

# THE BACKGROUND OF MARKETING STRATEGY IN THE TOURISM DOMAIN

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## **Abstract**

*This paper tries to develop an algorithm towards the future of the tourism domain by using marketing strategy. In the near future emerging markets' tourists will be a slice of revenue wanted by developed economies and this will hurt the actual emerging economies. There are countries like Australia, New Zealand and Germany that are developing strategies for 2020 timeframe to reach better niches for increases their revenue in the tourism domain.*

*The purpose of the paper is to highlight the novelty created by marketing strategy in developing niched tourism and targeting the market on the long run, the 2020 strategy and timeframe.*

**Key words:** niche, marketing strategy, tourism, emerging markets, developed economies

**JEL codes:** F63, M31, O19.

## **1. INTRODUCTION**

Today's tourism domain has become one of the most important factors in Gross Domestic Product contribution worldwide. It plays a significant role in socio-economic development of a country. Most of the tourists prefer to visit in different destinations for different reasons (for example: For Business, Study, Attend international conferences, Vacations and holidays, Treatment, Meet with family members and friends, to see events like world cup, Olympic etc. – Sarker, Begum, 2013, pp. 103-107). It is recognized that most of the developing countries now generate economic benefits through its tourism domain. In past, the government may have been reluctant to invest for tourism development, but in this modern age the situation has changed.

Now government concentrates on not only tourism but also hospitality management like hotels, motels, restaurants, transportation, security and entertainment etc. Romania as a developing country is moving towards facing challenges of globalization. It has beautiful sights and historical places which are able to grow attention to international tourists, but this domain failed to grow properly because of lack of sustainable and effective tourism marketing strategies and reluctant attitude of different governments to develop this domain.

## **2. MARKETING AS A STRATEGY TOOL**

Marketing strategy is the outcome of a firm's segmentation, targeting and positioning choices at the level of the Strategic Business Unit (Webster, 2005, pp. 4-6). This philosophy is supported by marketing textbooks (for example, Kotler, 2003), where this process is enforced as the core of marketing strategy. In other words, the main concept of marketing strategy involve the tasks of identifying and choosing the target segments in where the actual and potential customers are living and desired to purchase the product. In higher level, there are three marketing strategy, market segmentation, targeting and positioning in reaching minds of the target customers and offer them suitable products/ services that will serve

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customers special interests. The term "segmentation" appears to have been originally introduced by Smith (1956). According to Kotler (2000), market segmentation means dividing the whole market into different parts on the basis of various variables. Target Marketing involves breaking a market into segments and then concentrating marketing efforts on one or a few key segments. According to Kotler et al. (2003), positioning is the way the product is defined by tourists on important attributes; it is the place the product occupies in tourists' mind relative to competing products.

Niche marketing has been used synonymously with "market segmentation", "target marketing", "micromarketing" "regional marketing", "focused marketing" and "concentrated marketing" (Dalgic and Leeuw, 1994, pp. 39-55; Linneman and Stanton, 1992). It is, however, none of these and all of these. From an overall firm strategy perspective, a niche market strategy is defined as "an emphasis on a particular need, or geographic, demographic or product segment" (Teplenskyet al., 1993, pp. 505-527). Kotler (2003) states that niche markets are usually constructed by dividing a segment into sub-segments and that the key issue in niche marketing is specialization. Shani and Chalasani (1992, pp. 43-52) differentiate between market segmentation and niche marketing. They characterize market segmentation as a top-down approach. A literature search by Kara and Kaynak (1997, pp. 873-895) came to the conclusion that niche marketing takes market segmentation one step further in terms of creating a distinct group of customers.

To better observe the entire economic process that helps benefit the tourism domain through marketing strategy there is the following figure as working algorithm:

**Figure 1. The Economic flow in the tourism domain**



### 3. THE POWER OF MARKET SEGMENTATION AND TOURSIM STRATEGY

Market segmentation strategy plays an important role in the success of tourism marketing objectives. A tourist market may be identified corresponding to each tourist product. In that sense, we can define market is a set of actual and potential buyers of each product. There are five segmenting variables: Geographic, Demographic, Geo-demographic, Psychographic and Behavioral (Kotler et al. 2002).

To segmenting the target market it emphasize on two variables that are the following:

- Demographic segmentation;
- Psychographic segmentation.

Demographic segmentation are usually large because in that segment tourist product can attract a limited number of groups and age provides the biggest range of options for defining a large number of groups. Psychographic segmentation provides us depth information of tourists. By this segmentation we understand about tourists' personal interests, motivations, aspirations and emotions etc.

Actually demographic segmentation cope is vast and easy to understand but the variables of psychographic segmentation is so depth that is needed to explore. The living pattern, day to day activities and the entertainment item consumed by the tourists is most important. For psychographic segmentation customers special interests, hobby, opinions, and attitudes towards different types of vacations is important.

Marketing positioning is also important because it reaches the following niches:

1. Niches market for summer resorts (the Black Sea's beaches);
2. Niches for forests and hills;
3. Niches for historical places;
4. Niches for archaeological sites.

To better promote the tourism domain' products there are some top down measures needed to be taken. These measures should be:

- a. For beaches authority should establish more hotels, motels and security. Authority can encourage local people to participate for their own economic benefit. Local authority should upgrade the infrastructure of beach sites;
- b. For eco-tourism authority should protect the green environment and forest also. Local authority should initiative to involve villages in the process of eco-tourism;
- c. For historical place authority should promote its historical places and marketing these places through promotional mix. It is so important to preserve historical places;
- d. For archaeological sites authority should develop communication (transportation) facilities to reach these sites and establish standard hotel and restaurants nearest to sites. It is necessary to train up the human resource of different sites office to guide the foreign tourists properly. It is important to offering the key products to niche markets in different way in compare to competing countries.

Similar to the Europe 2020 strategy, there are in many developed countries strategies that are conducted towards a better marketing for attracting tourists. One of the best situated countries in this strategy is Australia, a country that is remotely situated, but has chances in developing the Tourism 2020 Strategy for receiving a slice of the global marketing resources in tourism (Bodislav, 2015, pp. 257-264). Despite of being remotely positioned and already being developed, for its promotion Australia also targets tourists from developing countries.

A survey (Tourism Australia, 2015) developed at global level regarding market strategy in tourism emphasized the value of an integrated strategy because it highlights what will happen

at global level with the power of purchases for tourists.

The main findings of the research are that:

1. In 2020 the biggest markets worldwide will be:
  - a. China and Hong Kong;
  - b. USA and Canada;
  - c. United Kingdom

These five countries combined could bring almost 4 billion USD towards any developed country.

2. In 2020 markets that have spending potential of around 2 billion USD are:
  - a. Australia and New Zealand;
  - b. South Korea;
  - c. Singapore;
  - d. Malaysia
3. Also in 2020 there will potential markets that have an export power in tourism of more than 1 billion USD, like:
  - a. Japan;
  - b. Indonesia;
  - c. Germany;
  - d. Middle East
  - e. Italy
  - f. France

#### **4. CONCLUSIONS**

In this economic turmoil marketing strategy represents a powerful tool towards economic development and attracting new revenue to increase the Gross Domestic Product of a country, be it Romania, Germany, Australia, or even USA, it doesn't matter the economic development' layer, but the power to attract through general tourism or by using niched solutions.

Finally, the findings of this research will help the policy maker to implement niche market strategy to serve the target sub groups of international tourists. By using skilled private tour operators it can attract more foreign tourists to visit its four key products Beaches, Eco-tourism, Historical place and Archaeological sites in addition to promotional program, establish tourist office in abroad and updated websites.

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