

# Understanding the Sustainable Development of Tourism

4

## Marketing for Sustainable Tourism

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# 4

## Marketing for Sustainable Tourism

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### Rationale

The aim of this chapter is to introduce and discuss sustainable tourism as applied to tourism and hospitality marketing. Students will explore the ways in which tourism and hospitality marketing can play a more responsible part in tourism sustainability. 'Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others' (Kotler et al., 2005: 13). It is concerned with determining consumer needs and preferences, creating appropriate products, communicating information about products to consumers and advertising their benefits, in a sustainable manner. The knowledge, ethics and attitudes of stakeholders can have a major effect on the achievement of sustainable tourism objectives within individual businesses and within the broader tourism destination.

For tourism development to have sustainable outcomes, business operations must be sustainable. Sustainable development for business means 'adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining, and enhancing the human and natural resources that will be needed in the future' (IISD (Institute for Sustainable Development), 1994: 4). This chapter identifies how tourism marketing activities can contribute to the development of sustainable tourism.

### Learning outcomes

After the completion of this chapter the student should be able to:

- ◆ Apply the principles of sustainable tourism to the marketing of tourism
- ◆ Identify sustainable tourism marketing practices from the destination management organisation perspective
- ◆ Identify sustainable tourism marketing practices from the tourism business perspective
- ◆ Understand how the principles of sustainable tourism can be incorporated into the Strategic Marketing Systems model
- ◆ Understand how market intelligence and market research can be used to monitor and evaluate destination and enterprise performance in progressing towards the achievement of sustainable tourism marketing objectives.

(Luger, 2001). This means that businesses must identify which segments are most appropriate based on their travel behaviour including the types of products and services they demand, the timing of their visit and the duration of their stay. These factors must correspond with the resources available at the destination.

### Industry insight – The Green Passport Campaign

The Green Passport Campaign is an initiative of the International Task Force on Sustainable Tourism Development aimed at accelerating the global shift towards sustainable consumption and production. The Green Passport website introduces travellers to some of the things they can do to help make tourism a more sustainable activity.

(<http://www.unep.fr/greenpassport/>)

### Product strategy

Product 'comprises the designed shape or form of a service offer, or product characteristics, that a business offers to targeted customers' (Middleton and Hawkins, 1998: 111). In travel and tourism, products have to be understood at two levels: first, the overall tourism product comprising all of the product/service elements a visitor consumes from the time they leave home to when they return; and second, specific, mainly commercial products, which are components of the overall tourism experience and which may include accommodation, transport, food and beverage, and attractions.

The essence of marketing is to design a product to fit the market. A product strategy is 'concerned with the offering of a range of different products and services to satisfy market needs' (Lewis *et al.*, 1995: 79). The growing number of green and ethical traveller websites suggests that there is a growing demand for quality tourism products that are sensitive to their surrounding cultural and physical environments. This in turn has led to the emergence of a variety of green tourism accreditation schemes for tour operators and accommodation providers such as Green Globe, the Green Tourism Business Scheme, Ecolabel and the Green Key programmes. These schemes aim to formally recognise those tourism organisations that are actively committed to the protection of the environment. Tourism organisations should consider how their product strategies can lead to the development of more sustainable tourism products that meet the criteria of these accreditation schemes so that they can achieve the benefits that come with a positive environmental image allowing them to capitalise on growing consumer demand for sustainable tourism products.

## Industry insight: 'The Green Key' accreditation scheme

The Green Key is an international eco-label for leisure organisations. It originated in Denmark for the hotel industry but now exists in 13 countries and incorporates hotels, youth hostels, conference and holiday centres and campsites. Organisations awarded the Green Key fulfil technical criteria, management criteria and criteria on communication. Onsite checks are performed regularly on all Green Key owners. The Green Key is unique among tourism eco-labels as it also focuses on environmental education. The firm's staff, guests and suppliers all have a role to play in the achievement of the Green Key criteria. In each country a national steering group with representation from authorities, NGOs and business associations look after national Green Key activities and approves all applications from new Green Key businesses. Each business periodically receives a control visit from the national Green Key operator to ensure they are adhering to the accreditation criteria. Research suggests that Green Key businesses use up to 20% less electricity, 25% less energy for heating, and 27% less water per guest.

(<http://www.kmvk.nl/greenkey/about.lp>)

## Competitive strategy

In developing a competitive strategy the firm chooses its competition including when and where it will compete. Based on objective situational analysis of where it is now, where it wants to be and how it can get there. In order to succeed, it is important to find a market where there is clear advantage and matching the product strengths with the chosen market (Lewis *et al.*, 1995).

In choosing where to compete, tourism firms should adopt a long-term view. There are numerous examples of firms that have opted for a short-term view, focusing on attracting the maximum number of visitors and associated expenditure in the shortest period of time. Such a short-term outlook has resulted in many firms contributing to the degradation of the attractions at the destination that appealed to tourists in the first place, leading to a decline in tourist visitation and revenue in the long term. Such an outlook is incompatible with sustainable tourism operations and sound destination stewardship.

Porter (1980) suggests that firms compete using one of three generic strategies: cost leadership, differentiation, and focus or niche marketing. In marketing for sustainable tourism, firms need to consider how each of these strategies might impact upon the achievement of sustainable tourism objectives.

### Cost leadership

Cost leadership is a strategy commonly used by tourism firms aimed at reducing operating costs and in turn product prices in an attempt to increase the volume of tourist visitation. To ensure that such a strategy is consistent with the sustainable tourism objectives of the business, managers should consider how their pricing strategy will impact not only on tourist demand for their products but also on the environments at the destination. Issues for consideration here include:

- ◆ The volume of tourist flow that is deemed appropriate
- ◆ The types of tourists being attracted
- ◆ The activities undertaken by such tourists
- ◆ The compatibility of these factors with the goals and quality of life of the local community.

Prices reflect commercial judgements of what the market will bear and they effectively determine the nature of the segments to be attracted and the volume or capacity to be offered. Cost leadership tactics enable a business to match its competitors' offers and are commonly used by tourism firms to address the issue of the perishability of their products, by selling any unsold capacity at the last minute. This process often dictates the price of products in the short term.

When formulating a pricing strategy, businesses should consider the various costs that need to be covered such as purchasing equipment, paying staff, training and overheads. The cost of environmental access, protection and management should also be factored into the costs that need to be covered by the product price, so that the environment is no longer treated as a free public good. Until this happens, environmental degradation and unsustainable practices will continue to take place.

### **Differentiation**

Differentiation means differentiating a product or service from those of other firms in the entire potential market (Lewis *et al.*, 1995). If a business can distinguish its product or service from those of its competitors, then it is assumed that the customer will perceive greater utility, better price/value or better problem solution in the firm's product, and this will result in increased demand for the product.

Tourism firms can differentiate their product by offering a sustainable alternative to existing products on the market. Differentiation may be through attributes of the product itself such as environmentally friendly features, ethical purchasing or through advertising and promotion, which emphasise the benefits of using sustainable alternatives.

### **Focus/niche marketing**

This strategy involves a business seeking out a unique market niche so as to avoid confrontation with other large competitors. Here the firm dedicates itself to serving one tourist market or focusing on one specific tourist activity so as to reduce the amount of overall direct competition. Ongoing market research can allude to emerging sustainable tourism markets and associated needs and demands upon which individual firms can choose to focus their marketing efforts so as to create new products or to market old products in new ways. For example while safari tourism operations in Kenya and Tanzania are not new, the approach to marketing and providing these products is. The new approach takes into account the need to impact as little as possible on the flora and fauna of the safari area. At the same time the economic value of the safari helps to preserve the product and this helps to attract tourists concerned about their impact on the environment (Edgell, 2006).

## Market strategy

Market strategy is concerned with reaching the market with the product. This can be done by taking the product to the market or by getting the market to the product. A market strategy is important because if a business cannot reach the desired market even the best product and most well-defined strategy will fail (Lewis *et al.*, 1995).

### Taking the product to the market

Incorporating sustainable tourism principles into this strategy means using the distribution system to take the sustainable tourism product to the market. Once appropriate markets have been identified, this strategy involves making the new more sustainable tourism products more accessible for these markets. This could involve a business forming new cooperative relationships with travel intermediaries to distribute the new products. In developing countries in particular, tour operators are a powerful influence over the type of tourist attracted, when they visit and the activities they undertake. Therefore it is important that the objectives of these tour operators are in accordance with the sustainable tourism objectives of the business.

This strategy may also involve using new or different types of distribution channels such as the Internet, which involves a reduced level of resource consumption and enables the business to be accessible to a greater number of potential tourists irrespective of where they are located.

### Getting the market to the product

Promotion can be used to manage visitor demand by communicating certain messages about an organisation or destination's product offerings, which, in turn, influence the ideas, perceptions and expectations that potential visitors have of it.

This strategy would require that marketers choose appropriate tools from the promotional mix to reach potential tourist markets with relevant images, messages and information about sustainable tourism product alternatives. Increasingly this will involve taking advantage of new technologies such as the Internet and new social media, to increase the awareness of potential tourists of sustainable tourism products, allowing them to make online reservations, and to disseminate pre-trip information aimed at educating potential tourists about the benefits of choosing a more sustainable tourism product and about appropriate tourist behaviour. The use of these technologies will allow businesses to provide up-to-date information and reduce the number of hard-copy glossy brochures that are produced, reduce promotional costs and environmental waste.

## Positioning strategy

*Positioning is the act of designing the company's offer and image so that it occupies a distinct and valued place in the target customers' minds*

(Kotler *et al.*, 1996: 368).

It involves the company deciding how many differences and which differences to promote to the target customers. Many of the demand patterns in tourism reflect the unsustainable lifestyles of industrialised consumer societies. The overconsumption of resources by tourists and tourism infrastructure is incompatible with sustainable

tourism development. Tourists often lack information and awareness about their impact in a different culture and environment, about their impacts on socio-economic and socio-cultural development and about the environmental costs of tourism. Tourism marketers have a role to play in educating the consumer about the impact of their travel behaviour and increasing their awareness of sustainable tourism principles. The media can be used to influence consumer travel decisions and tourist behaviour during all stages of the trip. Marketing managers can create and increase tourist awareness of responsible behaviour by promoting examples of best practice. Buyers tend to remember 'number one' messages or positions, such as 'best quality', 'best service' and 'lowest price'. At a time when there is increasing consumer concern for the environment, firms can also position themselves in the minds of their target customers by emphasising 'best environmental practice'. If a tourism firm continues to reinforce this position and convincingly delivers on it, it will probably be best known and recalled for this strength.

## Monitoring and evaluation by tourism firms

### Stakeholder analysis

Stakeholder involvement is an essential ingredient in the development of sustainable tourism strategies. There is a need to conduct evaluation to ensure that the goals and practices of individual tourism operators are in line with the goals and values of the host community. Stakeholder analysis is required early in the process, in order to identify all the parties that are directly or indirectly affected by the enterprise's operations. This should set out the issues, concerns and information needs of the stakeholders with respect to the organisation's sustainable tourism development activities. This in turn will lead to greater corporate accountability.

As tourism products and destinations face even greater competition, tourism operators who compete at the local level will be bound together in cooperative agreements such as joint marketing campaigns. Competition will be replaced by 'co-opetition', whereby local cooperation will allow tourism operators to meet competition more effectively regionally, nationally and internationally (Edgell, 2006).

### External monitoring system

An effective external monitoring system is necessary for marketing managers to ensure that their marketing strategies, policies, objectives and management systems are appropriate for the rapidly changing external environment in which they operate. Information should be obtained on:

- ◆ New proposed legislation as it affects marketers
- ◆ Industry practices and standards as they relate to new product development, labelling, branding, packaging, pricing and advertising and promotion
- ◆ Competitor strategies
- ◆ Community and special interest group policies and activities
- ◆ Technical developments that could impact on the viability of existing products and provide opportunities for new developments in sustainable tourism;

- ◆ Impacts of the tourism activity on the community and environment (refer to Dwyer and Edwards, Chapter 3 of this volume).

The external monitoring system for individual travel and tourism businesses should also attempt to measure the following:

- ◆ Customer needs and visitor demand for sustainable tourism products (such feedback can affect the way products are designed, produced, packaged, marketed and promoted)
- ◆ Tourist perceptions of the prices of sustainable tourism products in comparison to their alternatives
- ◆ Tourist awareness of sustainable tourism products
- ◆ The effectiveness of promotional activities aimed at increasing potential visitor awareness of sustainable tourism products and the associated destination image;
- ◆ Progress towards reducing consumption of scarce resources
- ◆ Tourist and local resident perceptions of the accuracy of pre-trip product information
- ◆ Compliance of business marketing activities with sound environmental policy and practice, industry regulations, and marketing and sustainable tourism codes of conduct
- ◆ Local resident perceptions of business activities
- ◆ Collaborative arrangements between the business and other private and public sector organisations
- ◆ Tourist and local resident knowledge of the organisation's sustainable tourism products
- ◆ Effectiveness of advertising and promotional activities in generating demand for sustainable tourism products
- ◆ Performance of the business in comparison to competitors in terms of achieving sustainable tourism objectives; and
- ◆ Compliance of the business with the overall goals of the destination.

### **Internal monitoring processes**

Performance monitoring is an important element of the marketing management process. Monitoring of marketing activities and outputs should be done on an ongoing basis. Internal monitoring may involve:

- ◆ Reviewing reports submitted by marketing managers
- ◆ Holding regular meetings with subordinates to review reports and to seek input on how procedures and reporting systems might be improved
- ◆ Conducting internal environmental audits to monitor the implementation of management policies for sustainable tourism in the area of marketing;
- ◆ Undertaking internal audits to monitor the marketing department's compliance with environmental policies and legislation.

(IISD, 2009)

## Review

In today's rapidly changing business environment, it is imperative that businesses remain alert to emerging market trends and change their business practices accordingly, if they are to remain competitive. As tourists are becoming more educated and increasingly sophisticated in their consumption patterns and as they demand better quality tourism products and experiences, travel and tourism firms will need to respond with more creative marketing strategies based on better quality products and more informative and trustworthy advertising messages.

Those firms that are proactive in responding to this demand for quality tourism products will be more competitive than those firms that are reactive and only respond to environmental concerns when faced with regulatory pressure. Destination marketing organisations and individual travel and tourism firms can capitalise on this new wave of sophisticated travellers by formulating marketing strategies that are in accordance with the sustainable tourism goals of the destination in which they operate.

By implementing marketing strategies that are based on the issue of sustainability, and monitoring and evaluating their progress towards achieving these goals, operations can maximise their ability to remain competitive in the global market place. At the same time they can ensure that the integrity of the social, cultural and physical environments of the destination in which they operate is maintained for present and future generations.

## Review questions

- 1 Think of a travel and tourism firm that you are familiar with. Discuss how each of the 5Ps in this business might be impacting on the sustainable tourism goals of the destination in which the firm operates.
- 2 Identify the key stakeholders that a marketing manager of a five-star hotel would need to consult with when developing an appropriate marketing strategy. Why is it important for the marketing manager to liaise with these stakeholder groups?
- 3 Explain why it is important that the marketing manager of this five-star hotel conducts an external environmental analysis when developing a master strategy that is in line with sustainable tourism principles. Identify one opportunity and one threat in each of the six external environments that could impact on sustainability at the destination.

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