

CHALLENGES OF STRATEGIC MARKETING OF TOURIST DESTINATION UNDER THE CRISIS CONDITIONS *

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Ljiljana Stanković, Suzana Đukić

University of Nis, Faculty of Economics, Serbia
ljiljana.stankovic@eknfak.ni.ac.rs, suzana.djukic@eknfak.ni.ac.rs

Abstract. *Tourist destination management, in contemporary business conditions, based on strategic approach providing innovative and well co-coordinated tourism products is exceedingly important for tourism regions. Balancing the strategic aims of stakeholders and increasing total economic benefits are the most important objectives of the strategic marketing of a destination.*

Key Words: *Strategic Marketing, Tourist Destination, Management, Competitiveness, Crisis.*

INTRODUCTION

Global competitiveness and tourism concentration create numerous challenges and problems in the creation of consumer loyalty and sustainable competitive advantage in the tourism product market. The problems are evident in demand management and creation of unique image of a particular tourist destination. Involvement of a great number of different organizations in creation and marketing of tourism products of a tourist destination makes it difficult to align their different interests and aims. On the other side, these organizations enter different kinds of partnerships for the purpose of achieving individual and mutual effects. Balancing the strategic aims of stakeholders and increasing total economic benefits are the most important objectives of the strategic marketing of a destination. This involves value creation for all participating partners through development of integrated marketing that contributes to the creation and advancement of attraction and unique image of a destination.

Tourism, as an economic activity, has a growing importance for the development of not only a particular region, but also national economy as a whole. This is an area of increasing development. According to UNWTO data (www.unwto.org) in the last 50 years

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tourism revenue increased with the average annual growth rate of 11%. The data according to which tourism has a $\frac{1}{4}$ share in the total service export indicates the importance of tourism for economic development. The data regarding the EU is also illustrated. Approximately 4% of the total number of employees in the EU work in the tourism sector. In the countries belonging to the group of 20 most developed, the percentage is higher and totals 5%. Employment growth in this sector is above average for the whole economy. The share of tourism in GDP is 4% (Brussels 2006 and 2007; www.unwto.org). Tourism is the generator of economic development.

The development and implementation of innovative marketing strategies of a tourist destination demand a change in its definition and understanding. Marketing and management literature is constantly enriched by new approaches to tourist destination as an integrated tourist product. The bases of this product comprise (Bakic, 2005):

- Destination attraction – the range of original factors that represent the basis for the image creation of a particular destination.
- Destination accessibility – measured by economic distance expressed in travel expenses,
- Conditions of visiting a destination – availability of objects for accommodation and other important contents of stay.

The traditional view of a tourist destination as a geographic area (country, town, and island) is replaced by a new one that starts with consumer perception depending on a cultural environment, travel purpose, education level and past experience. For example, London can be a destination for German businessmen, Europe for Japanese tourists seeking entertainment. For some tourists a cruise is a destination, for others the ports visited during the travel. On the other side, there are destinations that are artificially divided by geographic and political barriers. However, tourists perceive them and consume as a part of the same product (for example, the Alps are divided between two countries). In that sense, a tourist destination represents the product mix consummated by tourists under the destination name. The key characteristics of a destination are:

- Attractions (natural, man-made artificial, purpose built, special events, heritage);
- Accessibility (entire transportation system comprising of routes, terminals and vehicles);
- Amenities (accommodation and catering facilities, retailing, other tourist services);
- Available packages (pre-arranged packages by intermediaries and principals);
- Activities (all activities available at the destination and what consumers will do during their visit);
- Ancillary services (services used by tourists such as banks, telecommunications, post, newsagents, hospitals, etc.).

Holistic marketing of a tourist destination is viewed as a strategic approach. The development of holistic marketing of a tourist destination enables tourism workers efficient utilization of resources and capability for undertaking rational actions that contribute to the realization of strategic aims.

TOURIST DESTINATION MANAGEMENT

Destinations are some of the most difficult entities to manage and market, due to the complexity of the relationships of local stakeholders. Managing and marketing destinations is also challenging because of the variety of stakeholders involved in the development and production of tourism products.

Their strategic interests and aims can be different and often conflicting. Consumers, however, experience a particular destination as a total experience comprising, in essence, resources of a region, services and products that represent the collection of professional and personal interests of all the people living and working in that destination. Marketing strategy should under these conditions ensure strategic alignment of aims of a tourist destination, its long term attraction and competitiveness. Strategic actions should integrate the wishes of consumers and all the participants in value creation for them: natives, entrepreneurs, investors, tour-operators, mediators and other interest groups. Conflicts among stakeholders increase when they are oriented towards achieving short term benefits. Managing a marketing destination, also, must integrate the principles of sustainable tourism and of ensuring rational utilization of public assets (mountains, seas, rivers). A compromise encompassing all these interests is extremely difficult if not impossible, but is the key to long-term success (Kotler, 2006; Buhalis, 2000).

Managing a tourist destination, under contemporary conditions, is based on a strategic approach according to which providing innovative and well co-ordinated tourism products is therefore exceedingly important for tourism regions. Producing innovative and specialised tourism products will enable destinations to attract intentional demand and to differentiate their products. Destination product differentiation is based on the research and recognition of unique tourist needs for a tourist destination as a specific geographic and socio-cultural region. Tourist satisfaction measurement becomes an important standard of strategic control and business success. The key marketing aim is generating satisfaction of tourists and satisfactions among interacting tourists and hosts, and not the increase of the number of tourists and consumption of tourism as a commodity. It must adopt societal marketing strategies. It is also important to monitor continually host reactions to tourists, for host – tourist interaction is an important component of the tourist experience and being aware that infrastructure development of tourism resort areas has implications for the types of tourists that will be attracted (Ryan, 1997).

Therefore, the strategic aims of a destination must incorporate the aims of all stakeholders involved in the creation of value for tourists as well as long-term interests of the environment. The development and implementation of strategic objectives at destinations depends on relationships between stakeholders and thus the implementation of the key generic strategic objectives (Buhalis, 2000):

- Enhance the long-term prosperity of local people;
- Delight visitors by maximising their satisfaction;
- Maximise profitability of local enterprises and maximise multiplier effects;
- Optimise tourism impacts by sustainable balance between economic benefits and socio-cultural and environmental costs.

Understanding of the image of a tourist destination is of essential importance for strategic management. Tourists perceive a destination as a brand composed of numerous products and services. Their initial perception of a destination is formed on the basis of past experience, mouth propaganda, commercial sources of an enterprise.

The image of a destination comprises two connected components: perceptive assessment related to knowledge and personal beliefs (of tourists) and emotional assessment related to the emotions of individuals regarding a particular destination (Kotler, 2006). These components together create the image in the eyes of tourists, which is the basis for next choices and passing on to others. Tourist overall experience is composed of numerous small encounters with a variety of tourism principals (such as taxi drivers, hoteliers, waiters), as well as with elements of the local attractions (such as museums, theatres, beaches, theme parks, etc). Their overall impression develops their image of a destination after their visit. As a consequence there is overlapping between strategic marketing of a destination and each individual supplier in the region. Therefore, there is overlapping between strategic marketing of the destination as a whole and of each individual supplier in the region. Their competitiveness is, on one side, interrelated, but very different on the other.

The image of a destination represents the essence of its value that management has managed to use for the creation of a favourable market position. In order to be a source of competitive advantage, the image must be unique for the creation of a stable and strong impact on consumers in the process of decision making about buying. The whole image is the result of the combination of tangible and non-tangible elements used for the creation of a wanted image on the market: attractive, functional, tangible and organizational (Jovičić, 2000). Attractive elements are the objects and space parts that have utility value since they satisfy the needs of tourists. These motives can be natural (climate, flora, fauna) and anthropogenic (cultural and historic heritage, fares, manifestations, festivities). Functional elements are development forms of tourist circulation (recreation, cultural and mountain tourism, excursions) that reflect socio-economic and space characteristics of tourism. Tangible elements comprise different types of services in tourist circulation, which form the material basis of circulation which form the basis of tourism in the destination. Planning of tangible elements is in direct connection with the functional elements of a destination. Organizational elements represent a system of measures for optimal development and alignment of heterogeneous aims of tourism in the destination (regulations, cadre, promotion activities).

If consumer perception of a destination creates delight, consumers are ready to pay premium price. Therefore, local resources and their sustainability become a central asset for destinations and tourism suppliers. On the other side, destinations may involve demarketing i.e., the discouragement of certain market segments from visiting the destination during certain periods, through a range of prohibitive measures or by charging premium prices. For example, Venice, which deters more visitors by charging premium prices for all services offered and recently initiated negative advertisement to reduce mass tourism. Some towns aim to attract only visitors who contribute little to the local economy by controlling their parking processes, etc.

COMPETITIVENESS ADVANCEMENT OF A TOURIST DESTINATION

The most important objectives of strategic marketing of a destination are: identification of the type and characteristics of the destination, identification of the life cycle phase of the destination, selection and choice of the target market. Understanding and appreciating the type of destination enables marketers to develop suitable destination marketing mixes and deliver them to the appropriate target markets. Nevertheless, most destinations can be

classified into several categories which represent their principle attractiveness: urban destination, seaside destinations and resorts, alpine destinations, rural tourism, authentic countries, unique-exotic-exclusive (Buhalis, 2000). Some of these destinations satisfy combined needs of tourists: business trips, vacation, relaxation, shopping, cultural needs (London, Paris, Barcelona). Certain destinations, however, are oriented towards demand during vacations (seaside destination, alpine, rural tourism). Recently, there has been a growing demand for authentic places, countries and destinations offering unique experience to consumers (Tayland, Mauritius, Seychelles) as preferences for non-conventional destinations. These are, as a rule, destinations that do not represent the right choice for tourists. One of the main reasons for choosing a non-conventional destination is adequate relation of delivered value and paid price, which is valuable information to be used in developing marketing strategy. Each destination can only match certain types of demand and hence tourism marketers need to appreciate travel motivations in order to develop appropriate offerings and brand destinations for the right target markets. It is also important to know the needs and requests of not only existing but also potential demand. Information like this is the basis for the development of product portfolio and programming other instruments of marketing mix of different holders of tourist offer at a destination for a target market.

Consumer behaviour studies indicate that a wide range of criteria is used to select tourism products. These criteria are altered according to the purpose and features of the trip, elements of the external environment, the characteristics of the customer and the particularities and attributes of destinations.

Competitiveness of a tourist destination depends on its distinctive capabilities. Image represents an important distinctive capability of a destination. It supposes a set of attributes stemming from past actions, i.e. set of expectations and perceptions of potential tourists towards a destination. Respectable image and reputation ensure the creation of satisfaction and loyalty of tourists, broadening of positive attitudes and attracting new ones, the possibility of reaching premium price, creation of satisfaction and loyalty of employees, favourable assessment by financial institutions, etc. The degree of tourist satisfaction is the most important result of recognizable and unique image of a destination. It is created as a result of the assessment of perceived total experience towards anticipated expectations and perceptions.

Creation of good and recognizable reputation is a result of investing in numerous activities, the aim of which is the creation of a wanted image in the consciousness of all key constituents of an enterprise. Sustainability of local resources becomes one of the most important elements of the image of a destination. The conception of sustainable development needs marketing approach oriented towards environment and socially responsible development. In programming marketing instrument, it is necessary to start with the protection of consumer interests, environmental protection and control of available resources (social marketing).

The development of marketing strategy of a tourist destination demands identification of a stage in its life cycle. The main utility of the destination life cycle is to facilitate the understanding of the evolution of tourist products and destinations and to provide guidance for strategic decision making. The life cycle of a tourist destination comprises the following stages: introduction, growth, maturity, saturation, decline (Jovicic, 2002). The different stages of destinations during their life cycle illustrate how that affects their tourism impacts. This also illustrates that different stages of the life cycle require different marketing strategies and planning actions. In the early stages demand exceeds supply whilst this relationship is reversed in the maturity and consolidation stages. Marketing strategies should

focus on building awareness and promoting the destination product in the early stages of the cycle while they probably have to deal with image alteration and redesigning and re-launching the product in the later stages. The marketing mix therefore will need to be differentiated to accommodate the needs of destinations at each stage of their life cycle.

The curve that illustrates the life cycle of a destination varies in relation to different factors such as: type and degree of development, policy of authority, technological progress, approach to planning, market trend, destination competitiveness, offer quality, carrying capacity of destination, impacts and behavior of tourists, etc. In the creation of a respectable image of a destination, tourist perception is the key factor for establishing the set of attributes that they value: attraction, accessibility, amenities, available, ancillary services, etc. Research and meeting tourists demand their segmentation and the choice of target factors. Tourist segmentation in the process of choice and usage of tourist product is connected to numerous problems. Consumers, under contemporary conditions, in order to save time and reduce expenses, often combine business trips with leisure, and leisure trips often include elements of business trips. Business trips are not flexible, given that business meetings are determined by business possibilities and other reasons. Business trips are also seasonal with small demand intensity in certain periods of the year (during vacations, for example). The choice of a destination for business trips is determined by meeting partners, host organizations, as well as company policy. Pursue of consumer loyalty of a certain destination as an additional criterion for market segmentation sets forth the rate of loyalty, becomes the rate of loyalty and membership in the club of loyal consumers (Fyall, 2003). On the other side, the choice of destination by consumers that travel for leisure is the result of the use of a complex set of criteria. This group of consumers has higher price elasticity from the previous group and therefore the price is a key element in the assessment of decision making. Demand has a seasonal character and social status to a great extent determines the choice of a destination. In that sense, marketing channels have a great role in promoting the destination and influencing the end consumer.

Affinity groups can be operationalized as an efficient concept of market segmentation, because they are based on self-selection of individuals. An affinity group can be understood as a collection of people sharing an interest, place, concern, or ideal. Traditionally, marketing literature distinguishes four types of segmentation variables: geographic, demographic, psychographic and behavioural variables. Multi-attribute segmentation uses several variables in order to identify a smaller, well defined target group. Affinity group segmentation has to be considered as such a multiattribute segmentation as it combines interpersonal and intrapersonal aspects to form a homogenous behavioural segment. For destination marketing organizations the adoption of affinity group marketing is especially appealing. Tourism service providers strive to attract subjects to travel to an object which may be a hotel, a museum, an amusement park to name but a few (Mendling, at all, 2009).

ECONOMIC CRISIS-THREAT AND CHALLENGE FOR MARKETING OF A TOURIST DESTINATION

Under the impact of the world financial crisis, important changes in the economies of all countries have been created. The impact of these changes is evident in banking sector, in decreased capital inflow, decrease of demand for products and services. Slowing down of economic activity is a direct negative consequence of the financial crisis.

The financial and economic crises influence the business activity of all the participants in the tourism market, and impose the need for proper strategic response. Whether the holders of tourist demand will transform dangers into opportunity for success or will the threat endanger their strategic position, depends on the manner of response. Through continuous development and efficient utilization of resources and capabilities, it is possible to depreciate threats and respond to challenges from the environment. Experience on the ways of the response of enterprises and organizations under the crisis conditions in the past periods is the starting but not sufficient foundation for risk reduction.

Contemporary conditions of business activity have been changed in relation to past periods and demand new ways of response. Changes are necessary in the whole value chain and demand managers to continually reexamine their business portfolio, to align strategies with the changes in the environment. Acquiring and maintaining the competitive advantage demands a response to several key issues (Day, 1997): what is the structure and dynamics of the industry and competition like, how many competitors can survive in the long term and compete in the dynamic market, what current and potential competitors can survive, who are the vulnerable ones who are the drivers of new changes and movements within certain industries, whether an enterprise can affect the direction and intensity of the changes within the existing structures of industry and market and use all this for superior value creation. Survival, growth and development of a particular enterprise are conditioned by its capability to transform threats in the environment into opportunities.

Competitive advantage of a certain tourist destination based on comparative advantage is increasingly less sustainable. Under the contemporary conditions, competitiveness is sustainable if it is acquired and based on connecting different participants in the value chain. Networking and development of partner relations has become the key capability used for competitive advancement of certain destinations. Networks and relationships are the result of different investment and engagement of certain participants, holders of tourist offer. Interdependence in the networks is a dynamic category, changeable over time and conditioned by resource engagement and capability of each involved subject in the development of optimal relationships is possible to identify different levels of relatedness between certain participants in the market. Each level of relatedness demands proper relationship management. Relations can be different: between tourist enterprises, tourist organization¹ at different levels, public sector, different connected organizations, civil society, state, etc. Networking is a special business connection in which partners share risks and benefits (Hall, 2008).

Relationship management in the networks is more successful if the key business processes are shaped in order to:

- contribute to the development of new solutions in addressing problems in the system of consumption, i.e. to the advancement of the existing ones,
- increase continually the capability for acquiring and creating new inputs and their transformation into the results wanted by consumers,
- create and increase leverage of connections between participants, internal as well as external involved in relationships.

By examining relevant literature it is possible to conclude that there are different network classifications. The classification used by Achrol (Achrol, 1999) is often used to

¹ In recent years the notion of destination management organization is used (Bakic, 2009)

identify the following network types: internal market networks, vertical market networks, concentric (inter-market) networks and possibility networks. From the perspective of competitiveness advancement of a certain destination, it is possible for each holder of tourism offer to choose the type of networks to be used for the value creation.

CONCLUSION

Building long term competitive advantage of a tourist destination demands strategic positioning of a tourism product for the purpose of achieving strategic aims and unique image that is increasingly based on creation and delivery of superior value. The value system is not new. It is known that Porter uses the concept of value chain in an attempt to explain what activities create value, that is what activities destroy it. Recently, great attention is paid to examination of the ways of value creation and delivery for the purpose of more successful positioning of a tourist destination. Under conditions of a turbulent environment, the need for new marketing approach based on relationship marketing imposes itself as inevitability. Development of relationship marketing creates the system in which added value is formed for all participants. In order for this aim to be achieved, it is very important to identify the activities in the networks which contribute to value creation. Managing conflicting interests of stakeholders makes managing a tourist destination complex and challenging.

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IZAZOVI STRATEGIJSKOG MARKETINGA TURISTIČKE DESTINACIJE U USLOVIMA KRIZE

Ljiljana Stanković, Suzana Đukić

Stvaranje konkuretnosti jedne turističke destinacije u savremenim uslovima poslovanja na globalnom tržištu je veliki izazov za marketing menadžment. Inovativni marketing pristup oličen je u marketingu turističke destinacije koji omogućava željeno strategijsko pozicioniranje destinacije, uravnoteženje strategijskih ciljeva stejkoldera i održivost lokalnih resursa. Marketing turističke destinacije zasniva se na osmišljenom strategijskom pristupu i razvijanju marketing strategija programa za konkretni tržišni segment. Autori u radu istražuju značaj koncepta marketing destinacije i aktuelne izazove strategijskog marketinga turističke destinacije u uslovima krize.

Ključne reči: *destinacija, menadžment, marketing strategija, kriza*