

# Tourism & Hospitality



Creative  
MARKET

# Marketing



# **Marketing for Hospitality and Tourism**

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## **Preface**

This book is specifically intended to facilitate the teaching and learning activities for the Hospitality and Tourism Marketing subject among Diploma students in the Department of Tourism and Hospitality at Politeknik Tuanku Syed Sirajuddin, Perlis. First and foremost, praises are to Allah, the Almighty, the greatest of all, on whom ultimately we depend for sustenance and guidance. We would like to express our gratitude to Almighty Allah for giving us the opportunity, determination, and strength to write this book. A million thanks to colleagues, collaborators, and the Head of the Department of Tourism and Hospitality for the support given throughout the process of writing this book. To wonderful readers, we hope this book will be beneficial as a starting journey to explore tourism & hospitality marketing and hope you have as much fun learning marketing through this book.

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# Table of Content



**1.0 INTRODUCTION TO MARKETING FOR  
HOSPITALITY AND TOURISM**

**2.0 MARKETING MIX**

**3.0 MARKETING INFORMATION SYSTEM AND  
MARKETING RESEARCH**

**4.0 MARKET SEGMENTATION AND POSITIONING**

**5.0 MARKETING PLAN**

**6.0 SALES**

**7.0 DIRECT, ONLINE, SOCIAL MEDIA AND MOBILE  
MARKETING**





**Selling** without marketing is  
ridiculous

But....

**Marketing** without selling  
is... useless!

*(Intan Shafina, 2008)*



# MARKETING CONCEPT



**Marketing** refers to activities a company undertakes to promote the buying or selling of a product or service. Marketing includes advertising, selling, and delivering products and/or services to consumers or other businesses.



### **Core Marketing Concepts in Tourism and Hospitality**

**a. Products and services** are something that is offered to satisfy a need or want.

#### **b. Value, satisfaction, and quality**

**Value** is the worth of the product or services rendered to customers.

**Satisfaction** is the pleasure that customers felt when their expectations are met or exceeded.

**Quality** is the standard of something as measured against other things of a similar kind. It is the degree of excellence of something. It is also a distinctive attribute or characteristic possessed by someone or something.

#### **c. Exchange, transaction, and relationship**

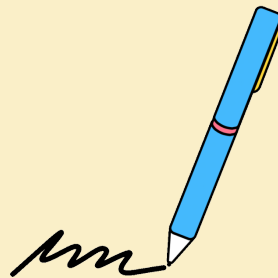
**Exchange** is an act of giving one thing and receiving another (especially of the same kind) in return. Exchange occurs when money is offered in return for the goods received or services provided.

The **transaction** is the unit measurement in marketing when a trade-off between two parties involves value, an agreed condition, and within a specific time and place.

The **relationship** is building a relationship between customers, suppliers, dealers, and distributors.

#### **d. Marketing orientation**

Market orientation is a strategic focus on identifying consumer needs and desires to define new products to be developed. A market-oriented company ensures that there is a continuous demand for its products and services. For example, Starbucks knows that people go to their outlets for their famous coffee-based drinks, thus they focus on serving coffee drinks rather than other products.



There are **FIVE (5)** marketing orientations:

##### **i. Production**

Focuses on production and not so much on what customers need.

##### **ii. Product**

Focuses on the better quality of products.

##### **iii. Selling**

Focuses on attracting the customer towards the product.

##### **iii. Marketing**

Focuses on the customer's needs and wants, and how to satisfy their need.

##### **iv. Marketing societal concept**

Not only focusing on the satisfaction of the customer but also on society's acceptance of the products.

### e. Needs, wants, and demands

**Needs** refer to the basic concept of marketing that satisfies physiological necessities such as food, shelter, safety, and social desires as well as self-actualization. For example, hunger drives people to seek food.

**Wants** refer to having the desire to possess or do something based on individual preferences. For example, hunger can be satisfied with any food that you can easily prepare at home but you prefer to have a sandwich at Subway instead.

**Demands** refer to the desire of customers for a particular product or service. For example, during the Chinese New Year season, the steady demand for Prosperity Burger keeps McDonald's selling the item every year.



## External Factors that Affect Marketing Activities

**Political** factors include government policies, leadership, and change; foreign trade policies; internal political issues and trends; tax policy; regulation and deregulation trends.

**Economic** factors include current and projected economic growth; inflation and interest rates; job growth and unemployment; labour costs; the impact of globalization; disposable income of consumers and businesses.

**Social** factors include demographics; consumer attitudes, opinions, and buying patterns; population growth rate and employment patterns; socio-cultural changes; ethnic and religious trends; living standards.

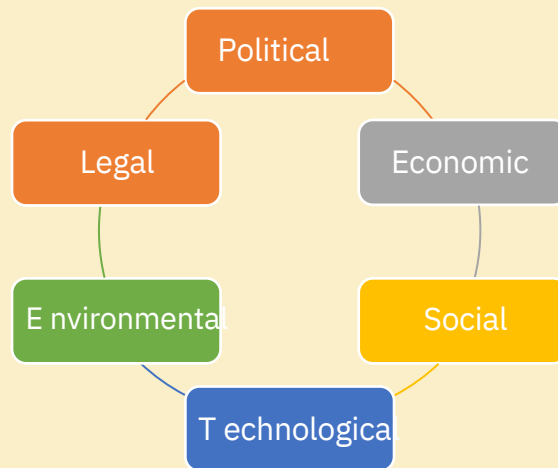


**Technological** factors affect marketing in (1) new ways of producing goods and services; (2) new ways of distributing goods and services; (3) new ways of communicating with target markets.

**Environmental** factors are important due to the increasing scarcity of raw materials; pollution targets; doing business as an ethical and sustainable company; carbon footprint targets.

**Legal** factors include health and safety; equal opportunities; advertising standards; consumer rights and laws; product labelling and product safety. For example, Malaysia requires halal certification from JAKIM on halal products.





Other than PESTEL, **competition** from major competitors also affect the hospitality and tourism industry directly.



## Exercise:

### 1. Fill in the blank with the most suitable answer.

- i. Something to satisfy a need or want: \_\_\_\_\_
- ii. Worth of the product or services provided to customers: \_\_\_\_\_
- iii. Giving one thing and receiving another: \_\_\_\_\_
- iv. A trade-off between two parties involves value, an agreed condition and within a specific time  
and place: \_\_\_\_\_
- v. A strategic focus on identifying consumer needs and desires to develop new products: \_\_\_\_\_
- vi. Something that satisfies physiological necessities: \_\_\_\_\_
- vii. Having a desire to possess or do something based on personal preferences: \_\_\_\_\_
- viii. Having the want for a particular product or service: \_\_\_\_\_

### 2. Describe FIVE (5) functions of marketing.

#### Group Activity:

In a group of four, conduct a PESTEL analysis for a new business that you plan to create. Present your analysis to the class.

Enjoy watching!





# MARKETING MIX



## Marketing mix

The marketing mix is the set of actions, or strategies, that business practices to promote its brand or product in the market. Traditionally, the marketing mix consists of 4Ps i.e. product, price, place, and promotion. The additional 4Ps include people, packaging, programming, and partnership.



## The Traditional 4Ps

### Product

A product is anything that can be offered to a market for attention, acquisition, use, or **consumption that might satisfy a want or need. It includes goods, services, persons, places, organizations, and concepts or a combination of the above.**

#### i) Goods

Goods are merchandise normally sold to consumers for their use or enjoyment and not as means for further economic production activity. Examples of goods in the hospitality industry are food and beverages as well as accommodation.



Examples of goods in the hospitality industry

## ii) Services

A service is a transaction in which no physical goods are transferred from the seller to the buyer. The benefits of such a service are held to be demonstrated by the buyer's willingness to make the exchange. Examples of services in the hospitality industry are hotel cleaning or housekeeping; laundry; hotel desk clerk; or hotel porter.



Examples of services in the hospitality industry

## iii) Persons

The products that a company sell sum up every experience and touch point that a customer has with the company. Therefore, every person who works in the company can be considered a product person.

## iv) Places

The place is the geographical location in which the company sells its products and provides its services. For example, the Ramadan Bazaar organizer sells sites for sellers to sell their products.

## **v) Organizations**

The organization is the marketing strategy that influences consumers to accept the goals of, receive the services of, or contribute in some way to an organization. Examples of organization marketing in the hospitality industry are business-to-business organizations (B2B) such as outsourcing hotel staff, wholesale food purchasing, hotel maintenance, and company hotel bookings.

## **vi) Concepts (Ideas)**

Activities associated with the marketing of a cause or idea. There is likely to be a company that buys ideas and is willing to pay for them. For example, IKEA conducts children drawing competitions for their plush toys.

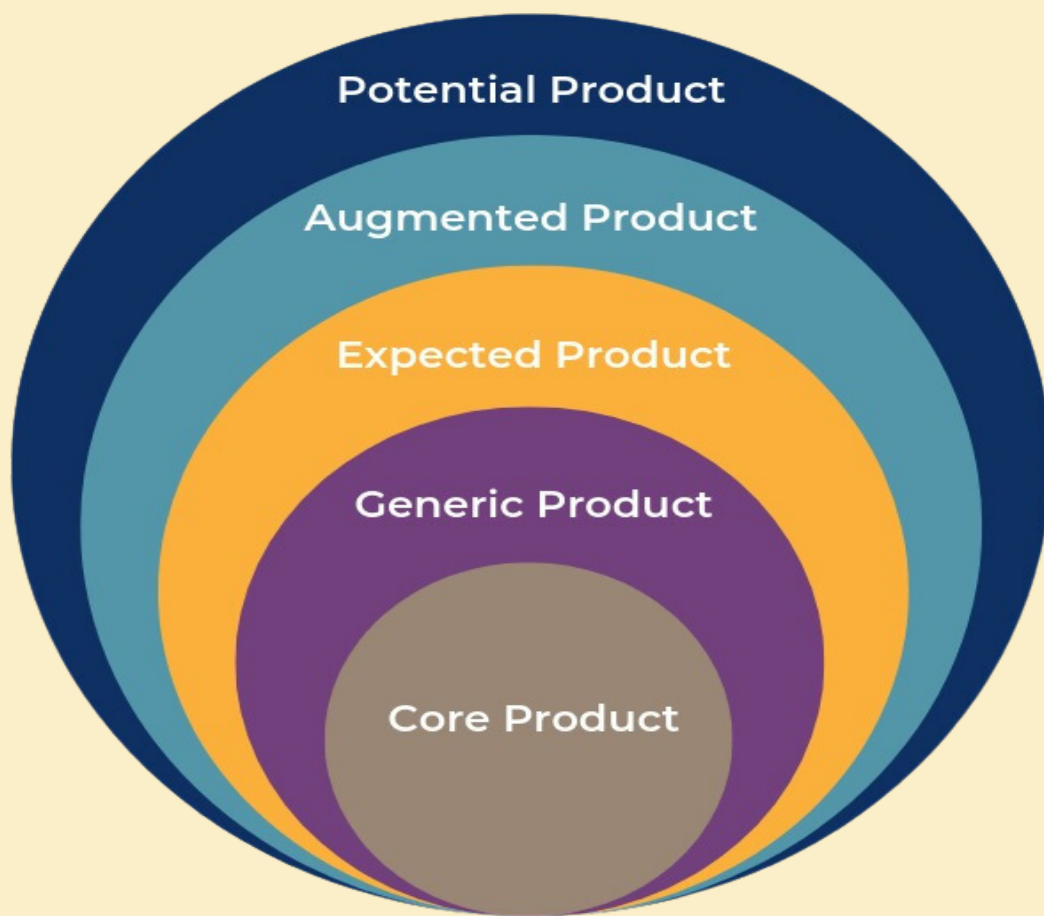


A drawing that turned into IKEA's real plush toy by Terrence, 6 years old, Malaysia. Pic credit:boredpanda.com



## Product Levels

The Five Product Levels model was developed by Philip Kotler in the 1960s that consists of core benefits, generic products, expected products, augmented product and potential product.



Product levels by Phillip Kotler

### i) Core Benefit

Fulfil basic benefits that customers want. For example, the core benefit of a hotel is to provide somewhere to rest or sleep when away from home.

### ii) Generic Product

The generic product is a basic version of the product made up of only those features necessary for it to function. For example, a bed, towels, a bathroom, a mirror, and a wardrobe.

### iii) Expected Product

The expected product is the set of features that the customers expect when they buy the product. For example, this would include clean sheets, some clean towels, Wi-Fi, and a clean bathroom.



### iv) Augmented Product

The augmented product refers to any product variations, extra features, or services that help differentiate the product from its competitors. For example, this could be the inclusion of a concierge service or a butler in every VIP room.

### v) Potential Product

The potential product includes all augmentations and changes the product might undertake in the future to continue to surprise and delight customers. For example, it could be some chocolates on one occasion, and some luxury water on another placed in the room each time a customer stays.

## Characteristics of Tourism and Hospitality Products

There are five (5) characteristics of tourism and hospitality products:

### i) Inseparability

Inseparability is used in marketing to describe a key quality of services that differentiates them from goods. It is impossible to separate the supply or production of the service from its consumption. For example, in full-service restaurants, it is impossible to separate the food and beverages from the servers.

### Intangibility

Unlike a physical product, a service cannot be seen, tasted, felt, heard, or smelled before its purchase. This makes it hard to evaluate its quality. For example, customer service, and wedding planner services.

### iii) Variability

The notion is that service may vary in standard or quality from one provider to the next or from one occasion to the next. Also referred to as heterogeneity. For example, KFC and Texas Chicken customers might identify the difference in taste even though both restaurants serve similar products. i.e. fried chickens.



#### iv) Perishability

To describe how service capacity cannot be stored for sale in the future. For example, hotel rooms cannot be stored during the off-peak season so they can be sold during peak season.

#### v) Lack of ownership

Lack of ownership is a typical characteristic of tourism as well as the service industry. It means that the customers can only use or experience the service but could not be the owner of the product or service. For example, paying for dinner does not mean customers can own the persons providing service for them.



# Branding

Branding refers to the personality or identity of a product. It is an important tool for marketers to differentiate their products from competitors.

## Brand name

A brand name is a name given by the creator of a product or range of products and services, especially a **trademark**. A trademark is a registered and protected brand name, symbol, or logo that provides exclusive rights to the registered owner.



## Types of branding

Branding can be divided into:

### a) Manufacturer brand

Manufacturer refers to a brand created, used, and owned by the manufacturer. For example, Nestle and Coca Cola among others.

### b) Private brand

A private brand refers to a product that is exclusively manufactured for a retailer. The retailer will market the product under its own brand name. For example, products such as cosmetics, phone accessories, and clothing.

### c) Co-branding

Co-branding refers to a situation when two established brand names of different companies are used on the same product. For example, Spotify and Uber, Nike and Michael Jordan, and Nestle and KitKat among others.

## The importance of branding

Branding is important because it might:

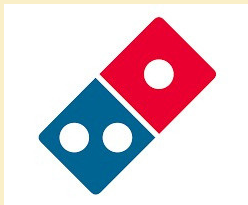
- a.improves the perceptions of product performance
- b.creates greater loyalty
- c.provides a larger margin
- d.less vulnerable to marketing crises
- e.greater support from marketing intermediaries
- f.more flexible consumer responses to price decreases/increases
- g.increases marketing communication
- h.broader extension opportunities





## Activity:

How many logos can you identify from the brands below? What are the characteristics of the brand that creates a lasting impression on you?

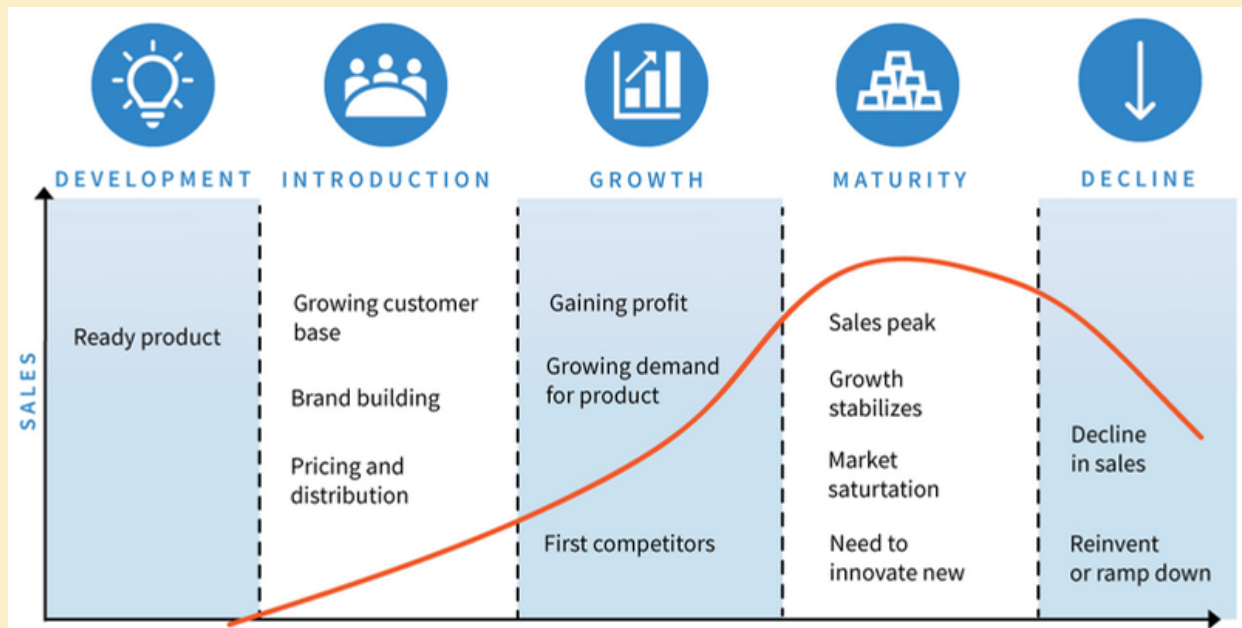


Enjoy  
watching!

SCAN ME



## Product and Service Life Cycle



### Phase 1: Development

Development begins when the company finds and develops a new product idea. During product development, sales are zero and the company's **investment costs add up**.

### Phase 2: Introduction

During this period, the sales growth is slow as the product is being introduced into the market. Profits are almost non-existent at this stage because of the heavy expenses of product introduction. The introduction stage starts when the new product is first made available for purchase.

### **Phase 3: Growth**

Growth is a period of rapid market acceptance and increasing profits. The firm uses several strategies to sustain rapid market growth as long as possible such as improving product quality and adding new product features and models, entering new market segments, entering new distribution channels, shifting some advertising from building product awareness to building product conviction and purchase, lowering prices at the right time to attract more buyers.

### **Phase 4: Maturity**

During this period, sales growth slows down because the product has achieved acceptance by most of its potential buyers. Profits often level off or decline due to competition and defense.

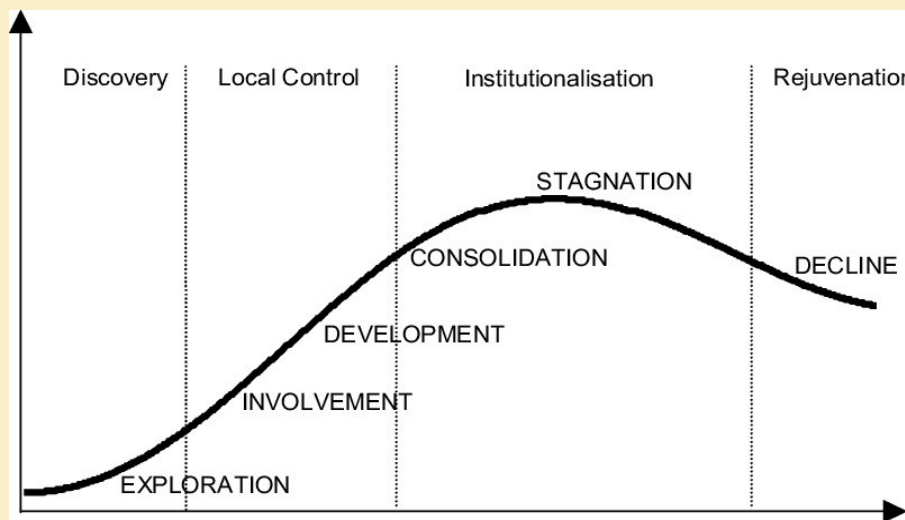
### **Phase 5: Decline**

During this period, sales fall off quickly and profits drop. Sales decline for many reasons, including technological advances, shifts in consumer tastes, and increased competition.



## Destination Life Cycle

In tourism and hospitality, the product lifecycle is generally known as the destination life cycle (Butler 1980). There are six stages of the destination life cycle e.g. exploration, involvement, development, consolidation, stagnation, and decline. Mostly all tourists' destinations pass through all these mentioned stages.



Stages of destination life cycle

### Exploration Stage:

During this stage, there are a few adventurous tourists visiting sites with few public facilities. A very limited number of businesses exist and that too provided facilities are used and owned by locals.

### Involvement Stage:

Under the involvement stage, tourists from the city centers travel to a peaceful and calmer destination. They got the information about the new destination from those visitors who already visited the destination. At this stage host community demands for better transportation and infrastructure facilities from their respective government.

**Development Stage:**

At the development stage, the number of tourists increases. The work of tourism trade is not limited to the locals but also national and international chains. The destination becomes a well-known place among tourists and most of its bookings are done online. With the increase in tourist arrivals, most traditional houses are converted for business purposes. At this stage, community initiatives for tourism and sustainable development strategies are most appropriate to support future growth.

**Consolidation Stage:**

During the consolidation stage, stakeholders and other outsiders continue their infrastructure development work due to the increasing number of tourists arriving. On the other hand, local efforts are made to extend the visitor season and market area.

**Stagnation Stage:**

The stagnation stage means very little chance of future development of the destination. When any destination reaches this stage, the tourism landscape becomes overriding and little scope is available for further expansion.

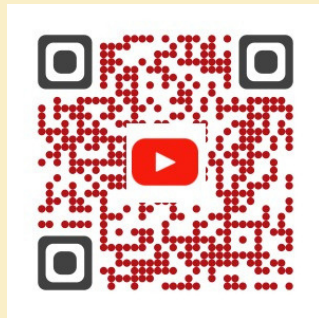
**Decline Stage:**

When the destination is not able to compete with newer destinations, it may result in a decline. At this stage, the destination loses its charm and tourists find out some newer destinations of the same choice. Now, the destination is visited by very few tourists, and that too on weekends or on some special occasions only.

### **Activity:**

Discuss any product, service or destination that you know and identify its current stage according to the product life cycle @ destination life cycle.

Enjoy watching!





## **Price**

Price is the amount of money charged for a product or service. It is the sum of all the **values that consumers give up to gain the benefits of having or using a product or service.**



## **Factors that Influence Tourism and Hospitality Pricing Decisions**

### **a) Internal factors**

#### ***Cost***

The cost involved in producing the product. This cost includes both variable and fixed costs. Thus, while setting the prices, it must be able to recover both the variable and fixed costs.

#### ***The Predetermined Objectives***

While setting the prices of the product, the objectives of the firm should be considered.

#### ***Image of the Firm***

The price of the product may also be determined on the basis of the image of the firm in the market.

### ***Product Life Cycle***

The stage at which the product is in its product life cycle also affects its price.

### ***Credit Period Offered***

The pricing of the product is also affected by the credit period offered by the company. The longer the credit period, the higher the price might be, and vice versa.

### ***Promotional activity***

Heavy advertising and sales promotion costs result in the higher pricing of the product to cover the cost.



## b) External factors

### **Competition**

If there is stiff competition, the prices may be kept low to effectively face the competition, and if competition is low, the prices may be kept high.

### **Consumers**

The consumer factors that must be considered include the price sensitivity of the buyer, purchasing power, and so on.

### **Government Control**

In certain products, the government may announce administered prices, and therefore the marketer has to consider such regulations while setting the prices.

### **Economic Conditions**

During the time of recession, the consumer may have less money to spend, so the marketer may reduce the prices to influence the buying decision of the consumers.

### **Supply Chain**

The longer the chain of intermediaries, the higher would be the prices of the goods.



## **Pricing Objectives**

### Profit maximization

Profit maximization occurs when organizations set a price for a product that will give maximum profits, cash flow, or return on investment in the short term without regard to long-run performance.

### Revenue maximization

The theory is that if you sell your products at a low enough price, you will increase the revenue by selling a higher total volume of goods. However, maximized revenue does not equate with maximized profits, as you may have to sell your goods at a loss to get them off of your shelves.

### Quantity maximization

Quantity maximization refers to a situation when profit is maximized at the quantity where marginal revenue at that quantity is equal to marginal cost at that quantity.

### Quality leadership

Quality leadership is where a company aims to provide the best quality product in the market, and therefore charges more than its competitors.

### Survival

Survival refers to situations where a business needs to price at a level that will just allow it to stay in business and cover essential costs. Survival pricing is meant only to be used on a short-term or temporary basis.

### Status Quo

Status quo seeks to keep your product prices in line with the same or similar products offered by your competitors to avoid starting a price war or to maintain a stable level of profit generated from a particular product.

## General Pricing Approaches

### *a)* Cost-based pricing

Cost-based pricing is a pricing method that is based on the cost of production, manufacturing, and distribution of a product. Cost-based pricing can be divided into cost-plus pricing, mark-up pricing, and target profit pricing.

#### i. Cost-plus pricing

**Price = unit cost + expected percentage of return on cost**

### *b)* Break-even pricing

Break-even pricing is the price that will produce enough revenue to cover all costs at a given level of production.

Break-even price = (Fixed costs / number of units) + variable cost per unit

### *c)* Value-based pricing

Value-based pricing is a strategy for pricing goods or services that adjusts the price based on its perceived value rather than its historical price.

For example, a painting may be priced much more than the price of canvas and paints. The price in fact depends a lot on who the painter is.

### *d)* Competition-based pricing

Competition-based pricing is a method that involves setting prices based on the prices of the competitors.



## Pricing Strategies

### a) Price Skimming

Charges the highest initial price that customers will pay and then lowers it over time.

### b) Price Penetration

Introduce a low price for their new product or service to attract customers.

### c) Prestige Pricing

Uses higher prices to suggest quality and exclusivity.

### d) Product-bundle Pricing

Combines two or more products to sell them at a lower price.

### e) Discounts Pricing

Temporarily reduce the price of a product or service to introduce a product to the market or to stimulate slow sales.

### f) Discriminatory/Segmented Pricing

Charging a different price to different groups of people for the same good. For example, students and old citizens enjoyed lower prices than the normal price.

### g) Rate Parity Pricing

The hotel industry refers to the practice of selling at equal rates across different distribution channels.



#### h) Psychological Pricing

The idea behind psychological pricing is that customers will read the slightly lowered price and treat it as lower than the price. For example, the customer will relate RM9.99 to RM9 instead of RM10.00 which is the actual value.

#### i) Promotional Pricing

Intended to boost sales or revenue by temporarily lowering prices for a set period.

#### j) Price Lining

Grouping similar offerings under different price brackets – each varying slightly by the quality features or attributes on offer. These brackets usually tend to start low and go higher in price. For example, tour packages that include several attractions are priced differently depending on customers' preferences.

#### k) Dynamic/real-time pricing

The price is highly flexible and can be adjusted continually to meet the characteristics and needs of individual customers and situations.

#### l) International pricing

The prices are set in a specific country based on country-specific factors such as based on taxes, cost structures, local market needs, currency exchange rates, tariffs, and the law and regulations.

#### m) Geographical pricing

A pricing strategy is where a business adjusts the price at which it sells a given product on a local basis.

## Activity:

Select a product that you know. Discuss the pricing strategy that this product applies.

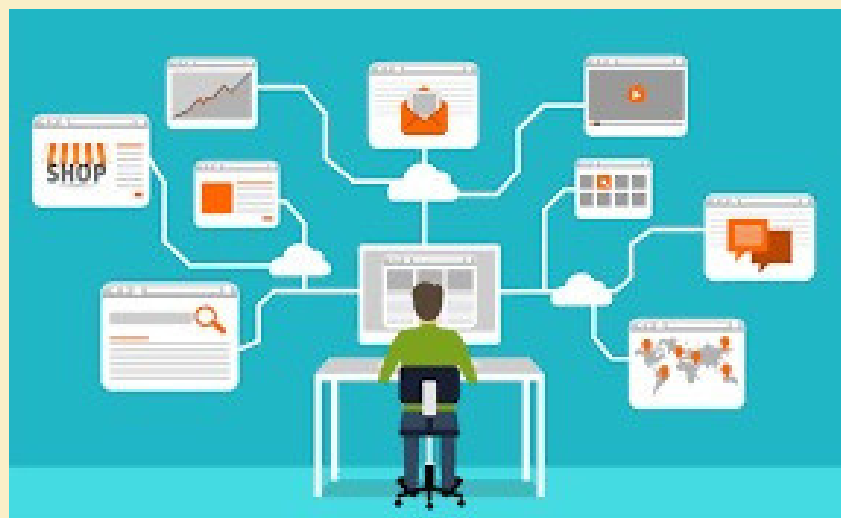
Enjoy watching!





## Place/Distribution Channels

A place or distribution channel is defined as a set of independent organizations involved in the process of making a product or service available to the consumer or business user. In marketing, the distribution system is traditionally used to move goods (physical products) from the manufacturer to the consumer. In the hospitality and travel industries, distribution systems are used to move the customer to the product e.g. the hotel, restaurant, cruise ship, aeroplane, tourism destination, event location @ any other attraction.



## Marketing channels for consumer products

Manufacturers may reach out to consumers either directly, i.e., without using distribution channels, or by using one or more distribution channel members.

a) Manufacturer to the consumer (One-level distribution channel):

Direct marketing includes the use of personal selling, direct mail, telephone selling and the Internet.

b) Manufacturer to retailer to consumer (Two-level distribution channel):

Retailers have grown in size which means that it has become economic for manufacturers to supply directly to retailers rather than through wholesalers.

c) Manufacturer to wholesaler to retailer to consumer (Three-level distribution channel):

For small retailers with limited order quantities, the use of wholesalers makes economic sense.

d) Manufacturer to the agent to wholesaler to retailer to consumers (Four-level distribution channel):

A company uses this channel when it enters foreign markets.



## **Marketing channels for industrial products**

Industrial channels are usually shorter than consumer channels. This is a common channel for expensive industrial products like heavy equipment and machines.

a) Manufacturer to the industrial customer (One-level distribution):

There needs to be a close relationship between the manufacturer and the customer because the product affects the operations of the buyer. The manufacturer has to participate in many activities like installation, commissioning, quality control, and maintenance jointly with the buyer. The nature of the product requires a continuing relationship between the manufacturer and the buyer. The large size of the order makes direct selling and distribution economical.

b) Manufacturer to distributor to the industrial customer (Two-level distribution):

Business distributors provide services and support to both manufacturer and industrial customers such as promotions, negotiations, selling, storing, and transporting. An industrial distributor is typically used when products are identical and the value is moderate or low.

c) Manufacturer to the agent to distributor to industrial customers (Three-level distribution):

Used by small producers who cannot afford to employ their own sales force. Agents will provide warehouse facilities and ship products to either business distributors or industrial customers. This channel is suitable for manufacturers to introduce new products or enter new markets.

## Types of distribution channel

There are three (3) types of distribution channels:

### a) Intensive distribution channel

Businesses attempt to make products and services available through as many outlets as possible. For example, Gardenia places its product in hypermarkets, supermarkets, and minimarkets.

### b) Selected Distribution

Businesses use more than one outlet but restrict the availability of the product or service to a limited number of outlets. For example, Dolce Gabbana and Gucci will not sell their apparel at Parkson or Aeon in Malaysia but might be available in selected premium outlets only.

### c) Exclusive Distribution

Businesses limit the availability of their products or services to a particular outlet. For example, Ferrari authorizes Naza Italia in Malaysia to distribute its luxury cars.



### **Activity:**

Discuss the distribution channels for chain restaurants such as KFC, McDonald's, Tealive, Subway etc.

Enjoy watching!



## Promotion

Promotion can be defined as any type of marketing communication used to inform or persuade target audiences of the relative merits of a product, service, brand, or issue. On the other hand, the promotion mix is the specific blend of advertising, public relations, personal selling, sales promotion and direct-marketing tools that the company uses to communicate customer value and build customer relationships persuasively.



## Types of Promotion Mix

### a) Advertising

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. Examples of advertising are broadcast, print, internet.

### b) Public Relations

Public relations involve building good relations with the company's various publics by obtaining favourable publicity, building up a good corporate image, and handling or heading off unfavourable rumours, stories, and events. This can be achieved through press releases, sponsorships, special events, and web pages.

### c) Personal Selling

Face-to-face or in-person interaction to sell products and services. This can be done by selling over the counter, and product demonstration. Examples of personal selling are life insurance and timeshare companies.

### d) Sales Promotion

Businesses use short-term campaigns to spark interest and create demand for products or services. For example, giving out free samples of products, displays, vouchers and coupons, cash back promotions, and free shipping promotions.

### e) Direct Marketing

Communicating information on a product, service, or company directly to the customers. For example, telemarketing, direct mail, email marketing, social media marketing, SMS, catalogues and push notifications.





## Activity:

Discuss the best way to promote a new tour package/room package/new menu that you already plan to carry out.



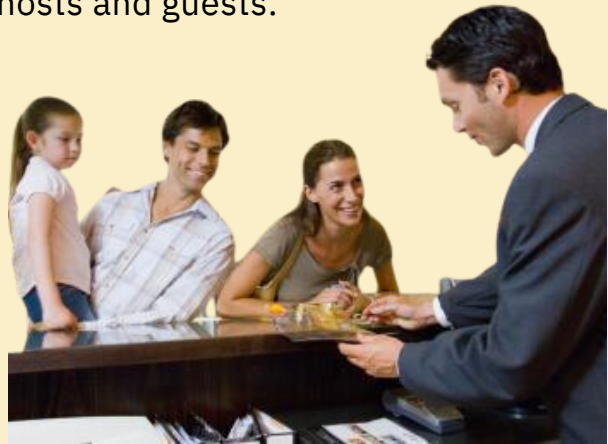


## **The Additional 4Ps**

The additional 4Ps are as follows:

### **People**

People refer to anyone directly or indirectly involved in the business including selling a product or service, designing it, marketing, managing teams, representing customers, recruiting, and training. In the tourism and hospitality industry, people could be categorized as hosts and guests.



A host can be defined as someone who entertains other people in a social or official capacity. A host could also be a person who manages an inn or hotel, as well as one that furnishes facilities and resources for a function or event.

A guest can be defined as a person who is staying at a hotel or guest house. A guest could also be someone who is invited to attend a particular social occasion.

The term hospitality itself refers to the relationship between a host and a guest. It also refers to the act or practice of being cordial, of welcoming guests with openness and generosity. Satisfying and retaining customers is the utmost important aspect of hospitality.

## Packaging

Packaging presents your products in the most attractive way possible. Packaging also communicates the price and value of your products to your potential customers. Packaging promotes your products by sharing the information you need to convey to your customers.

In tourism and hospitality industry, packaging can be a combination of hotel services such as meal plans, parking, spa, convention package, family deal, or a bundling of a hotel and other travel service like hotel stay and flight, car rentals, city tour or event tickets among others. It could even be a small packaging of hotel products such as bathroom amenities, takeaway boxes, hotel bags etc. It is easy to implement those extra services through the booking engine for an upsell strategy.



## Programming

Programming is a practice known also known as service marketing. Customers will purchase a product or service that caters to their particular interests. Thus, the product or services are promoted and marketed among these target customers.

In the tourism and hospitality industry, programming relates to the expansion of activities or events to increase customer spending, or to give extra charm to a package or other services.

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- ✓ digital manual, log book, t-shirt
- ✓ dive gear rental
- ✓ lunch during training in Dungun - Tenggol Island

**Exclude:**

- Accommodation in Dungun, insurance, transportation to Dungun, dinner, breakfast, personal expenses

**TALK TO US**  
+6016-2214140  
dive@scubanetworktenggol.com

**NITROX**

Diver course programme for a diving enthusiasts. Pic credit: xtvt.com.my



## Partnership

Partnership refers to two or more businesses that combine forces to reach a broader audience. This allows your business to collaborate with a complementary business with a similar target market for a big mutual benefit.

In the tourism and hospitality industry, the partnership could be a collaboration among hotel companies, airlines, cruise lines, destinations, and car rental companies that can direct resources and capabilities to revenue improvement projects and growth ambitions.



Partnership between TOURISM Malaysia, Malaysian Association of Hotels and Shopee Malaysia. Pic credit: [shopee.com.my](https://shopee.com.my)

## Types of Partnership

Customers (loyalty cards, frequent flyers, etc.)

Organizations in the same business (Pizza Hut & KFC, etc.)

Organizations in related businesses (Car rental & Airlines)

Organizations in non-related businesses (Hotel & Car rental etc.)

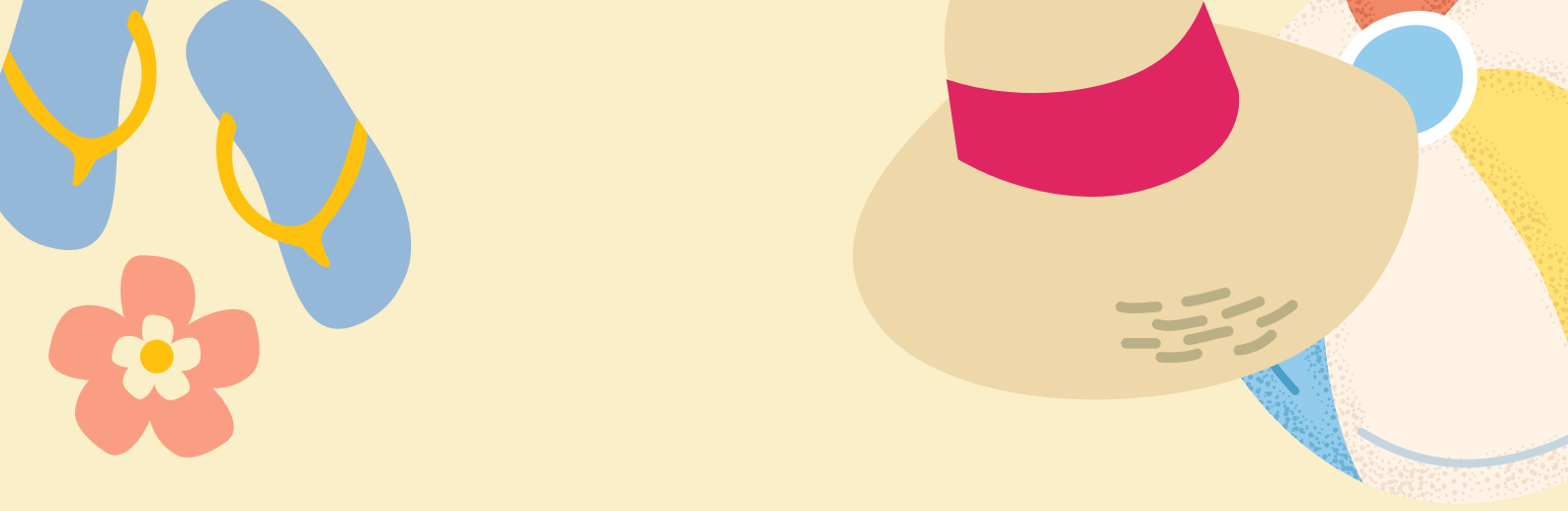
Digital alliances (internet, FB, Twitter, etc.)

### **Exercise:**

1. List FIVE (5) characteristics of products or services in tourism and hospitality.
2. Describe FIVE (5) importance of branding.
3. Explain FIVE (5) types of promotion methods.
4. Explain FOUR (4) marketing channels for consumer products
5. Discuss the potential benefits of a partnership.

### **Group Activity:**

In a group of four, you are required to promote a product of your choice by creating a video that incorporates all strategies in the marketing mix. Present your video in class and explain the rationale for your strategies.



# MARKETING INFORMATION SYSTEM AND MARKETING RESEARCH



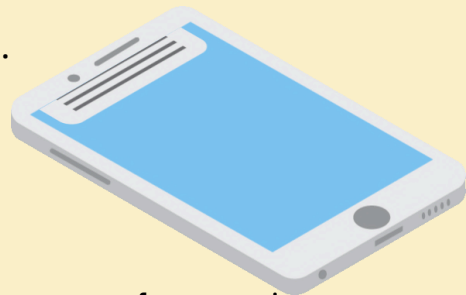
## Marketing Information System (MIS)

A marketing information system (MIS) is a system designed to support marketing decision-making. It consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely and accurate information to marketing decision-makers.

The MIS concept begins and ends with the marketing manager, but managers throughout the organization should be involved in the MIS. The concept of MIS includes:

### a) Assessing Information Needs

Assess and balance the information that managers would like to have against that which they need and is feasible to obtain. A company begins by interviewing the managers to determine the information needed.



### b) Developing Information

The information needed by marketing managers comes from various sources which include: - internal company records, marketing intelligence, and marketing research. The information analysis system then processes this information to make it more useful for managers.

### c) Internal Record

Information is collected from sources within the company to assess marketing implementations and to identify marketing problems and opportunities. Most marketing managers often use internal records and reports, especially for making day-to-day planning, implementation, and control decisions. Information from internal records is usually quicker and cheaper to get than information from other sources.

#### d) Marketing Intelligence

The marketing intelligence system determines the information needed, collects it by searching the environment, and delivers it to marketing managers who need it. Marketing intelligence comes from many sources i.e. executives, engineers and scientists, purchasing agents, and the sales force. Other than that, suppliers and customers can also be useful marketing intelligence.

#### e) Marketing Research

Marketing research is a process that identifies and defines marketing opportunities and problems, monitors, and evaluates marketing actions and performance, and communicates the findings and implications to management. A company can conduct marketing research by employing its researchers or hiring outside researchers.



#### f) Information Analysis

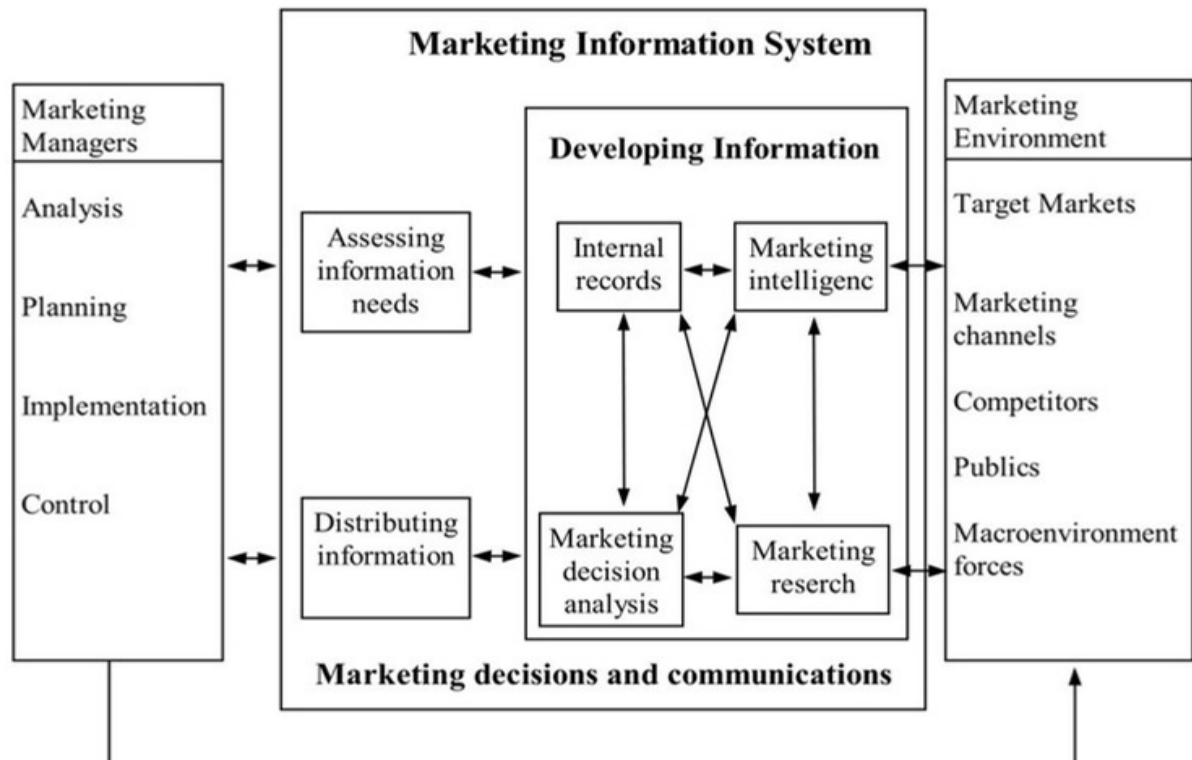
The computer helps the marketing manager to analyze the marketing information. It also helps them to make better decisions. Today marketing managers cannot work without computers. There are many software programs, which help the marketing manager to do market segmentation, price-fixing, advertising budgets, etc.

#### g) Distribution Information

The information gathered must reach the appropriate marketing manager at the right time. Large companies have centralized marketing information systems that provide managers with regular performance reports, intelligence updates, and reports on the results.



# Marketing Information System



## **Characteristics of Marketing Management**

Good marketing management will ensure that organizational objectives are achieved. The important characteristics of marketing management are as follows:

### **a) Customer-Orientation**

All marketing activities and decisions should be made on the basis of their effect on the customer. The adage “customers are always right” and “customer is king” is based on this characteristic.

### **b) Marketing Research**

Marketing research details the information required to identify opportunities and challenges, plans the method for collecting information, administers and implements the data collection process analyses the results, and communicates the findings and their implications to the business.

### **c) Marketing Planning**

Marketing planning helps to instil consumer orientation into the entire business and guides the organization’s activities.

### **d) Integrated Marketing**

The activities and operations of various organizational units should be properly coordinated to achieve the defined objectives. The marketing department should develop the marketing mix which is most appropriate for accomplishing the desired goals through the satisfaction of customers.

### **e) Customer Satisfaction**

The aim of every business should be to maximize profit over the long run through customer satisfaction.

## The Importance of Marketing Research

The importance of marketing research can be explained by the Five Cs:

### a) Customers

To define how well customer needs are being met, explore new target markets, and assess or test new services and facilities.

### b) Competitors

To identify primary competitors and find their strengths and weaknesses.

### c) Confidence

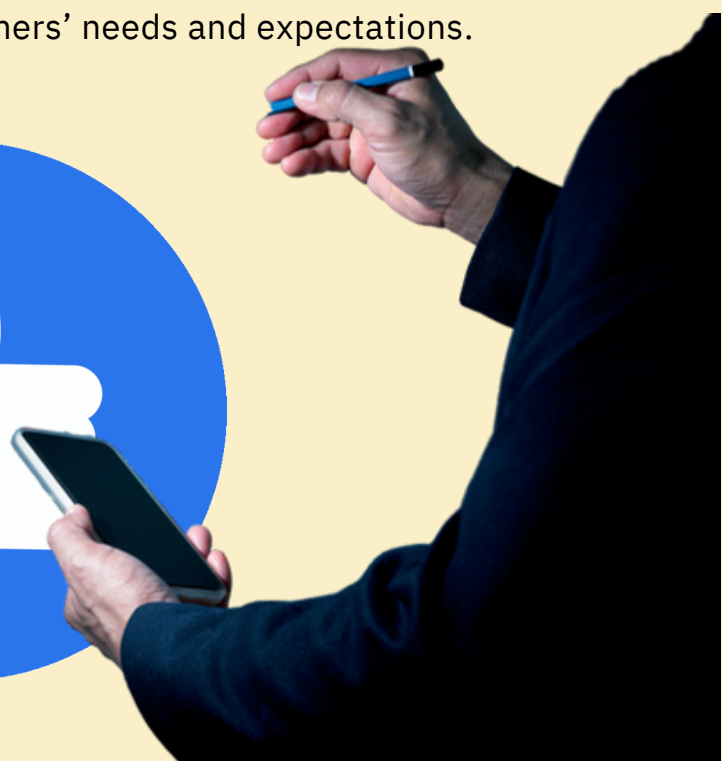
To reduce the apparent risk in making marketing decisions.

### d) Credibility

To increase the trustworthiness of promotional messages among customers.

### e) Change

To keep updated with changes in customers' needs and expectations.



## **Marketing Research in Marketing Information Systems**

Marketing research may include internal and external data and often uses a variety of statistical tools. Processing marketing research includes collecting, organizing, analyzing, and interpreting the data. The key requirements for marketing research are as follows:

### **a) Utility**

Providing would-be customers with something useful while also delivering the marketing message.

### **b) Cost-effective**

The act of saving money by making a product or performing an activity in a better way.

### **c) Reliability**

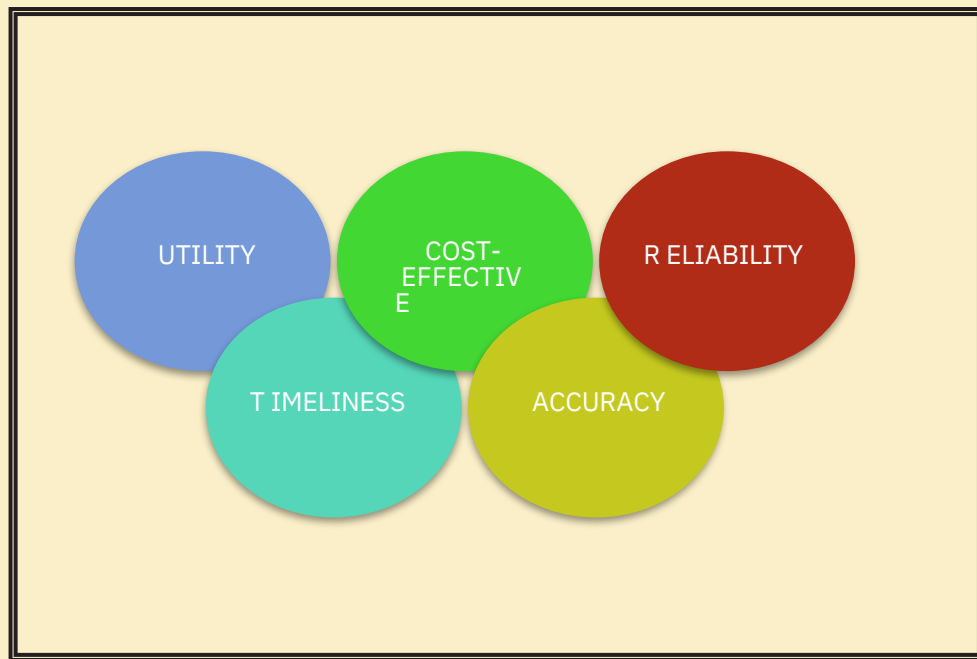
The degree to which a measurement is accurate and results are consistent over time.

### **d) Accuracy**

The need to understand the market segment or effectively reach the target audience.

### **e) Timeliness**

Identifying events in the customer's life and offering appropriate content to match them.



Key requirements for marketing research

# Marketing Research Planning Process

## 1. Defining the problem and research objectives

Managers and marketing researchers must work closely to define the problem and the research objectives. Once the problem is well defined, there are three types of objectives for a marketing research project.

Types of objectives for a marketing research project:

### a) Exploratory.

To gather preliminary information that will help define the problem and suggest hypotheses. For example, you want to know the role of social networking sites as effective marketing communication channels for your business.

### b) Descriptive.

To describe the size and composition of the market to understand your market segments. For example, you want to know the size of your target market and their income level before you launch your new product.

### c) Causal.

To test hypotheses about cause-and-effect relationships. For example, you want to test the market for a new product by collecting data about its sales potential or checking the performance or effectiveness of a new advertising campaign to decide whether to continue it or not.



## *2. Developing the research plan*

The research plan is important in determining the needed information and developing a data collection plan. The research objectives must be translated into specific information needs.

There are two types of data that may be used to meet the manager's information needs:

1. Secondary data consists of information that already exists somewhere, having been collected for another purpose
2. Primary data consists of information collected for the specific purpose at hand. Information can be collected by mail, telephone, personal interview (individual intercept and group), or the Internet.



## ***Sampling Plan***

Marketing researchers usually conclude large consumer groups by taking a sample. A sample is a segment of the population selected to represent the population as a whole. Designing the sample calls for four decisions:

- a) Who will be surveyed?
- b) How many people should be surveyed (sample size)?
- c) How should the sample be chosen (probability or non-probability)?
- d) When will the survey be given?

There are five basic sampling methods:

### a) Simple random sampling

In this sampling, every member of the population has an equal chance of being selected. Therefore, your sampling frame should include the entire population.

### b) Convenience sampling

In this non-probability sampling, the sample is drawn from a population that is convenient to approach. This type of sampling is the most useful for pilot testing.

### c) Systematic sampling

In this sampling, every member of the population is listed with a number, but instead of randomly generating numbers, individuals are chosen at regular intervals.

### d) Stratified sampling

In this sampling, the population is divided into groups based on certain characteristics e.g. gender, and income level. A more precise conclusion can be made by ensuring that every subgroup is properly represented in the sample.



#### e) Cluster sampling

In this sampling, the population is divided into subgroups, but each subgroup should have similar characteristics to the whole sample. Instead of sampling individuals from each subgroup, the entire subgroups are selected.



### ***Research Instrument***

The questionnaire is the most common research instrument used in marketing research. It can be administered in person, by phone, or online. It is flexible thus caution must be taken into consideration with the wording and order of questions.

a) Closed-ended questions include all possible answers, and subjects make choices among them. It also provides answers that are easier to interpret and tabulate.

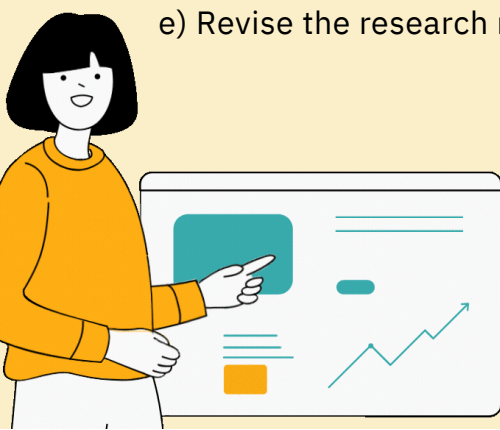
b) Open-ended questions allow respondents to answer in their own words. It is useful in exploratory research.

### 3. Implementing the research plan

- a) Collect the secondary research data from internal and/or external sources
- b) Gather the primary research data through selected quantitative and/or qualitative research methods
- c) Summarize the secondary research data
- d) Edit and code the primary research data
- e) Tabulate the primary research data and apply statistical tests
- f) Analyse the primary and secondary research data and write up the research results

### 4. Interpreting and reporting the findings

- a) Conclude and make recommendations
- b) Finalize the research report in a written format
- c) Design the research report presentation
- d) Present the results of the research to stakeholders
- e) Revise the research report based on stakeholder input



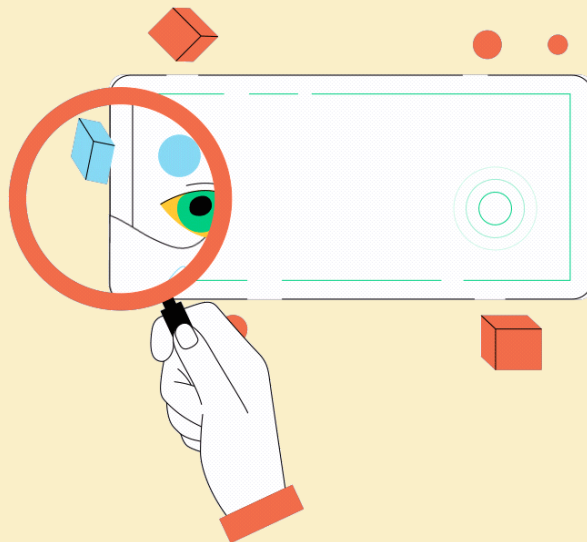
## Marketing research method/ technique

### Qualitative

- A natural or observational examination of the philosophies that govern consumer behaviour.
- The quality of the research produced is heavily dependent on the skills of the researcher and is influenced by researcher bias.

### Quantitative

- Application of quantitative research techniques to the field of marketing.
- From a marketing viewpoint it is an interactive process in which both the buyer and seller reach a satisfying agreement on the "four Ps" of marketing: Product, Price, Place (location) and Promotion



## Types of research

**Observational** research involves gathering primary data by observing relevant people, actions, and situations

**Survey** research is the most widely used method and is best for descriptive information such as knowledge, attitudes, preferences, and buying behaviour.

**Experimental** research is best for gathering causal information—cause-and-effect relationships.

## Online Marketing Research

Internet research can collect large amounts of data that is easily analyzed within a database. Information is gathered at a low cost. Surveys online can be easily changed.



Marketing research planning process



## **Preparing a marketing research report**

A research marketing report is a detailed analysis of target markets. It plays a vital role in business decision-making and strategy planning. The report provides required information about market shifts due to changes in factors like economic or social trends. It also represents the clear trends related to demand, consumer behaviour, sales, and growth opportunities so they can credit to all types of industries like automobile, pharmaceutical, public sector, and many more.

### **Process of Preparing a Marketing Research Report**

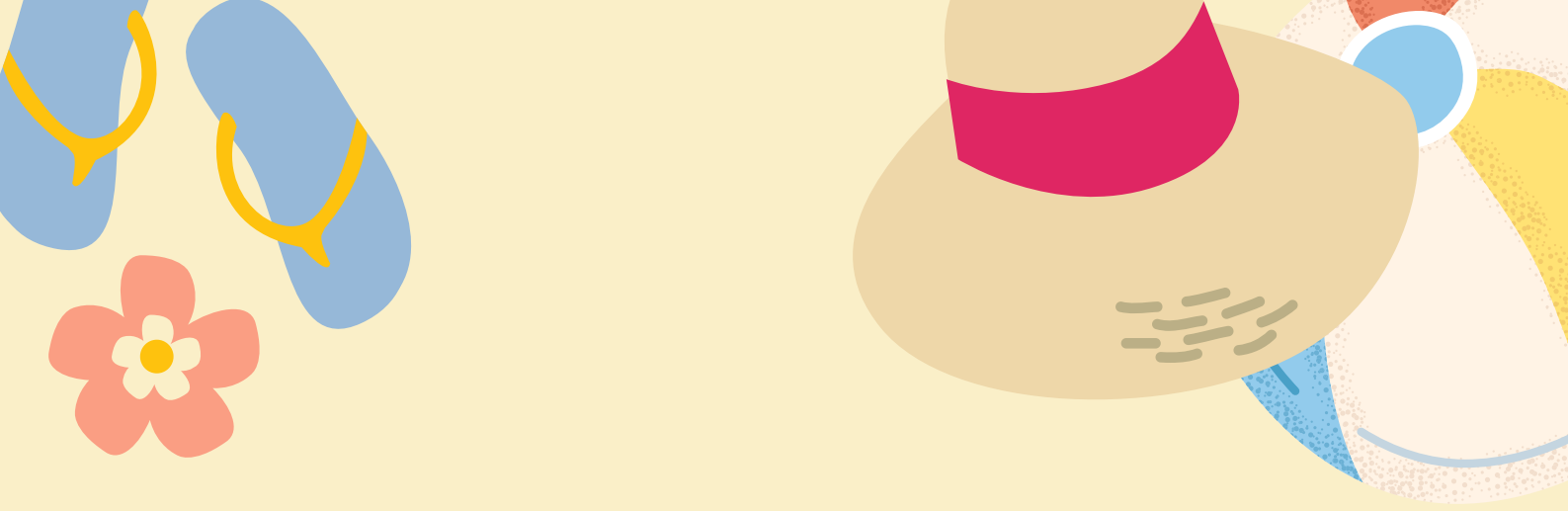
1. Cluster the data – Bring together the relevant data acquired from the market research action. Assemble the survey outcomes and results.
2. Write a captivating introduction – After clustering of data starts penning down the front matter and pretext of your report that will comprise a synopsis of a particular process of market research and the examined results as well.
3. Mention the research methods – Mention the exercised methods in research. If there are any surveys conducted, define the types and number of surveys, the aggregate of defences, and the approaches that were undertaken to perform the survey.
4. Initiate a narrative explanation – Creation of tables, graphs depicting the outcomes of the research.
5. Concluding the report – Conclude the report with a division that lists approvals related to the outcomes of research. One can provide his or her recommendations and suggestions related to market research and analysis.

### **Exercise:**

1. Describe the importance of marketing research.
2. List **FIVE (5)** key requirements for good research information.

### **Group Activity:**

In a group of four, conduct marketing research on any product or service in the hospitality and tourism industry and present your findings to the class.

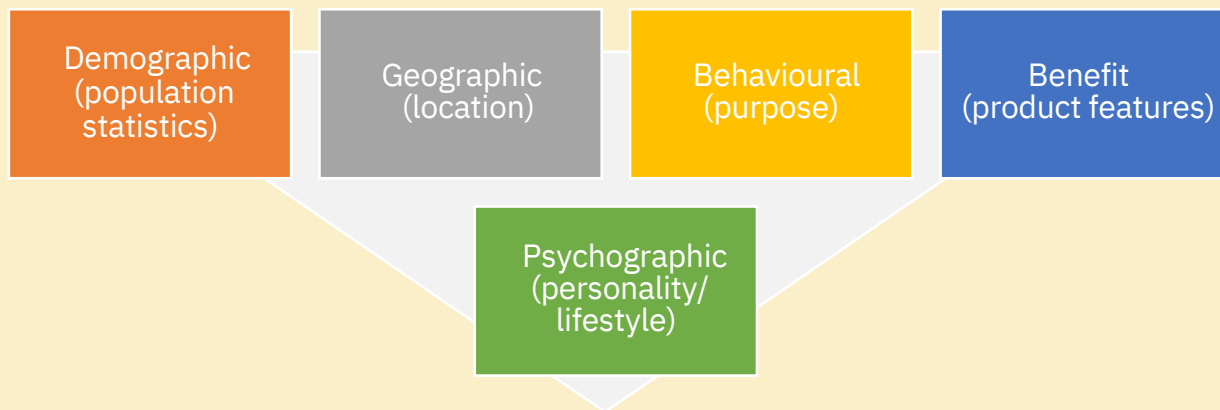


# MARKET SEGMENTATION AND POSITIONING



## Market Segmentation

Market segmentation is the process of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers based on shared characteristics. Marketers will categorizing customers according to their interests. This helps marketers target potential customers with relevant products. This, in turn, optimizes their marketing strategy. Market segmentation can be done by identifying groups with shared characteristics based on segmentation bases such as demographic, geographic, behavioural, benefit, and psychographic. These groups are also known as **target markets**.



### a) Demographics

Demographic segmentation refers to specific characteristics of a population. For example, race, gender, ethnicity, religion, income, education, marital status, among others.



Gender



Age



### b)Geographic

Geographic segmentation is used to target products or services at people who live in, or shop at, a particular location. It works on the principle that people in that location have similar needs, wants, and cultural considerations. For example, KFC in Malaysia offers Golden Egg Chicken while in Australia they offer Nacho Box, Green Curry Chicken Rice Bowl in Thailand and Okonomiyaki Chicken in Hong Kong.



Okonomiyaki Chicken served at KFC in Hong Kong.

### c) Behavioural

Behavioural segmentation is a method of grouping customers by their behaviour patterns such as their knowledge of, attitude towards, use of, likes/dislikes of, or response to a product, service, promotion, or brand. This can be used to understand the purpose of their buying activities or their needs and wants. Marketers can segment by customers' interactions with their brand, such as their purchase history and website interactions.



Malaysians all-time favourite brands

#### d) Benefit

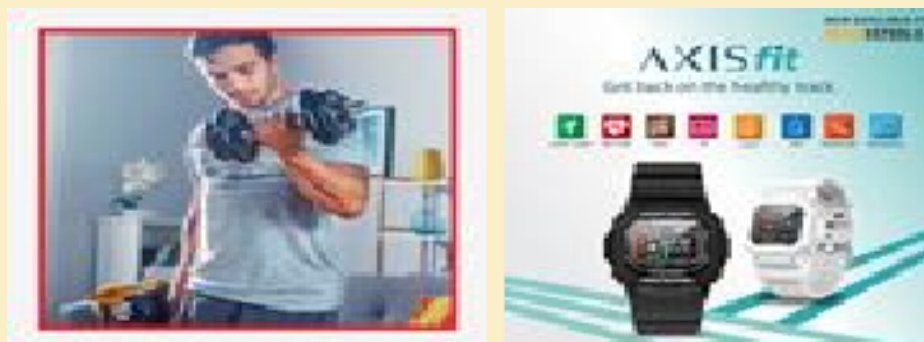
Benefit segmentation can be used to address the different features of a product or services. For example, some consumers want a hotel room with private pool, while some would simply prefer a room with sea view.



A hotel room with a spectacular view

#### e) Psychographic

Psychographic segmentation is the process of grouping people based on lifestyles and personalities. Segregated into several groups based on social class, lifestyle, or personal characteristics. Lifestyle is the way a consumer lives his life and how he spends his money daily. Personality on the other hand explains characters of the consumer such as shy, aggressive, active, independent, conservative, confident, and many more.



Active lifestyle

f) Purpose of trip

Segmentation by the purpose of trip is usually used by lodging, restaurant, travel agency, cruise, airline and destination marketing. Factors that have an influence on the customer's behaviour in this segmentation can be split into:

a. business travel market - business travel includes travelling to a different branch of the same company, travelling to a different location to meet suppliers or business partners, or travelling for a conference or business event. Business travellers would normally prefer accommodations closer to their events, typically in the central business district and have all the necessities for their agenda.



Business hotel

b. leisure travel market - Leisure tourism refers to a getaway or retreat from daily routine. Leisure tourists usually revel in the pleasant hotels and resorts and relaxing atmosphere of beaches and other tourist attractions. The most popular activities of leisure tourism include social tours, cultural tours, religious tours, family tours, sports tours, and medical tours.



Leisure travel

### c. Visits to friends and relatives

Visits to friends and relatives (VFR) are known as social visits. They are usually undertaken for relaxation, and they are often seen as a sub-category of leisure, recreation and holidays. The definition refers to the motive of the visit, and not to the mode of accommodation. In the classification by purpose, they constitute a sub-category of leisure trips.

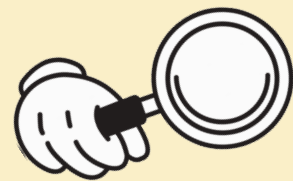


## Constructing marketing mixes for the market segment

A target market strategy is a business plan focused on growing sales and brand awareness within a specific group of consumers. To do this, businesses strategize based on demographics that make up a market, which is an area or group specified for product sales. There are three (3) strategies for selecting market segments:

### a) Undifferentiated marketing

Undifferentiated marketing or mass marketing strategy is when a firm might decide to ignore market segment differences and target the whole market with one offer. Such a strategy focuses on what is common in the needs of consumers rather than on what is different. E.g. Staples like sugar, flour, toothpaste, dish soap, and fruits and vegetables that everyone buys, regardless of demographics.



### b) Differentiated marketing

A coverage strategy in which a firm decides to target several market segments and designs separate offers for each. These companies hope for (1) higher sales; (2) a strong place within each market segment; (3) more loyal customers because the firm's offerings match each segment's desires better. E.g. Nike offers athletic shoes for different sports such as running, aerobics, cycling, baseball, basketball, and tennis.

### c) Concentrated marketing

When using a concentrated marketing strategy, instead of going after a small share of a large market, a firm goes after a large share of one or a few smaller segments. E.g. Garmin for smartwatches and Rolex for luxury watches.

## Market positioning

Identifying where the products or services stand in the marketplace. Good positioning makes a product exclusive and makes the users consider using it as a distinctive value to them. For example, Starbucks claims that they serve the best coffee, finest milk, rich and smooth flavours, and use 100% recycled paper that attracts young professionals in big cities.



## Niche market

A segment of a larger market that has its demands and preferences that focuses on a particular product. For example, in the food and beverage industry, hipster cafe which is the term for urban independent café serving high-end coffee drinks with an offbeat, minimalist, arty, or otherwise “cool” style is one of the niche markets.



## Evaluating market segments

Evaluating market segments is important to marketing strategy advancement. By separating the market into segments, businesses can better position products and services to target their specific customers' needs and desires. Better targeting customers means better returns on marketing investment. Market segments evaluation can be performed by assessing:

### a) Size and growth

Size and growth are closely related to sales, growth rates, and expected profit of the business during a period.

### b) Structural attractiveness

Structural attractiveness can be linked to Porter's Five Forces Model (Porter, 1979) which includes the bargaining power of suppliers, bargaining power of buyers, barriers to entry, substitutes, and competition.

#### Bargaining power of suppliers

The bargaining power of suppliers refers to the capacity of suppliers in influencing the prices. For example, when there are many suppliers, buyers can choose easily since none of the suppliers can affect the prices of the products.

#### Bargaining power of buyers

The bargaining power of customers looks at customers' ability to affect the pricing and quality of products and services. When the number of consumers of a particular product or service is low, they have much more power to affect pricing and quality. The same holds true when a large proportion of buyers can easily switch to a different product or service.



## Barriers to entry

When the barriers to entry into an industry are high, it can be very difficult for new businesses to enter the market due to high costs and strong competition. Some industries can claim a competitive advantage because their products are not standardized, and they can maintain a good position.

## Threat of Substitutes

Substitute products in a market increase the chance of customers substituting for alternatives in response to price increases. However, when a business follows a product differentiation strategy, it can determine the ability of buyers to switch to the competition.

## Competitive rivalry

In highly competitive industries, little or no control over the prices of goods and services can be exercised. But, when the industry can dominate the market, businesses can fully control the prices of goods and services.



Porter Five Forces Model

## c) Company objectives and resources

When evaluating the market segments, the company objectives and available resources should be taken into consideration so that the marketing activities can be implemented smoothly.



## Market Segmentation for Tourism and Hospitality Products and Services

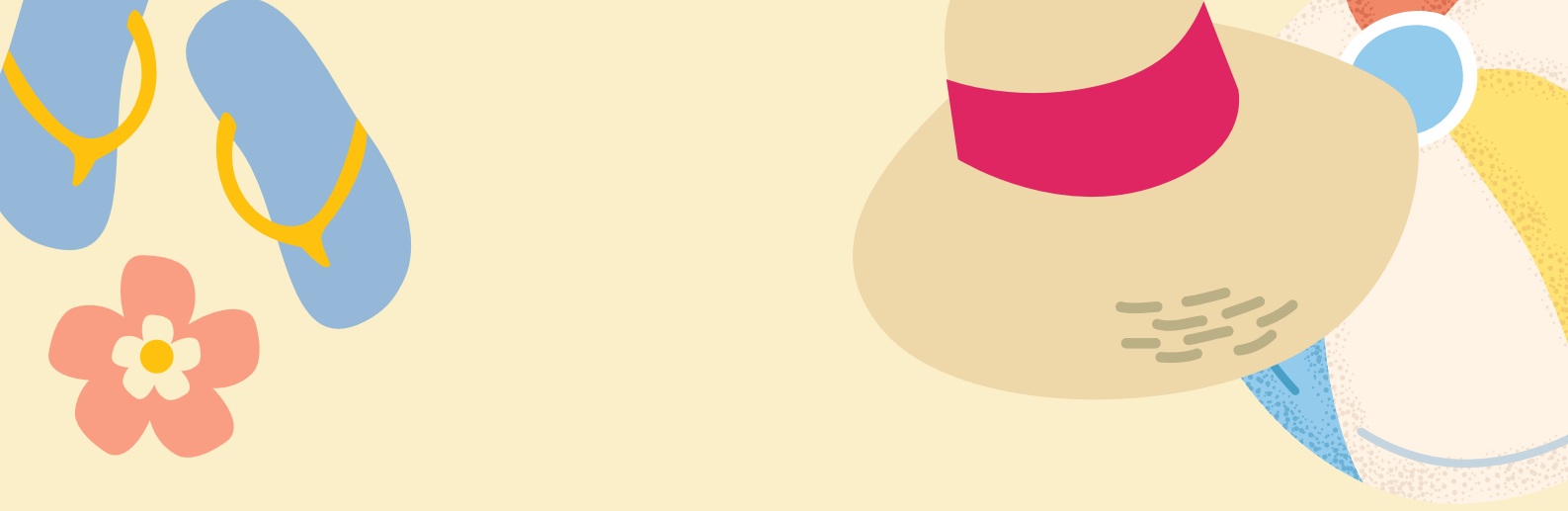
a) Prestige	Level of prestige, particularly long-distance travelers.
b) Escape	Desire escape momentarily from the day-to-day.
c) Sexual Opportunity	Travel has long been viewed as means to meet attractive people.
d) Education	Travel in and of itself has historically been viewed as broadening.
e) Social interaction	Meet and interact with people previously unknown as powerful motivator.
f) Family bonding	Family reunions have become an important market segment for many in travel industry.
g) Relaxation	Destination resorts and cruise ships best exemplify the need fulfillment for relaxation.
h) Self discovery	Travel offers the opportunity to 'find oneself'.

### **Exercise:**

1. Marketing strategy identifies the \_\_\_\_\_ and divides it into smaller \_\_\_\_\_.
2. Supplier bargaining power is high when...
3. Customer bargaining power is high when ...
4. Possible barriers to entry could include...
5. Threat of substitutes is determined by...
6. Rivalry between existing players in the industry is likely to be high when ...

### **Activity:**

In a group of four, choose a product that you know and try to identify the segmentation base strategy. Discuss in groups and present your findings to the class.



# MARKETING PLAN



## What is a marketing plan?

A marketing plan is a written plan that is used to guide an organization's marketing activities for two years or less. A marketing plan generally comprises business marketing and advertising objectives, current marketing position, timeline strategy, target markets, and customer needs. The marketing plan details the strategy that a company will use to market its products to customers.

## The purpose of the marketing plan

The purpose of a marketing plan is to clearly show what steps or actions will be taken to achieve the plan's goals. For example, a marketing plan might have a strategy to increase the organization's market share by ten per cent.



## The importance of a marketing plan

- Provides a road map for all marketing activities of the firm for the next year.
- Ensures that marketing activities are in agreement with the cooperative strategic plan.
- Forces marketing managers to review and think through objectively all steps in the marketing process.
- Assists in the budgeting process to match resources with marketing objectives.
- Creates a process to monitor actual against the expected result.

## Steps in marketing plan development

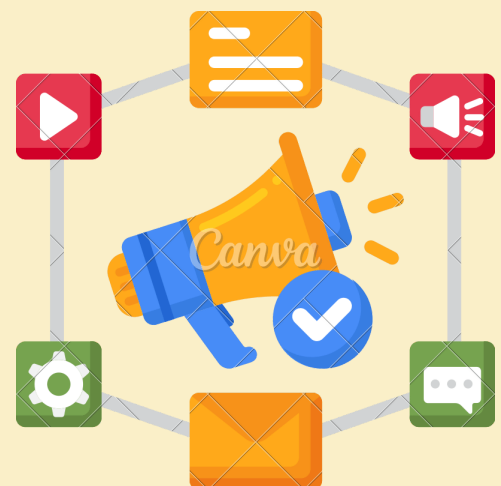
There is no one size fits all marketing plan for hospitality and tourism. However, a proper business plan should include:

1. The preparation of the marketing plan rationale review and summarize:

- a) Situation analysis (including SWOT analysis)
- b) Marketing research studies
- c) Market segmentation
- d) Marketing strategy
- e) Positioning approaches
- f) Target-market selection
- g) Segmentation approach and characteristics
- h) Marketing mixes (8 Ps)
- i) Marketing objectives

2. Development of a detailed implementation plan design which includes:

- a) Specify activities by marketing-mix element (8 Ps) for target markets
- b) Identify responsibilities (internal and external)
- c) Create a timetable and activity schedule
- d) Plan for budget and contingency fund
- e) Recognize expected results
- f) Determine the measurements (metrics)
- g) Progress reporting procedures
- h) Set performance standards
- i) Perform evaluation
- j) Stay current



3. Write the Executive Summary

Describe the highlights of the marketing plan rationale and implementation plan

## Marketing plan content

### a) Executive Summary

An executive summary is an overview of a document. In general, an executive summary can be anywhere from one to two pages long. All of the information that the stakeholders need to know should be included in the document.

### b) Steps to writing the executive summary:

1. Start with the problem or need the document is solving. Why is this project happening? What insight, customer feedback, product plan, or other need caused it to come to life?

2. Outline the recommended solution.

How is the project going to solve the problem you established in the first part? What are the project goals and objectives?

3. Explain the solution's value.

Once you've finished your project, what will happen? How will this improve and solve the problem you established in the first part?

4. Wrap up with a conclusion about the importance of the work. This is another opportunity to reiterate why the problem is important, and why the project matters. It can also be helpful to reference your audience and how your solution will solve their problem. Finally, include any relevant next steps.

### 5. Situational Analysis

An analysis of the internal and external factors of a business. It identifies a business's capabilities, customers, potential customers, and business environment, and their impact on the company.

## SWOT Analysis

SWOT (strengths, weaknesses, opportunities, and threats) analysis is a framework used to evaluate a company's competitive position and to develop strategic planning.

### a) Strengths

What do you do well? **Internal** elements such as key resources, capabilities, assets, and partnerships offer a competitive advantage over others.

### b) Weaknesses

Where do you need to improve? **Internal** elements such as resources, talent, assets, and capabilities are disadvantageous to others.

### c) Opportunities

What are your goals? External elements that provide opportunities for growth, innovation, and other benefits. For example, market environment, technology, strategic partnership, economy, and government support.

### d) Threats

What obstacles do you face? **External** elements that can damage capabilities, resources or weaken competitive position. For example, competitors, customer demands, legal procedures, and economic conditions such as inflation or recession, pandemic, or wars.



**Exercise:**

1. Identify the importance of marketing plan.
2. List TEN (10) steps of marketing plan.
3. What is executive summary and list down the steps to writing the executive summary.

**Activity:**

In a group of four, discuss a marketing plan including SWOT analysis for a new business of your choice and present your plan to the class.





# SALES



## The Nature of Hospitality Sales

A sale is a deal between two or more parties in which the buyer receives tangible or intangible goods, services, or assets in exchange for money. In hospitality and tourism, the nature of sales includes prospecting, targeting, communicating, selling, servicing, information gathering, allocating, and maintaining strategic relationships. Hospitality sales activities typically begin with:

### a) Prospecting

Looking for potential customers.

### b) Targeting

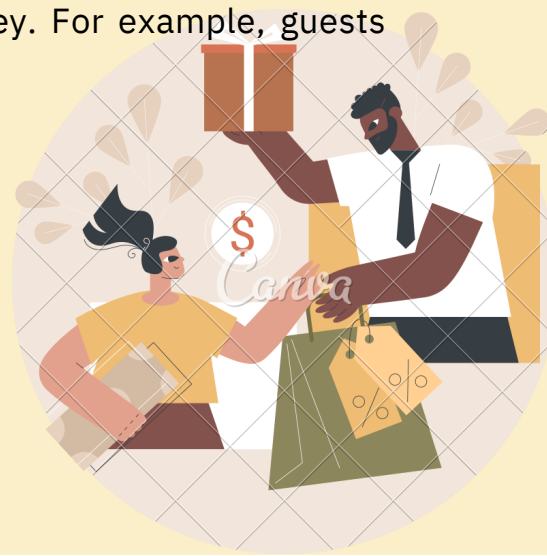
Breaks a large market into smaller segments to concentrate on a specific group of customers. For example, young urban professionals or families with small children.

### c) Communicating

Messages and media that marketers use to communicate with target markets. For example, direct marketing, and social media.

### d) Selling

Offering products to customers in exchange for money. For example, guests pay for hotel rooms.



#### e) Servicing

Offering services to customers in exchange for money. For example, customers pay for tour packages.

#### f) Information Gathering

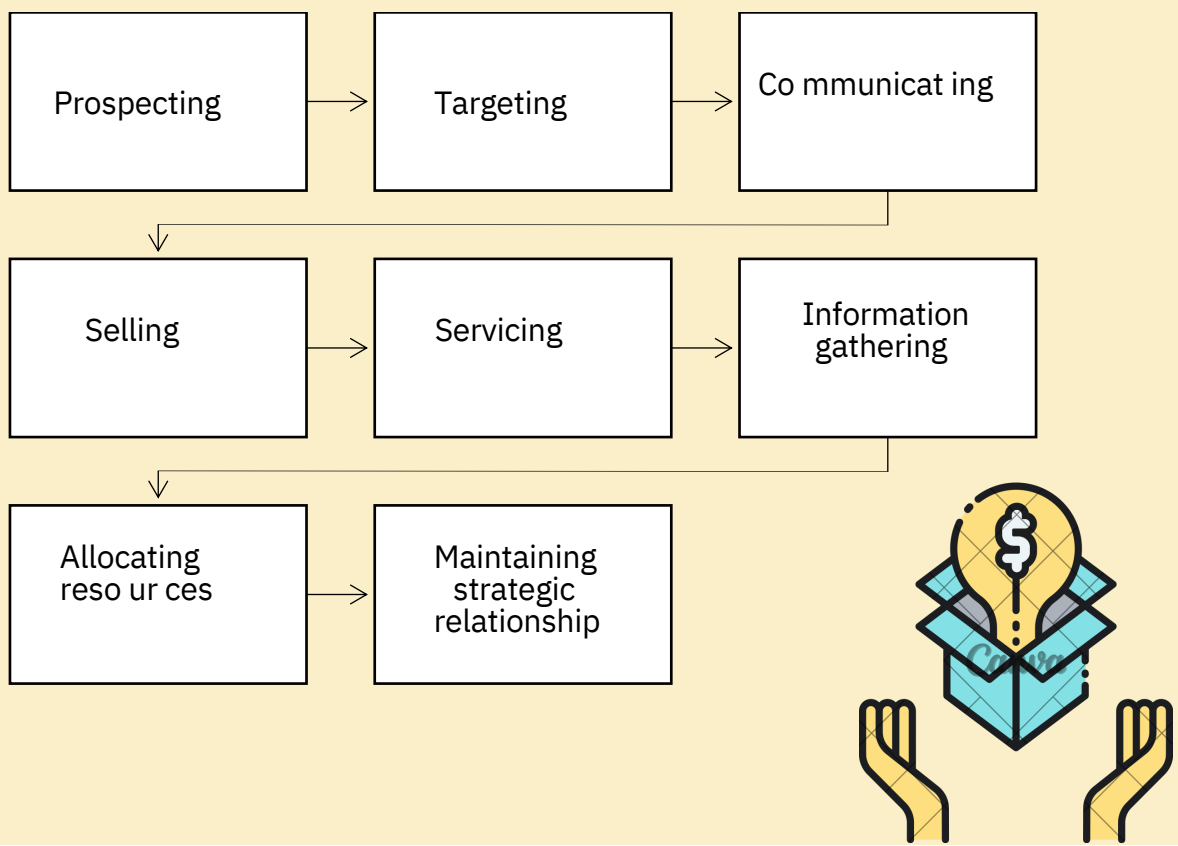
Continuous information gathering ensures that customers' needs and expectations are always met.

#### g) Allocating resources

The process of deciding how to best manage resources across multiple activities may influence customer awareness and purchase behaviour.

#### h) Maintaining Strategic Relationships

Strategic partnerships can magnify the target market, improve the company's reputation, and scale up the business. It can be done by clarifying the business objectives, establishing shared benefits, observing core values, and identifying mutual customers in ensuring a win-win situation.



## Salesforce objectives

A company can determine its salesforce objective based on the following objectives:

a) Sales volume

**Sales volume by selected segments** means a business must define the marketing segments that it is going to increase its sales in. Tracking the market segment's trend will help the business to stay updated and will also give an advantage in targeting specific areas of sales.

Meanwhile, **sales volume and price/ margin mix** focus on the sales margins. Sales margins are important to businesses because the higher their sales margin, the more profit they will gain.



b) Upselling and second chance selling

Upselling is an excellent profit opportunity that exists for hospitality companies, particularly hotels and resorts to upgrade prices and profit margins by selling higher-priced products such as suite rooms.

Second-chance selling is encouraging cooperation and teamwork between departments to increase revenue.

c) Market shares or market penetration

Market shares or market penetration is a measurement of how much a product is being sold in comparison to the total estimated market for that product, expressed as a percentage.

## Product-specific objectives

Product-specific objectives are targets for product development or product management. They serve as the basis for product strategy, design, refinement, and launch. Product objectives also serve as targets for teams and individuals and may be incorporated into performance management targets. In setting up the product objectives, SMART principles are highly recommended.





a) Specific

A clear description of what needs to be achieved/goals. For example, “8% *market share in May 2022*” and not just “*an increasing number of guests*”.

b) Measurable

Use statistics or data targets. For example, “300 rooms to be sold in May 2021” and not just “sell many rooms”.

c) Attainable (actionable)

Within scope and capability. For example, avoid telling the marketing team to “sell as much as you can” without assessing their capabilities and this can easily frustrate them.

d) Relevant (realistic)

Applicable to the business. For example, if you have 150 hotel rooms, you will not expect full occupancy during the low season.

e) Time-bound (timely)

A specific date or time frame. For example, you should know when to arrange a winter tour in Europe for clients who are interested to experience the snowing season.

**Exercise:**

List down hospitality sales activities.

**Activity:**

Create product-specific objectives using SMART principles and discuss your outcomes in the class.



# **DIRECT, ONLINE, SOCIAL MEDIA AND MOBILE MARKETING**





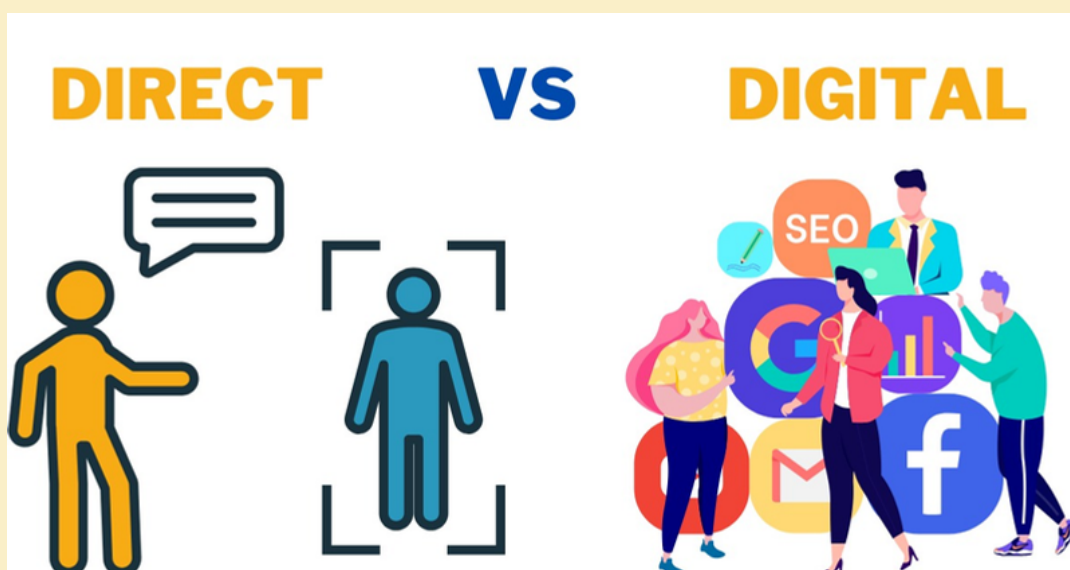
## ICT development in tourism and hospitality

Information Communication Technology (ICT) is important in the tourism and hospitality industry. It enables customers to explore and purchase personalized hospitality and tourism products and services. Also, suppliers can develop, manage, and distribute their products without any time and geographical constraints to support the globalization of the industries.

Since it is convenient to use the Internet and the cost of using it is relatively inexpensive, many hospitality businesses have started to extensively use ICT in their daily activities.

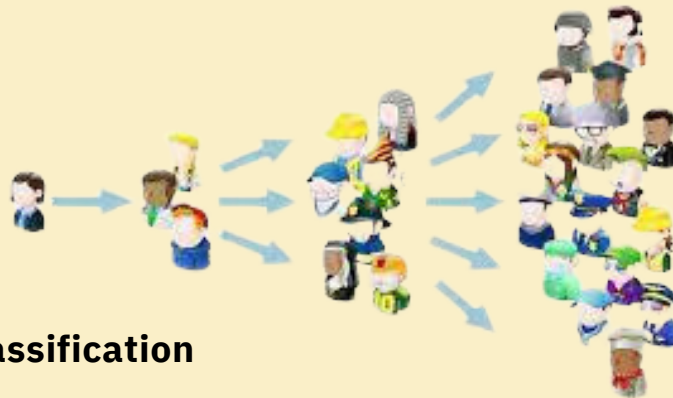
## Direct marketing vs digital marketing

Since the importance of ICT in hospitality and tourism has been renowned, now the marketing for the industry is divided into direct marketing and digital marketing.



## Word-of-mouth vs e-word-of-mouth

While in traditional word-of-mouth, the message disappears as soon as it is spoken, in the case of e-word-of-mouth (e-WOM), the message remains over a period. e-WOM includes blogs, online reviews, social media posts, and messages posted on online groups.



## Social media classification

### a) Collaborative projects

Allow groups of people to work together to create online content. An example of a collaborative project is Wikipedia.

### b) Virtual communities

A social network of individuals who connect through specific social media, potentially crossing geographical and political boundaries in order to pursue mutual interests or goals. Examples of virtual communities are group pages on Facebook i.e. Backpackers Buddies Malaysia and Hotel Resort Malaysia Promotion

### c) Content communities

Sites that allow users to share multimedia content. Businesses can benefit from content communities by sharing multimedia that promote their products or brand or exchange information with customers or interested parties. Examples of content communities are Imgur (<http://imgur.com>), Tumblr ([www.tumblr.com](http://www.tumblr.com)), and Flickr ([www.flickr.com](http://www.flickr.com)).

#### d) Social network sites

A social networking service is an online platform that people use to build social networks or social relationships with other people who share similar personal or career content, interests, activities, backgrounds, or real-life connections. Examples of social network sites are Facebook, Instagram, Twitter, and TikTok.

### **Social Media Impact**

a) Social media influence the travellers' planning process. By looking into information on social media, travellers can plan their journey. For example, travellers might require accommodation, excursion plans, transportation, food, and beverages and social media could be the first place that they look for information.

#### b) Experience and storytelling

Engaging social media influencers to tell their experience and stories using our products and services could create awareness and interest among potential customers.



## Integrating dimension of co-creation through technology

The use of technology can transform social media users into part of what makes and produces a brand. Social media users can be categorized as follows:

**Lurkers:** Typically, a member of an online community who observes but does not participate.

**Posters:** People who actively post and contribute to teams' social media sites.

**Social shoppers:** Shoppers discover brands and buy products on social media platforms like Instagram, TikTok, or Facebook. Shoppers then explore with hashtags and shop tabs, depending on which platform they choose.

By capitalizing on co-creation through technology, a business could further enhance the level of its brand acceptance in the market.



## Social Media User Penetration in Malaysia

As of January 2022, 89% of the people in Malaysia use social media. It was a rise of 43% from 2016 when social media users accounted for only 62% of Malaysia's entire population. We saw an increase of 8% in social media users from 2021 to 2022. WhatsApp sees the highest number of users with a penetration rate of 93.2%, followed by Facebook at 88.7% and Instagram at 79.3% (Kepios, 2022). Similarly, Singapore and Indonesia both see the top 3 platforms to be WhatsApp, Facebook, and Instagram.

Malaysia is the leading video-consuming country in Southeast Asia, with an average of 7.2 hours a week spent watching online videos. Malaysians spend about an average of 3 hours a day on social media (Statista, 2021). There is an average of 8.2 social media platforms used per person each month.

Takeaway: Malaysians generally spend quite a bit of time on social media daily for various purposes such as work or leisure. Therefore, brands trying to reach the audience in this market must prioritize the top social media channels in their marketing plan, whether for B2C or B2B purposes.

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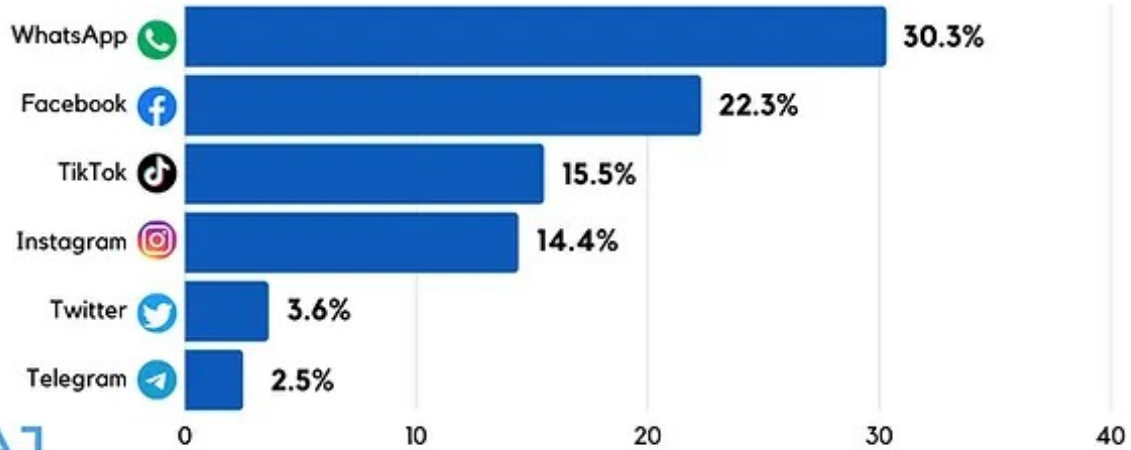


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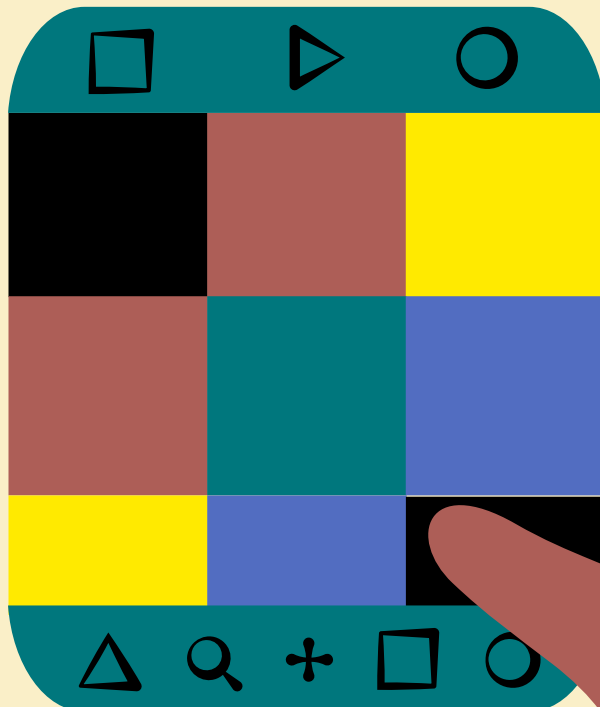
## FAVORITE SOCIAL MEDIA PLATFORMS IN MALAYSIA



Percentage of internet users aged 16 to 64 who say that each option is their "favorite" social media platform



#AJ  
marketing



## **The role of social media in travel distribution**

### **Social media approach for travel companies**

The increased level of connectivity via social media has proved that it is not just a fad or trend. Social media like Facebook, Twitter, Instagram, and Pinterest have not only changed the way people communicate and interact, but they've also greatly affected the way companies engage with and transact business with their customers. Opting for speed and flexibility, today's travellers use social media platforms to research, review, recommend, and even purchase vacations or travel services and packages. Travel and tour operators must make use of social media in communicating and marketing to customers.



## **Online relationship marketing**

### **Social media customer care**

Allow support through social channels, like Facebook and Twitter. It lets businesses meet customers where they are and quickly answer questions. Most customers think solving an issue fast is the most important part of good support.

## AIDA Model

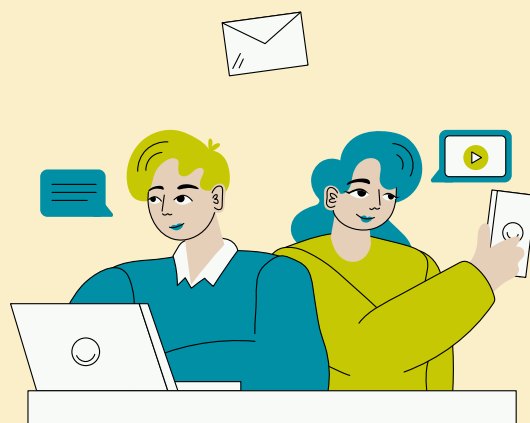
One of the commonly used models in digital advertising or any marketing campaign is the AIDA model. The AIDA model stands for **A**ttention, **I**nterest, **D**esire, and **A**ction.

**Attention** - Get the attention of the customers i.e. using attractive models or shocking statements. This can be done by using click baits, viral stories, etc.

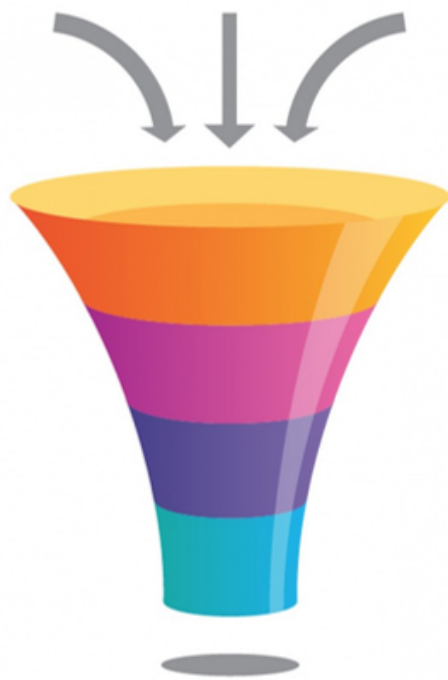
**Interest** - Once customers are aware of the products/services, more efforts need to be given to maintain their interests. For example, by offering coupons or discounts.

**Desire** - Once the customers are already interested, the next move is to make the customers want it. For example, Agoda.com would alert potential customers that someone else is looking at the same room thus triggering anxiety that they need to quickly book the room.

**Action** - Once the customers want the product/services, the next step is to ensure the purchase is made. By using the Agoda example above, the final action can be performed with just a single click.







# AIDA

- 1 AWARENESS
- 2 INTEREST
- 3 DESIRE
- 4 ACTION

**Exercise:**

1. In your own words, describe the definition of social media marketing.
2. Why is social media important in marketing?

**Activity:**

Create marketing content on your social media and present it to the class. Try to get as many views, likes, and shares for your content.



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