

# Contents

## Part I An Introduction to Travel Marketing

<b>1</b>	<b>The Tourism Industry: An Overview . . . . .</b>	<b>3</b>
1.1	Introduction . . . . .	3
1.2	Defining Tourism . . . . .	4
	1.2.1    The Nature of Tourism . . . . .	4
	1.2.2    The Ability to Travel. . . . .	5
1.3	The Tourism Product . . . . .	7
1.4	Transportation. . . . .	8
	1.4.1    Air Travel . . . . .	8
	1.4.2    Water-Borne Transportation. . . . .	10
	1.4.3    Land Transportation. . . . .	12
1.5	Accommodation . . . . .	12
	1.5.1    Hotel Brands and the Corporate Chains. . . . .	13
	1.5.2    Consortia . . . . .	14
	1.5.3    The Bed and Breakfast (B & Bs) . . . . .	14
	1.5.4    Farmhouse Accommodation and Agri-Tourism . . . . .	15
	1.5.5    Camping and Caravanning. . . . .	15
	1.5.6    Second Homes and Time-Share Accommodation . . . . .	15
	1.5.7    Educational Accommodation . . . . .	16
	1.5.8    The AirBnB Model of Shared Accommodation. . . . .	16
1.6	Ancillary Services. . . . .	16
	1.6.1    Tourist Publications and Online Content . . . . .	17
	1.6.2    Public Service and Amenities . . . . .	17
	1.6.3    Financial Services . . . . .	17
	1.6.4    Food and Beverage . . . . .	18
	1.6.5    Entertainment. . . . .	18
	1.6.6    Retail Facilities . . . . .	18
	1.6.7    Education and Training . . . . .	18
	1.6.8    Tourist Guides and Courier Services . . . . .	19

1.7	Sales and Distribution . . . . .	19
1.7.1	Travel Agency Operations . . . . .	20
1.8	Tourism Organisations and Their Stakeholders . . . . .	22
1.8.1	National Tourism Offices . . . . .	22
1.9	Tourist Destinations . . . . .	23
1.9.1	Key Elements of Tourist Destinations . . . . .	23
1.9.2	Different Types of Destinations . . . . .	24
1.10	Questions . . . . .	27
1.11	Summary . . . . .	27
<b>2</b>	<b>Understanding Customer Needs and Wants . . . . .</b>	<b>29</b>
2.1	Introduction . . . . .	29
2.2	The Rationale for Market Research . . . . .	30
2.3	Assessing the Customers' Needs and Wants . . . . .	31
2.4	The Marketing Research Process . . . . .	34
2.5	Defining the Problem and the Research Objectives . . . . .	35
2.6	Designing the Research Plan . . . . .	35
2.6.1	Market Research Techniques . . . . .	35
2.6.2	Sampling . . . . .	41
2.6.3	Probability or Random Samples . . . . .	44
2.6.4	Non-Probability Samples . . . . .	45
2.7	Research—Whose Job Is It? . . . . .	45
2.7.1	Preparing a Brief . . . . .	46
2.7.2	The Research Agency's Proposal . . . . .	46
2.8	Implementation of the Research Plan . . . . .	48
2.9	Data Analysis . . . . .	48
2.10	Preparation and Presentation of a Research Report . . . . .	48
2.11	Questions . . . . .	49
2.12	Summary . . . . .	50
<b>3</b>	<b>The Marketing Environment . . . . .</b>	<b>51</b>
3.1	Introduction . . . . .	51
3.2	Environmental Scanning . . . . .	52
3.3	The Macro Environment . . . . .	52
3.3.1	Political, Legal and Regulatory Issues . . . . .	54
3.3.2	The Economic Issues . . . . .	55
3.3.3	Social Issues . . . . .	55
3.3.4	Technological Issues . . . . .	56
3.4	Micro Environment . . . . .	57
3.4.1	Capital Structure . . . . .	58
3.4.2	Resources . . . . .	58
3.4.3	Capabilities . . . . .	58
3.4.4	Company Aims and Objectives . . . . .	58
3.4.5	Marketing Intermediaries . . . . .	59

3.5	Identifying Competition . . . . .	59
3.5.1	Analysing Competition . . . . .	60
3.6	Questions . . . . .	61
3.7	Summary . . . . .	62
	Appendix 1 . . . . .	63
<b>4</b>	<b>Market Segmentation, Targeting and Positioning . . . . .</b>	<b>69</b>
4.1	Introduction . . . . .	69
4.2	The Market Segment . . . . .	70
4.3	Market Segmentation . . . . .	70
4.3.1	The Benefits of Segmentation . . . . .	71
4.4	Segmentation Variables . . . . .	71
4.4.1	Demographic Segmentation . . . . .	72
4.4.2	Geographic Segmentation . . . . .	73
4.4.3	Psychographic Segmentation . . . . .	73
4.4.4	Behavioural Segmentation . . . . .	74
4.4.5	Product-Related Segmentation . . . . .	74
4.5	The Requirements for Effective Segmentation . . . . .	75
4.5.1	Measurability . . . . .	75
4.5.2	Substantiality . . . . .	75
4.5.3	Accessibility . . . . .	76
4.5.4	Actionability . . . . .	76
4.6	Market Targeting . . . . .	77
4.6.1	An Undifferentiated Marketing Strategy . . . . .	77
4.6.2	A Differentiated Marketing Strategy . . . . .	77
4.6.3	Concentrated Marketing . . . . .	77
4.7	eTourism: Targeting Customers in the Digital Age . . . . .	78
4.8	Targeted Segmentation Through Mobile Devices . . . . .	79
4.9	Product Positioning . . . . .	81
4.10	Questions . . . . .	82
4.11	Summary . . . . .	82
<b>5</b>	<b>Integrated Marketing Communications . . . . .</b>	<b>85</b>
5.1	Introduction . . . . .	85
5.2	Selecting the Right Communication Vehicles . . . . .	86
5.3	Advertising . . . . .	87
5.3.1	The Advertising Campaigns . . . . .	88
5.3.2	Outsourcing Marketing Communications to an Advertising Agency . . . . .	89
5.3.3	Evaluating Advertising Success . . . . .	90
5.4	Public Relations and Publicity . . . . .	91
5.4.1	Reviews and Ratings . . . . .	92
5.5	Sales Promotions . . . . .	93
5.6	Personal Selling . . . . .	94

5.6.1	Evaluating Sales Representatives . . . . .	95
5.7	Direct Marketing . . . . .	95
5.8	Interactive Marketing . . . . .	97
5.9	Planning the Integrated Marketing Communications Campaign . . . . .	98
5.9.1	The Market . . . . .	99
5.9.2	The Mission . . . . .	99
5.9.3	The Message . . . . .	100
5.9.4	The Media . . . . .	100
5.9.5	The Money . . . . .	100
5.9.6	Measurement . . . . .	100
5.10	Questions . . . . .	102
5.11	Summary . . . . .	102
<b>6</b>	<b>Tourism Distribution Channels . . . . .</b>	<b>105</b>
6.1	Introduction . . . . .	105
6.2	The Distributive Chain . . . . .	106
6.3	Air Travel Distribution . . . . .	106
6.4	Computer Reservation Systems . . . . .	107
6.4.1	Global Distribution Systems . . . . .	108
6.5	Online Sales via Websites . . . . .	109
6.5.1	Elements of Travel Websites . . . . .	110
6.5.2	Travel Search Engines . . . . .	112
6.6	Latest Advances in Travel Distribution . . . . .	113
6.7	The Future of Travel Distribution . . . . .	113
6.8	Questions . . . . .	115
6.9	Summary . . . . .	115
<b>7</b>	<b>Strategic Planning and the Marketing Effectiveness Audit . . . . .</b>	<b>117</b>
7.1	Introduction . . . . .	117
7.2	Strategic Planning . . . . .	118
7.3	The Strategic Plans . . . . .	119
7.4	Marketing Plans . . . . .	121
7.5	Performance Measurement . . . . .	126
7.5.1	Non-Financial Performance Indicators . . . . .	127
7.6	The Balanced Score Card Approach . . . . .	128
7.7	The Building Blocks Model . . . . .	129
7.8	The Performance Pyramid . . . . .	130
7.9	The Marketing Effectiveness Audit . . . . .	131
7.9.1	The Customer Philosophy . . . . .	132
7.9.2	An Integrated and Effective Organisation . . . . .	132
7.9.3	Adequate Information . . . . .	133
7.9.4	Strategic Orientation . . . . .	133
7.9.5	Efficient Operations . . . . .	133

7.10	Questions . . . . .	134
7.11	Summary . . . . .	134
<b>Part II Tourism Economics</b>		
<b>8</b>	<b>Tourism Supply and Demand</b> . . . . .	139
8.1	Introduction . . . . .	139
8.2	Determining Demand . . . . .	140
8.3	Elastic Demand. . . . .	141
8.4	Inelastic Demand . . . . .	142
8.5	Airline Demand . . . . .	142
8.5.1	Direct Attitude Survey . . . . .	143
8.5.2	A Historical Analysis of Passenger Yields. . . . .	143
8.5.3	Market Test . . . . .	143
8.5.4	Conjecture . . . . .	143
8.6	Pricing Methods and Strategies . . . . .	144
8.6.1	Prestige Pricing (or Price Skimming). . . . .	144
8.6.2	Penetration Pricing. . . . .	144
8.6.3	Cost-Based Pricing . . . . .	145
8.6.4	Volume Pricing . . . . .	146
8.6.5	Differential Pricing. . . . .	146
8.6.6	Uniform Pricing . . . . .	147
8.7	Revenue Dilution . . . . .	148
8.8	Price Determinants . . . . .	148
8.8.1	Organisational and Marketing Objectives. . . . .	148
8.8.2	Pricing Objectives . . . . .	149
8.8.3	Cost Levels . . . . .	150
8.8.4	Other Marketing Mix Variables . . . . .	150
8.8.5	Market Demand. . . . .	151
8.8.6	Competition . . . . .	151
8.8.7	Legal and Regulatory Issues . . . . .	153
8.9	Questions . . . . .	153
8.10	Summary . . . . .	154
<b>9</b>	<b>Pricing and Revenue Management</b> . . . . .	155
9.1	Introduction . . . . .	155
9.2	Defining Yield Management . . . . .	156
9.3	Differential Pricing . . . . .	156
9.4	Fare (Seat) Mix Management . . . . .	157
9.5	Non-Pricing Strategies . . . . .	157
9.5.1	Airline Overbooking . . . . .	158
9.6	Integrating Yield Management . . . . .	158
9.7	Customer-Centric Yield Management . . . . .	159
9.7.1	The Business Passengers' Requirements . . . . .	159

9.7.2	The Leisure Passengers' Requirements . . . . .	160
9.8	Revenue Management Mechanisms . . . . .	160
9.9	The Essential Criteria for Successful Yield Management . . . . .	161
9.9.1	Personnel . . . . .	161
9.9.2	Data-Driven Systems . . . . .	161
9.10	Questions . . . . .	162
9.11	Summary . . . . .	162
<b>Part III The Airline Product</b>		
<b>10</b>	<b>The Airline Business . . . . .</b>	<b>167</b>
10.1	Introduction . . . . .	167
10.2	Aspects of the Airline Product . . . . .	168
10.2.1	Short-Haul Passengers . . . . .	169
10.2.2	Long-Haul Passengers . . . . .	169
10.2.3	The Business Travel Market . . . . .	170
10.2.4	Frequent Flyer Programmes . . . . .	171
10.2.5	The Leisure Travel Market . . . . .	172
10.3	Customer Service . . . . .	172
10.3.1	Customer Service at the Point of Sale . . . . .	173
10.3.2	Online Engagement with Customers . . . . .	173
10.3.3	Customer Service at the Airport (Home and Destination) . . . . .	174
10.3.4	Inflight Services . . . . .	175
10.3.5	Post-Flight Services . . . . .	175
10.4	The Total Quality Concept . . . . .	175
10.5	Questions . . . . .	176
10.6	Summary . . . . .	176
<b>11</b>	<b>Airline Schedules Planning and Route Development . . . . .</b>	<b>179</b>
11.1	Introduction . . . . .	179
11.2	Corporate Plan and Schedules Plan . . . . .	180
11.3	Scheduling Objectives . . . . .	180
11.3.1	Satisfy the Customer . . . . .	180
11.3.2	Productivity of Human Resources . . . . .	181
11.3.3	High Aircraft Utilisation . . . . .	181
11.3.4	High Load Factors . . . . .	182
11.3.5	High Frequency . . . . .	182
11.3.6	Maximisation of Connections . . . . .	182
11.3.7	Consistent Timings . . . . .	183
11.4	The Schedules Planning Process . . . . .	183
11.5	Scheduling Constraints . . . . .	184
11.5.1	Slot Problems . . . . .	184
11.5.2	Night Curfews . . . . .	184

11.5.3	Industry Regulation . . . . .	185
11.5.4	Pool Agreements/Joint Venture Agreements . . . . .	185
11.5.5	Peak Surcharges. . . . .	185
11.5.6	Maintenance Requirements . . . . .	185
11.5.7	Standby Arrangements. . . . .	186
11.5.8	General Operational Requirements. . . . .	186
11.6	Different Routing Patterns. . . . .	187
11.6.1	The Hub and Spoke System . . . . .	187
11.6.2	The Triangular System. . . . .	188
11.6.3	The Linear System. . . . .	189
11.7	Questions . . . . .	190
11.8	Summary . . . . .	190
<b>12</b>	<b>Aircraft Operating Costs and Profitability</b> . . . . .	<b>191</b>
12.1	Introduction . . . . .	191
12.2	The Airlines' Cost Structure . . . . .	192
12.3	The Direct Operating Costs (DOCs) . . . . .	192
12.3.1	Fuel and Oil . . . . .	192
12.3.2	Maintenance Costs. . . . .	193
12.3.3	Landing Fees . . . . .	193
12.3.4	En-Route (Including Navigation) Fees. . . . .	194
12.3.5	Handling Fees . . . . .	194
12.3.6	Crew Expenses . . . . .	194
12.3.7	Passenger and Cargo Commission . . . . .	194
12.3.8	Airport Load Fees . . . . .	195
12.3.9	Inflight Catering. . . . .	195
12.3.10	General Passenger Related Costs . . . . .	195
12.4	Indirect Operating Costs . . . . .	195
12.4.1	Aircraft Standing Charges . . . . .	195
12.4.2	Flight Crew Pay. . . . .	196
12.4.3	Cabin Crew Pay . . . . .	196
12.4.4	Maintenance Labour (In-House Labour) . . . . .	197
12.4.5	Handling Costs at Base Stations . . . . .	197
12.5	Overheads. . . . .	197
12.6	The Effects of the Airline Environment on Aircraft Operating Costs. . . . .	197
12.6.1	Sector Length . . . . .	197
12.6.2	Utilisation . . . . .	198
12.6.3	Fleet Size. . . . .	198
12.6.4	Labour Costs . . . . .	198
12.7	Effect of Aircraft Design Characteristics on Operating Costs . . . . .	199
12.7.1	Vehicle Efficiency . . . . .	199

12.7.2	Crew Complement . . . . .	199
12.7.3	Engine Number . . . . .	199
12.7.4	Aircraft Size . . . . .	199
12.7.5	Aircraft Speed . . . . .	200
12.7.6	Age of Aircraft . . . . .	200
12.8	Cost Comparison Parameters and Profitability Analysis . . . . .	201
12.8.1	Cost Per Aircraft Kilometre, Seat Kilometre and Tonne Kilometre . . . . .	201
12.8.2	The Load Factor . . . . .	201
12.8.3	The Break-Even Load Factor . . . . .	202
12.8.4	Profitability and the Break-Even Load Factor . . . . .	202
12.9	Questions . . . . .	203
12.10	Summary . . . . .	203
<b>References</b>		205
<b>Index</b>		209