MARKETING MIX AND ITS IMPLICATIONS IN THE TOURISM MARKETING - A STUDY

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ABSTRACT

Tourism plays a pivotal role in promoting goodwill among the people and thereby fostering socio-economic development of the country. Tourism has become a very important and dynamic sector both in the world economy and particular in the developing countries. Its growth affects not only the activities directly linked to tourism but also other sectors. Developing countries have some common characteristics, such as extreme poverty and widespread conflict (including civil war and ethnic clashes), extensive political corruption, lack of political and social stability, human resource weakness (human assets index, nutrition, health, education and adult literacy), and economic vulnerability. Tourism as an industry helps to earn huge foreign exchange reserves and creates direct and indirect employment opportunities to a very large section of the society. Tourism is a very complex industry due to its multiple activities, which satisfies the needs of the tourist (customer). The present study reveals that the growth and diversification of tourism industry in India and India tourism has become one of the major sectors of the economy, contributing to a large proportion of the National Income and generating huge employment opportunities and also focusing on marketing mix strategies for tourism marketing in India.
KEYWORDS: Tourism, Tourism marketing, Marketing mix, Socio-economic development and Employment.

INTRODUCTION

DEFINED TOURISM

There are various definitions of tourism. Theobald (1994) suggested that etymologically, the word "tour" is derived from the Latin 'tornare' and the Greek 'tornos,' meaning 'a lathe or circle; the movement around a central point or axis.' This meaning changed in modern English to represent 'one's turn.'

The Macmillan Dictionary defines “Tourism as the business of providing services for people who are travelling for their holiday”. Wikipedia defines it as travel for recreational, leisure or business purposes. The OECD glossary of statistical terms defined tourism as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.

Tourism is an important catalyst in the socio-economic development in the modern times, contributing in multiple ways and strengthen the inter-connected processes. While often portrayed as panacea for many evils such as underdevelopment, unemployment, poverty eradication, social discrimination and so on; its contribution in creating a global and regional socio-political environment for peaceful co-existence of the cultures and societies has been equally established at various levels.

OBJECTIVES OF THE STUDY

➢ To study the growth and development of Tourism marketing in India.
➢ To evaluate effectiveness of tourism marketing in India.
➢ To identify potential strategies that can contribute to increasing the competitiveness of Indian tourism.

RESEARCH METHODOLOGY

This paper made an attempt to study based on secondary data which includes journals, books, articles, newspapers, websites etc.

DEVELOPMENT OF TOURISM IN INDIA:

The tourism industry of India is economically important and grows rapidly. The first conscious and organized efforts to promote tourism in India were made in 1945 when a committee was set up by the Government under the Chairmanship of Sir John Sargent, the then Educational Adviser to the Government of India (Krishna, A.G., 1993). Thereafter, the development of tourism was
taken up in a planned manner in 1956 coinciding with the Second Five Year Plan. The approach has evolved from isolated planning of single unit facilities in the Second and Third Five Year Plans. The Sixth Plan marked the beginning of a new era when tourism began to be considered a major instrument for social integration and economic development. But it was only after the 80’s that tourism activity gained momentum. The Government took several significant steps. A National Policy on tourism was announced in 1982. Later in 1988, the National Committee on Tourism formulated a comprehensive plan for achieving a sustainable growth in tourism. In 1992, a National Action Plan was prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. In 1997, the New Tourism Policy recognises the roles of Central and State governments, public sector undertakings and the private sector in the development of tourism were. The need for involvement of Panchayati Raj institutions, local bodies, non-governmental organisations and the local youth in the creation of tourism facilities has also been recognised.

The World Travel and Tourism Council calculated that tourism generated $121 billion or 6.4% of the nation's GDP in 2011. It was responsible for 39.3 million jobs, 7.9% of its total employment. The GDP of the tourism sector has expanded 229% between 1990 and 2011. The sector is predicted to grow at an average annual rate of 7.7% in the next decade. In a 2011 forecast the World Travel and Tourism Council predicted the annual growth to be 8.8% between 2011 and 2021. This gave India the fifth rank among countries with the fastest growing tourism industry. According to provisional statistics 6.29 million foreign tourists arrived in India in 2011, an increase of 8.9% from 5.78 million in 2010. This ranks India as the 38th country in the world in terms of foreign tourist arrivals. Domestic tourist visits to all states and Union Territories numbered 850.86 million. The most represented countries are the United States (16%) and the United Kingdom (12.6%). In 2011 Maharashtra, Tamil Nadu and Delhi were the most popular states for foreign tourists. Domestic tourists visited the states Uttar Pradesh, Andhra Pradesh and Tamil Nadu most frequently. Chennai, Delhi, Mumbai and Agra have been the four most visited cities of India by foreign tourists during the year 2011. Worldwide, Chennai is ranked 41 by the number of foreign tourists, while Delhi is ranked at 50, Mumbai at 57 and Agra at 65.

The Travel & Tourism Competitiveness Report 2011 ranked the price competitiveness of India's tourism sector 28th out of 139 countries. It mentions that India has quite good air transport (ranked 39th), particularly given the country’s stage of development, and reasonable ground transport infrastructure (ranked 43rd). The Ministry of Tourism designs national policies for the development and promotion of tourism. The Ministry also maintains the Incredible India campaign. India's rich history and its cultural and geographical diversity make its international tourism appeal large and diverse. It presents heritage and cultural tourism along with medical, business, educational and sports tourism. The RNCOS-formulated report titled "Indian Tourism Industry Forecast (2007-2011)"

"objectively analyzes the current scenario and future prospects of the Indian tourism industry, focusing on different parameters of the industry such as: inbound and outbound tourism, expenditure by inbound tourists, and medical tourism in India. It helps analyze the opportunities and factors, which are crucial to the success of the tourism industry in India.

Tourism industry in India has several positive impacts on the economy and society. These impacts are highlighted below.
- Generating Income and Employment
- Source of Foreign exchange earnings
- Preservation of National Heritage and Environment
- Developing Infrastructure
- Promoting peace and stability.

Tourism is not only a growth engine but also an employment generator. According to the Economic Survey 2011-12, the sector has the capacity to create large scale employment both direct and indirect, for diverse sections in society, from the most specialized to unskilled workforce. It provides 6-7 per cent of the world’s total jobs directly and millions more indirectly through the multiplier effect as per the UN’s World Tourism Organization (UNWTO).

The importance of tourism as a creator of job opportunities can be understood from the fact that in India every one million invested in tourism creates 47.5 jobs directly and around 85-90 jobs indirectly. In comparison, agriculture creates only 44.6 jobs and manufacturing a mere 12.6 jobs. Moreover tourism is the third largest foreign exchange earner after gems and jewellery and readymade garments.

**TOURISM MARKETING**

Travel and tourism have been considered as an important industry in the service sector. The service sector consists of various kinds of industries such as financial services, health care services, and information sector services. Among these industries, tourism is one of the most important indicators of economic contributions for both developed and developing countries. An economic impact of tourism is significant, since huge amount of foreign inflow come from tourism. Moreover, tourism accounts for the major source of cash incomes, and it has been regarded as a major source of economic growth and employment creation.

The tourism industry in emerging markets is forecasted to keep increasing in the next decade. For example, the tourism industry China and India are growing rapidly, leading to a significant increase in both business and leisure travel. In particular, China will jump from fourth to second position above Japan and Germany and is forecasted to increase its travel and tourism demand four times up by 2018, accounting for US$2,465 billion, with an annual growth rate of 8.9%. The projection of the increasing trend for tourism in emerging markets is presented in table 1. However, the tourism industry has been affected by the ongoing global economic crisis. The World Travel and Tourism Council revealed the results of its Travel and Tourism Competitiveness Report (2009), explaining that the tourism trends will face a more challenging time than ever before due to the impact from an economic uncertainty. The report also predicts a downturn of international tourism particularly in emerging markets. Although the tourism industry in emerging market will face a new challenge, it is believed that the trend will be positive in the long-run if properly managed.
Thus, understanding and accurately forecast demand in the industry is essential in order to proactively survive during this tough time and effectively manage the industry over time. It is the intention of this study to develop a useful framework for estimating demand for tourism in emerging markets.

MARKETING MIX FOR TOURISM MARKETING:

The marketing mix is the way that you put together the factors under your control to satisfy the needs of your customers. These are often known as the ‘P’s’ of marketing - Product, Packaging, Placing Yourself in the Marketplace - (or Distribution), Promotion and Price.

1. PRODUCT OR SERVICE: This refers to the product or service that you sell eg. tours, accommodation, souvenirs, meals, etc. Your product needs to reflect your research of who your customers are and what they want. There are many factors that affect the way that you develop your product or service. You first need to identify exactly what your product is - what it includes and where the value is in what you are offering. Whilst this may appear obvious, there are many failed businesses that did not fully understand what their product was. As part of identifying your product, you need to consider where it fits in the market place ie. its position in relation to other operators. For instance, some accommodation operators position their property at the top end of the market, while others will develop their product to meet the needs of budget travellers.

You also need to develop an image that is appropriate for your product and its position in the market. Your image will be communicated through your business name, brochures, letterhead, business cards, signage, and advertising. It will also be represented by the appearance of your premises and staff.

PACKAGING: Packaging is the way that associated products and services are put together to form a package deal. A motel operator may develop a package that includes transport, tickets to a local concert and evening meal as part of a total package. The operator benefits by ensuring that guests dine in-house, while customers don’t have to spend time considering their options. Packaging offers great opportunities to target specific markets and explore new ones, particularly during shoulder and off season periods when business is slow eg. ‘Book five nights, get two free, plus a fruit basket and chocolates on arrival!’ Operators in regional areas can work together to develop attractive deals that will encourage visits to their region. Not only does each individual operator benefit by such arrangements, but the region in general benefits by greater visitor numbers and increased expenditure.

2. PRICE: The issue of setting rates is a complex one, and needs to be part of a detailed and objective financial feasibility for your business. It is not the purpose of this Guide to discuss the process involved in setting rates that will result in a profit for your business. In the context of marketing, however, varying the cost of your product can be used as a sales promotion tool. You can consider various sales tools such as discounting; cash back vouchers and give-aways. Often, reducing the price is seen as the only way to beat the competition, but beware - reducing your price could reduce your profit. You need to consider how discounting will affect the willingness of consumers to purchase your product and how great the effect will be. In developing a price strategy you need to look at what your competitors are charging. Before entering into a price war
you need to consider whether this will affect the perception of your product by consumers. It is possible that products offered at lower prices will be perceived as having less value. An option to price discounting is to ‘value-ads’. This can be achieved by offering extra services which will be perceived by the consumer as a bonus, but which do not add a major cost to you.

3. PLACE (DISTRIBUTION): Once you have a clear understanding of what your product is, you need to make it accessible to the public. It is likely that you will be targeting your product to markets in other parts of Western Australia, interstate or overseas. To reach these markets you may use the services of agents, or intermediaries to act on your behalf and take bookings.

Intermediaries include travel agents, travel wholesalers and inbound tour operators. Using intermediaries is the most common way of broadening the distribution base of your product and are usually necessary if a business is to expand.

There are four main channels of distribution:

Direct to the customer (no commission payable)

Where the customer books directly with you as a result of seeing your brochure, advertising, and website or is referred to you by a personal recommendation.

Via a retailer (normally 10% commission payable)

Where the customer books your product at a retail travel agency (eg. Jetset, WA Visitor Centre, RACWA Travel Centre, etc.)

Via a wholesaler and a retailer (normally 20%-25% commission payable)

Where the customer books your product from a brochure that has been put together by a tour wholesaler and sold through a retail travel agency

Via an inbound tour operator, wholesaler and retailer (normally up to 30% commission payable)

Where your product is packaged by an inbound tour operator that is included in an international wholesale holiday brochure and sold via an overseas retail travel agency

To understand these distribution channels, each of the intermediaries are considered in greater detail below:

RETAIL TRAVEL AGENTS

Retail travel agents sell travel services direct to customers and act on their behalf to book and purchase holiday packages, travel, accommodation, tours and so on.

In addition to providing a booking service, retail agents have an important role in providing information.
WHOLESALERS

Wholesalers package tour programs including travel, accommodation, and tours that are sold to the public via retail travel agents. Wholesalers do not sell directly to customers. Wholesalers link individual tourism operators with retailers. They consider what type of tour program would appeal to a particular market and package the program accordingly. Wholesale packages are usually priced lower than if the consumer was to book each component direct. Wholesalers are able to achieve this price advantage because of the volume of business and exposure they generate.

COACH TOUR OPERATORS

Operators of tourist attractions or accommodation establishments may also wish to consider attracting business from coach tour operators. Attracting the interest of a coach operator may take time. Each year coach companies receive hundreds of requests from tourist attractions and other businesses to be included in their itineraries. Send coach operators an introductory letter, brochure and invitation to visit your business or perhaps offer to host a lunch or overnight stay, if relevant.

4. PROMOTION: So far, we have been considering the ‘behind the scenes’ elements of the marketing process. The next stage in the marketing process is to promote your product to potential customers and generate sales. There are many useful promotional tools available. Unfortunately, many operators are tempted to try too many of these at the one time. In determining the most effective way of communicating your message to your target market, consider your customer profile - what do your potential customers read? Where do they go? Who influences them? etc. For example there would be little value in advertising a backpacker hostel in a business magazine, and similarly little would be gained from advertising a five star hotel in a magazine aimed at teenagers. Knowing who your potential customers are will help you chose the most effective promotion tools.

Some of the proven promotion options include:

- Advertising
- Brochures
- Direct Marketing
- Trade Shows
- Consumer Promotions
- Public Relations
- Personal Selling
- Online Technologies
ADVERTISING: Advertising includes mass media such as newspapers, magazines, radio, television and billboards. It can reach many people at once and the same message can be repeated many times. There are advantages and disadvantages to advertising. It can be very expressive and emotional in its appeal and can reach a large audience. On the other hand, it is expensive and impersonal - it is one way communication.

One form of advertising that can be cost-effective for tourism operators is newspaper advertising.

There are two main types of newspaper ads:

• **DISPLAY ADS**: These can appear in the travel pages or in the general news section of a newspaper.

• **LINEAGE ADS**: ‘Line ads’ are so-called because you are charged on a per line basis. Line ads may be placed in the classified section or a special classified section in the travel pages.

Display ads are much more expensive than line ads, however, this means of advertising is often an important source of business for small operators.

BROCHURES: Brochures are an important means of conveying your image and message to potential customers. Brochures should do more than describe the how, what, where and when of your business; they need to be visually appealing and convey the right amount of information to stimulate interest and demand. Brochures need to be easy to read with an eye-catching heading, a simple message, and easy-to-read print. They should be attractive and present the right image for the type of experience you are offering eg. using an earthy colored recycled paper would suit a nature-based tour, whereas a glossy, four color brochure may be more appropriate for an up-market hotel. It is important to also remember to allow plenty of ‘white space’ (blank areas) as cluttered brochures look busy and may turn people off from reading them. There are some basic decisions that need to be made early in the brochure production process. eg:

• What do you want your brochure to do?

• Who is the brochure aimed at?

• What size/style should it be?

• What is your budget?

• How many do I need?

Your brochure should be consistent with other brochures in the industry. These are usually either A4 in size (210mm x 297mm) or DL (210mm x 100mm). Both these sizes fit standard size envelopes. Color can be used to make your brochure “stand out” but be careful not to use colours which are too bright and which do not suit the experience you are selling.

DIRECT MARKETING: Direct marketing means contacting - by mail, telephone, fax or email - potential customers. It also includes coupon advertising where potential customers send in a
coupon asking for more information. Direct marketing usually involves sending messages (brochures, letters) to a database, which is simply a list of potential customers that have been collected because of common characteristic eg. occupation, income level, postcode or by business type or interest such as travel agents, inbound tour operators, bowling clubs, ornithological associations etc. Databases are available in different formats including mailing labels, computer disks, and lists. They are available from a variety of sources including firms that specialise in compiling databases. An advantage of direct marketing is that it is more personal, however, it does not have the same penetration as general advertising. The success of any direct marketing activity will be determined by the quality of the database and the quality and impact of the message or offer.

TRADE SHOWS: Trade shows provide the opportunity for tourism operators/RTOs to promote their business/region to the travel industry. Trade shows are a cost-effective means of servicing a large number of agents in a short period of time. It is possible to share a booth at some shows with another operator, preferably one that is not in direct competition to your business, to reduce costs. To maximise the value of participating in trade shows, it is important to follow up with buyers after the show either by letter or email. Your hard work and investment can be wasted if you do not maintain contact with, and the interest of, buyers.

CONSUMER PROMOTIONS: Consumer promotions or shows provide tourism operators with the opportunity to promote direct to consumers - ie. the general public. Consumer promotions can vary greatly and target different market segments. They can include caravan and camping shows and holiday and travel shows.

PUBLICITY: Tour operators can draw attention to their business by being ‘newsworthy’ and gaining free publicity in newspapers and magazines. Large businesses may employ a public relations (PR) professional to generate news stories and media releases which are distributed to the media.

RADIO AND TELEVISION: There are opportunities to promote your tourism product using television and radio. These include interviews, donating prizes for competitions, or using community service announcements to promote an achievement or activity of your business (this is more achievable in regional areas). Holiday and lifestyle programs also offer excellent promotional opportunities.

PERSONAL SELLING: An important way of selling your product is by personal sales calls, generally to retail travel agents, but also to inbound and coach operators and tour wholesalers, depending on what is appropriate for your business. Many small operators are not able to employ sales staff or sufficient sales staff to service all markets eg. the eastern states and overseas and may engage the services of a sales representation company to cover specific markets.

There are benefits to using a representative to act on your behalf:

- They provide a sales office or point of contact for agents. This can be particularly useful if, for example, you run a tour yourself and can’t be contacted easily.
They often provide a broad range of services and can assist with such things as advertising, direct mail and brochure production.

They provide a direct liaison with agents and can help you to focus on the more productive ones.

They can help you to develop your business.

Sales representation has a cost. It may be more economical to employ your own staff than using a sales representative to act on your behalf. Above all else, don't expect overnight miracles and treat your sales representative as part of the team.

ONLINE TECHNOLOGIES: Advances in communications have generated a host of new ways of marketing any business. Websites enable businesses to promote their product 24 hours a day to a global marketplace. Effective websites need to offer current, interesting information based on researching consumer needs. Sites should showcase your products and services, contact details and be interactive, ie. users can ask questions, give feedback or make bookings online.

CONCLUSION

Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country’s overall economic and social development. The marketing mix strategies are designed to provide a road map for almost any tourism organization or destination and to help enhance and improve their marketing efforts. Tourism marketing is the process of creating a product or providing a service. Tourism marketing is an integral effort to satisfy tourists and more so, it is a device to transform the potential tourists in to the actual tourists and tourism is the safest way to generate demand, expand market and increase the market share.

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