Chapter objectives

After reading this chapter you will:

- Understand the various approaches to tourism products.
- Appreciate the concept of experiences as tourism products.
- Recognise the various approaches to tourism markets.
- Be aware of the changing nature of tourism markets and the ‘post tourist’.
- Understand the significance of tourism market segmentation.
- Recognise the importance of the tourism product market.
- Recognise the importance of market stories in market shaping.
- Understand the nature of exchanges and interactions in tourism product markets.

Introduction

This chapter introduces the pivotal concept of tourism product markets as a key to understanding contemporary tourism marketing. We begin with a discussion of tourism products, stressing that a contemporary approach to tourism products recognises that the tourism consumer is a co-creator of products, delivering a marketing approach that allows interaction with the tourist in a continuous process. A contemporary approach is to engineer experiences as tourism products, appealing to the ‘post tourist’ market and delivering memorable, engaging tourism experiences that ‘transform’ the visitor. We then consider tourism markets and how consumer behaviour is changing. It is clear that to reach and understand
these new markets demands deep and meaningful research and contemporary approaches to market segmentation. We introduce the concept of tourism product markets to provide a framework for the interaction of buyers and sellers in tourism. The main message of the chapter is that tourism products and markets are inextricably linked; it will be seen that tourism product markets allow the clear definition of tourism products and the boundaries between them. Finally we examine the nature of the continuous exchanges and interactions in tourism product markets and the response of marketers to the challenges that these present.

Tourism products

As we noted in Chapter 1, tourism products are complex and multifaceted. As a result they have generated a considerable debate as to their nature and definition, including whether they are sufficiently different to merit a separate approach to marketing. The traditional view of a tourism product has been inherited from economics and is based upon the framework of exchange. Tourism products package together utilities and benefits for the consumer and, in tourism, exchange takes place at a destination and within a particular socio-political, environmental, technological and economic setting. There are two elements to this approach:

1. The nature of the social exchange when a purchase takes place; and

2. The functional nature of the tourism product included in the transaction.

More recently, new perspectives have been introduced including those based upon relationships, the co-creation of value and the recognition of intangible products. These new perspectives are based upon the concept of marketing services rather than physical goods; they allow consideration of all market actors and recognise that these actors will have a continuous relationship with each other. This provides a more realistic approach to the tourism product as it integrates both goods and services and recognises that tourists will purchase both when they construct a trip. This approach recognises the tourism consumer as a co-creator of goods and delivers a marketing approach that allows interaction with the customer in a continuous process, facilitated by the use of technology. This can then be taken a step further by viewing the tourism product as a bundle of tangible and intangible product attributes, with all products lying on a continuum between these types of attributes. The tourism product can also be viewed along a second continuum: from a single component; through a composite of components that are packaged or bundled together; to the total destination product itself. Gilbert (1990) extends these ideas, arguing that the tourism product is in fact the total experience. He defines the tourism product as:

‘An amalgam of different goods and services offered as an activity experience to the tourist’ (Gilbert 1990: 20).

Clearly then, there are a number of approaches to the tourism product. For example, building on Gilbert’s notion of the tourism product as the total experience, the product can be disaggregated into stages of the vacation from anticipa-
tion and planning, to booking, travel and evaluation. The merit of this approach is that it takes into account the important pre- and post-product purchase stages that influence future buying behaviour, as noted in Chapter 1. A second approach is to view the product as synonymous with the destination, such that the tourism product is an ‘amalgam’ of destination elements including attractions, supporting services such as accommodation, food & beverage, and transportation (Figure 2.1). There are significant implications of this ‘amalgam’ for tourism marketing, particularly the challenge of managing quality across the various elements, each of which is often supplied by a different organisation.

**Figure 2.1:** The Tourism product market. Source: Cooper, Scott and Kester (2005)

This approach is perhaps mirrored in the more traditional approach to understanding tourism products that is drawn from the physical goods marketing literature (Kotler et al. 2010). This approach argues that products have three key dimensions:

1. The core product delivers the product’s benefits and features and provides a reason for purchase. An example here would be the offer of a vacation in Hawaii.

2. The facilitating product must be present for the tourists to use the services. For a vacation these include transportation and accommodation. It is interesting that it is this part of the product that is cut to a bare minimum in the business model of low cost carriers. They replace paper tickets with e-tickets and bookings are made on the Internet to avoid interaction with an expensive sales person. The low cost carrier business model delivers the facilitating elements of the product in a different way.

3. The augmented product delivers added extras that allow the product to compete. For a vacation in Hawaii, it may include a free night, free transfer or complimentary drinks on arrival. For low cost carriers, in the early days of
their operation, free seating was common, but some carriers now augment their service by providing allocated seating.

Finally, tourism products can be viewed as evolutionary, beginning with the development and formulation of new products, then building sales along a cycle of evolution. Development of new products is the main form of innovation in tourism and is essential for sector growth. They are important to diversification, increasing sales and profits and competitive advantage. As the product becomes established it may then move through the various stages of the life cycle, an approach adapted by Butler (1980) for destinations in the 'tourism area life cycle'.

**Experiences as tourism products**

An example of the development of a new product in tourism, and a core concept of this book, is the idea of the product as an experience. This is different to Gilbert’s (1990) idea of the tourism product as the total vacation experience; rather in this case we are looking at specific tourism products developed and engineered as ‘experiences’.

In 1982, Holbrook and Hirschman’s pioneering paper came up with the idea of seeing consumer behaviour as seeking hedonic and aesthetic experiences to add to the notion of consumer behaviour being purely about information processing. This approach works well for tourism because, as tourism markets mature, they seek authentic tourism products. Effectively, tourism sells a staged experience, and suppliers and destinations are responding to this challenge by delivering experience-based products. In 1999, the experiences concept saw two important publications. Pine and Gilmore (1999) came up with the term ‘experience economy’, whilst Schmitt (1999) published an influential paper on the idea of experiential marketing with the focus upon consumers achieving pleasurable experiences.

In the experience economy, changing values from older to younger generations mean that consumers are seeking new meaning and self-actualisation in their tourism consumption patterns as they move beyond material possessions and services to experiences. Arnould et al. (2002) show that this consumption of the tourism experience takes place over a stretched period of time and can be thought of as taking place in four distinct stages:

1. **The pre-consumption experience.** This involves searching for information about the experience, planning it, daydreaming about it and imagining the experience.

2. **The purchase experience.** This derives from choosing the experience, paying for it and packaging the encounter with the service delivered and the environment where the experience takes place.

3. **Core consumption experience.** This takes place whilst the experience is performed or delivered and includes the sensation of the experience, satisfaction or dissatisfaction with it and the way that the experience transforms the consumer.