and Promotional Strategies

Tourism marketing involves identifying, creating, and serving different market segments. This can be achieved by better understanding the needs and preferences of the target audience and thereby make their marketing more effective.

In the literature about segmentation, a number of related concepts and terms are used. These related concepts are: targeting, personalisation, tailoring, customisation and adaptation. Although many different typologies of segmentation practices exist, Myers managed to divide these into two distinct segmentation approaches, namely approaches based on consumer characteristics and approaches based on product or service-based variables. Consumer-based variables involve specific characteristics differentiating consumers or users in ways that are meaningful for strategic planning purposes, and consist of such variables as demographics, motives and needs. Product or service-based variables deal with specific features of the product or service to be delivered, such as physical features, the types of benefits consumers or users want and usage motives.

The general term for the techniques used for segmentation is data-mining. Data-mining as a general term is “the science of extracting useful information from large data sets or databases”.

Some models which are prevalent in tourism industry to segment the markets are

(i) The Minerva model, which divides people into 5 different lifestyle segments based on their values and each of these segments is designated a colour; the blue, the green, the rose, the violet and the grey. (ii) The Mosaic model is a segmentation system developed by Experian and exists in many countries worldwide. It is based on the geodemographic values.

In the last part this chapter highlights the concept of promotion, which means activities that communicate the merits of the product and persuade target customers to buy it.