



The Marketing Map

The Marketing Map

Navigating the Principles of Marketing for Tourism, Hospitality, and Services

LIAN (EVANGELIA) DUMOUCHEL

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Introduction to the Book

Welcome to The Marketing Map: Navigating the Principles Marketing for Tourism, Hospitality, and Services!

This book serves as your guide to understanding the fundamental principles of marketing, tailored to the dynamic and multifaceted sectors of tourism, hospitality, and services. Designed to bridge theoretical concepts with practical applications, this resource aims to prepare you for success as you navigate your academic path and future career with confidence.

Why This Book?

Designed for Canadian post-secondary introductory courses in “*Tourism, Hospitality, and Services Marketing*,” this open-access textbook supports your learning journey through:

Sector-Specific Insights: Concepts, examples, and case studies directly address the challenges and opportunities unique to tourism, hospitality, and services sectors.

Focus on Unique Marketing Challenges: In-depth understanding of strategies designed to address sector-specific issues, including:

- **Intangibility and Perishability:** Marketing services and experiences that cannot be stored or physically touched.
- **Cultural Sensitivity:** Navigating diverse cultural contexts and effectively engaging audiences from local to international markets.
- **Seasonality:** Managing seasonal fluctuations in demand.
- **Customer Interactions:** Providing high-quality customer service to foster satisfaction, loyalty, and long-term relationships.

Practical Applications for Real-World Contexts: Actionable tools to adapt and implement marketing strategies that meet the specific needs of travelers, guests, and other stakeholders in these sectors.

Learning Outcomes

Your Learning Journey

Each chapter of this book offers its own set of learning outcomes, designed to build your knowledge

progressively. However, on a larger scale, the book's learning outcomes set a vision of what you will be able to achieve by the end. Think of these outcomes as your ultimate toolkit, equipping you not just with individual insights but with a comprehensive understanding of tourism, hospitality, and services marketing. By the end of this journey, you will be able to:

1. Understand Core Marketing Principles:

- Define and describe marketing and its fundamental concepts.
- Explain the core marketing concepts of needs, wants, demands, and value.
- Discuss the components of the marketing mix (4Ps).
- Apply marketing principles to tourism, hospitality, and services sectors.

2. Analyze Marketing in Tourism and Hospitality Contexts:

- Explain the unique characteristics of marketing tourism, hospitality, and service products.
- Identify and discuss the peculiarities of marketing experiences.
- Develop marketing strategies specific to tourism and hospitality contexts.

3. Evaluate the Marketing Environment and Influencing Forces:

- Identify and assess key forces impacting marketing strategies.
- Analyze internal and external marketing environments.
- Differentiate between micro- and macro-environmental factors.
- Explain how external forces influence marketing decisions.

4. Apply Critical Marketing Skills:

- Solve real-world marketing challenges using learned concepts.
- Adapt marketing principles to address sector-specific issues.
- Critically evaluate marketing strategies across diverse contexts.

5. Integrate Strategic Marketing Frameworks:

- Connect marketing strategy to overall organization strategy.
- Trace and explain the evolution of the various marketing orientations.
- Design adaptable marketing approaches suited to dynamic environments.
- Analyze the role of marketing in achieving organizational success.

6. Demonstrate Key Competencies:

- **Marketing Concept Application:** The ability to apply foundational marketing concepts effectively in various settings.
- **Strategic Thinking:** The capacity to plan and make decisions with a long-term perspective, aligning marketing efforts with overall organizational goals.
- **Contextual Analysis:** Assessing the specific environmental factors that impact marketing strategies, such as industry trends, cultural factors, and consumer behaviours.
- **Problem-Solving:** Identifying, analyzing, and developing solutions for marketing-related challenges.
- **Critical Evaluation:** Assessing marketing strategies and outcomes to determine effectiveness and areas for improvement.

Dedication

To my mother, Alexandra Vitaliotou Dumouchel, who inspired my love of learning. Thank you, Mama, for being my role model, my cheerleader, and my greatest teacher.

Acknowledgements

Author's Acknowledgements

Completing this book has been a journey, and I couldn't have done it alone—though there were moments I considered running away to a beach instead! I owe a heartfelt thanks to my husband, **Dr. Peter Tsigaris**, for his honest (and occasionally too brutally honest) feedback, which kept me grounded and always striving for better. A special thank you also goes to my colleague, **Dr. Yaou Hu**, for her thoughtful insights and feedback on the early draft—it was invaluable and deeply appreciated.

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A heartfelt thank you to my incredible editing team. To publishing manager **Dani Collins**, for her invaluable advice and guidance throughout this process, to **Jessica Obando Almache** in production, and to the amazing copy editor **Kaitlyn Meyers**, whose super speedy and meticulous work kept everything on track. This project also led me to new learning adventures, including mastering Pressbooks and navigating the world of Creative Commons licenses—skills I never imagined I would acquire but am now oddly proud of!

Lastly, I look forward to the feedback I will receive from my students when I test drive this book in the Winter 2025 semester. Their insights and perspectives will undoubtedly help refine and improve this work for future learners!



Lian Dumouchel
December, 2024

Additional Acknowledgements (April 2025)

Since the initial acknowledgements written in December 2024, *The Marketing Map* has been actively tested and refined. I would like to extend my sincere thanks to the students of TMGT 1150 at Thompson Rivers University, who used this open textbook in its pilot semester (Winter 2025). Your engagement, feedback, and thoughtful reflections have been invaluable in shaping this resource into a more effective and learner-centered tool.

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Many thanks also to the colleagues across Canada who explored the early release of the book, shared comments, and offered support. Your encouragement affirmed the importance of collaboration in open educational publishing.

Finally, I would like to share the following unsolicited message from **Maya Goecke**, a student in TMGT 1150, whose kind words capture the intent behind this resource:

Hi Lian,

I didn't do your survey yet, but I wanted to let you know that I think your book is fantastic. It met all my needs this semester. Usually, I avoid course books because they can be very time consuming, and the language is often too formal or complex. I liked that the language was accessible, especially for international students like me and easy to follow. It aligns well with how you speak in your classes, and this makes it easy to connect content from classes with self-study time at home.

The best thing about it is the exercise/test your knowledge section. For the exams to turn out well it takes a lot of memorizing, and the multiple-choice section was brilliant for that. I used it as well as a tool right before the exam to give me reassurance and confidence.

Thank you for making this more interactive than other course books!

- Maya Goecke, April 12, 2025

This formal launch in April 2025 marks an important milestone made possible by your contributions. Thank you for helping bring *The Marketing Map* to life.

Land Acknowledgement

Thompson Rivers University (TRU) campuses are situated on the traditional lands of the Tk'emlúps te Secwépemc (Kamloops) and the T'exelc (Williams Lake) within Secwepemcúl'ecw, the traditional and unceded territory of the Secwépemc. The rich tapestry of this land also encompasses the territories of the St'át'imc, Nlaka'pamux, T'silhqot'in, Nuxalk, and Dakelh. Recognizing the deep histories and ongoing presence of these Indigenous peoples, we express gratitude for the wisdom held by this land. TRU is dedicated to fostering an inclusive and respectful environment, valuing education as a shared journey. The TRU Open Press, inspired by collaborative learning on this land, upholds open access principles, and freely accessible education for all.

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The Open Press

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Accessibility

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- **Accessible Videos:** All videos in this resource have captions.
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- **Accessible Links:** All links use descriptive link text.

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The OER Adoption and Error Reporting forms aren't included in all export files.

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- “Plog’s Model of Allocentricity and Psychocentricity Made Simple” (https://youtu.be/EoEVXS8K5w4?si=hV74J_8WseuKZWzM) by Dr. Hayley Stainton
- “Designing a Purposeful Personal Brand From Zero to Infinity | Tai Tran | Tedxberkeley” (https://youtu.be/Alqt7plbp_o?si=e3Vr6oSsWUumnLLK) by TEDxTalks
- “The Progression of Economic Value” (<https://youtu.be/9TqHluioAAI?si=R3f5GqKblsufwK0r>) by Strategic Horizons LLP
- “15 Things You Didn’t Know About the Ritz Carlton” (<https://youtu.be/3xJRnQVToo4?si=BVMpS441Q7knJCu>) by Alux.com
- “I Ate the World’s Most Expensive Taco” (<https://youtu.be/BDgi4UuMzml?si=QBNW1HfvuttCzzQT>) by Nick DiGiovanni
- “Price Discrimination – Good or Bad?” (https://youtu.be/MpG9FSbZKz0?si=9_K2b3AtbxEpeQvz) by StreamLearn
- “Module 1: What Is Supply Chain Management? (Asu-Wpc-Scm) – Asu’s W. P. Carey School” (<https://youtu.be/Mi1QBxVjZAw?si=ztTZ9faDI57UzPbt>) by W. P. Carey School of Business
- “21st Century Ad Campaigns: The Top 15” (<https://youtube.com/playlist?list=PLComNResqCikOu9a85YJeittwTKUudyEd&si=kXojMGnCnYYgy5RU>) by AdAge
- “Make Health Last – Canadian Heart & Stroke Foundation” (<https://youtu.be/qNkzVz5Aljk?si=xsbCxbSqKV7GCo7e>) by MullenLowe Global
- “Tim Hortons True Stories: Proud Fathers” (<https://youtu.be/blo7wsEHjLY?si=ZASzHlnEQfVV4f6l>) by Tim Hortons
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- “The Myth of Globalisation | Peter Alfandary | Tedxaix” (https://youtu.be/xUYNB4a8d2U?si=MWW5788MaBGJCUE_) by TEDx Talks
- “Japan’s Population Is Getting Old, Faster” (https://youtu.be/V8__qrDCCsc?si=DVQcAKKP9kHLWq--) by South China Morning Post
- “G Adventures Founder Bruce Poon Tip at Skift Global Forum 2022” (<https://youtu.be/wDWpCsO9GTw?si=4K5pnGGgS6tWdQ1W>) by Skift
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Other Formats Available

- In addition to the web version, this book is available as a digital or printable PDF.

CHAPTER I

CHARTING THE COURSE: MARKETING FOUNDATIONS

Learning Outcomes

This chapter provides an overview of marketing foundations, exploring key concepts, the marketing environment, and the evolution of marketing orientation. By understanding these fundamental principles, you will gain valuable insights into how marketing shapes business strategies and consumer experiences in various contexts, particularly within the tourism, hospitality, recreation, and services sectors.

After reading this chapter, you should be able to:

- Define marketing and explain its core concepts, including needs, wants, demands, products, markets, value, and satisfaction.
- Analyze the components of the marketing environment, both internal and external.
- Trace how the marketing orientation has evolved from production-focused to societal-focused approaches.
- Understand the strategic framework for marketing and its role within an organization's overall business strategy.
- Recognize the unique challenges and considerations in marketing across different contexts, particularly in the tourism, hospitality, recreation, and services sectors.

Opening Thoughts

“People don’t want what you make, they want what it will do for them. They want the way it will make them feel. And there aren’t that many feelings to choose from. In essence, most marketers deliver the same feelings. We just do it in different ways, with different services, products, and stories. And we do it for different people in different moments. If you can bring someone belonging, connection, peace of mind, status, or one of the other most desired emotions, you’ve done something worthwhile. The thing you sell is simply a road to achieve those emotions, and we

let everyone down when we focus on the tactics, not the outcomes. Who's it for and what's it for are the two questions that guide all of our decisions.” – Seth Godin¹

Chapter Topics

- What is Marketing? (#chapter-what-is-marketing)
- The Marketing Environment (#chapter-the-marketing-environment)
- Evolution of the Marketing Orientation (#chapter-evolution-of-the-marketing-orientation)
- Strategic Framework for Understanding Marketing (#chapter-strategic-framework-for-understanding-marketing)
- Marketing in Different Contexts (#chapter-marketing-in-different-contexts)

Notes

1. Godin, S. (2018). *This is marketing: You can't be seen until you learn to see*. Portfolio/Penguin. P.21

What is Marketing?

The **American Marketing Association (AMA)** defines marketing as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”¹

Let’s unpack this definition...

Marketing is a set of **activities** related to **creating, communicating, delivering, and exchanging offerings** that have **value** for others.

Example Eco-Friendly Boutique Hotel



Figure 1 A hotel by a river (Adrien Olichon/Pexels) Pexels license (<https://www.pexels.com/license/>)

To illustrate the process of creating, communicating, delivering, and exchanging offerings that have value for others, let’s consider a scenario involving a new eco-friendly boutique hotel:

Creating Value: The process of collaborating with suppliers and customers to create offerings that have value.

The boutique hotel collaborates with local artisans and eco-friendly suppliers to design and furnish the hotel with sustainable materials. They offer unique experiences such as guided nature walks, organic farm-to-table dining, and eco-friendly amenities like biodegradable toiletries and solar-powered energy systems. The hotel partners with a local organic farm to supply fresh produce for their restaurant, ensuring high-quality, sustainable food offerings that appeal to environmentally conscious travelers.

Communicating Value: Describing those offerings and their value to potential and current customers, as well as learning from customers what they want and like.

The hotel uses various communication channels to promote its eco-friendly initiatives and unique experiences. They create engaging content for their website and social media platforms, highlighting their sustainable practices and the benefits of staying at an eco-friendly hotel. They also encourage guests to share their experiences online and provide feedback. The hotel runs a social media campaign showcasing guest testimonials and behind-the-scenes looks at their sustainable practices, such as composting and water conservation efforts. They also use email marketing to send personalized offers and updates to past and potential guests.

Delivering Value: Getting those offerings to the consumer in a way that optimizes value.

The hotel ensures that every aspect of the guest experience aligns with their eco-friendly brand. From the booking process to check-out, they provide seamless and memorable experiences. They offer convenient online booking options, provide detailed information about their sustainable practices, and offer exceptional customer service. The hotel offers a complimentary shuttle service from the nearest train station, reducing the carbon footprint of guests' travel. They also provide digital check-in and check-out options to minimize paper waste and enhance convenience.

Exchanging Value: Trading value for those offerings.

The hotel offers various pricing packages that reflect the value of their eco-friendly offerings. They provide options for guests to pay using traditional methods or through loyalty points and eco-friendly incentives. The hotel introduces a "Green Stay" program where guests receive discounts for participating in sustainable practices, such as reusing towels and reducing energy consumption. They also offer a loyalty program that rewards repeat guests with exclusive eco-friendly experiences and discounts.

This process is known as the **marketing process**:

Firms identify an unmet need/want/demand, then:

1. Develop the right **product** to satisfy this need,
2. Offer it at the right **price**,
3. Offer it in the right **place**, and finally
4. **Promote** it effectively

The marketing process is made up of four key elements known as "**marketing mix**" or the 4Ps of marketing – product, price, place, and promotion. The concept of the 4Ps as the core elements of the marketing mix was first formally introduced by E. Jerome McCarthy in his 1960 book *Basic Marketing: A Managerial Approach*². While newer models have emerged, the 4Ps remain a widely used framework for introducing marketing concepts.

The 4Ps of marketing are:

1. **Product:** The goods and/or services offered by the organization.
2. **Price:** The amount customers pay for the product.
3. **Place:** The distribution channels and logistics used to make the product available to customers.
4. **Promotion:** The communication methods used to inform customers about the product.

Each of these elements must work together towards a common goal:

To create, communicate, deliver, and exchange offerings and value that foster mutually profitable relationships with satisfied customers.



Figure 2 Happy customers (Kampus Production/Pexels) Pexels license (<https://www.pexels.com/license/>)

We will examine each of the marketing mix elements more closely later in this book.

Core Marketing Concepts

Before proceeding further, let's examine some core marketing concepts:

- Needs, wants, and demands
- Products
- Markets
- Value, satisfaction, and quality

- Utility
- Exchange, transactions, and relationships

Needs, Wants, and Demands

The concept of “needs, wants, and demands” as a core concept in marketing is most commonly attributed to Philip Kotler, a renowned marketing scholar.³

Needs

Extensive research has been conducted on human **needs**. Maslow’s hierarchy of needs theory identified a hierarchical structure of these needs⁴. At the base are the basic physiological needs, such as food, water, and shelter. Moving up the hierarchy, there are safety needs, followed by social needs for belonging, affection, fun, and relaxation. Above that are esteem needs for prestige, recognition, and fame. Finally, at the top are the self-actualization needs for knowledge and self-expression. This model provides a comprehensive framework for understanding the different levels of human needs and how they motivate individual behaviour and decision-making.

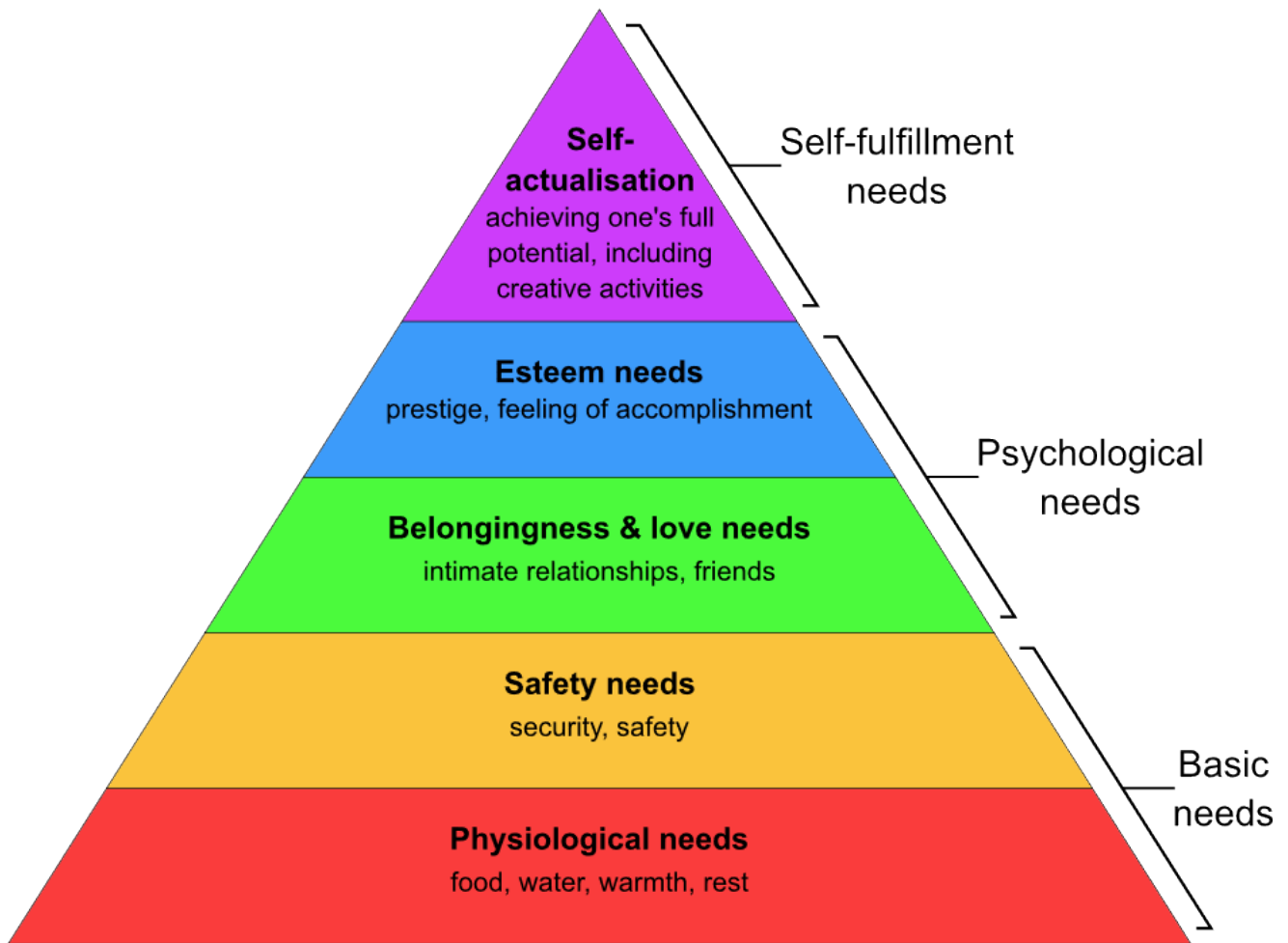


Figure 3 Maslow's hierarchy of needs (AndroidMarsExpress/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

Examples Maslow's Hierarchy of Needs

Basic Needs:

- **Physiological Needs:**
 - A person seeking shelter and food after a natural disaster.
 - An individual working multiple jobs to afford necessities like food, water, and shelter.

- **Safety Needs:**

- A family installing a security system in their home to feel safer.
- An employee seeking a stable job with good benefits and a reliable income.

Psychological/Social Needs:

- **Belonging and Love Needs:**

- Someone joining a sports team or club to feel a sense of community and connection.
- A new employee trying to fit in and build relationships with coworkers.

- **Esteem Needs:**

- A student working hard to earn good grades and get recognition from their peers and teachers.
- An entrepreneur striving to build a successful business and gain prestige in their industry or community.

Self-Fulfillment/Self-Actualization Needs:

- An artist pursuing their passion for painting or sculpting to fulfill their creative potential.
- A person volunteering their time to help others, driven by a desire for self-fulfillment.
- These examples illustrate how people's behaviours and choices are often driven by their underlying needs, as described by Maslow's hierarchy. As individuals fulfill their lower-level needs, they are then motivated to pursue higher-level needs, ultimately striving for self-actualization.

Wants

Wants are how people communicate their needs. Wants are objects or actions that satisfy needs. Wants are desires for specific products or services that are influenced by various factors, including culture, personality, and societal factors.

Culture

Cultural norms, values, and traditions shape individuals' desires and preferences.

For example, different cultures have distinct culinary traditions and preferences, leading to specific desires for certain foods, spices, and cooking methods. A person needs food but may want a pizza 😊

Personality

Personal interests, habits, and lifestyle choices can drive specific wants.

For example, an individual with an extroverted personality tends to be outgoing, sociable, and assertive. Their outgoing nature and desire for social interaction may lead to specific wants in entertainment, events, and experiences that allow them to engage with others. They may have a strong want for concert tickets, group activities, or parties. In contrast, an

introverted person may prefer quieter and more solitary pursuits, such as books, art supplies, or subscriptions to online streaming platforms for personal enjoyment.

Societal Factors

Peer influence, media exposure, and social status can all impact one's wants.

For example, in a society where there is a strong emphasis on fitness and health, individuals may develop a want for gym memberships, fitness equipment, or healthy food options. This want is driven by the societal pressure to maintain a fit and healthy lifestyle, as well as the desire to showcase one's commitment to fitness on social media. The influence of societal factors, such as the importance placed on physical appearance and the perceived status associated with fitness, can drive the desire for specific products or services that cater to this want.



Figure 4 Yoga (Rui Dias/Pexels) Pexels license (<https://www.pexels.com/license/>)

Demands

Demands are wants backed by the ability and willingness to purchase. When an individual has the purchasing power (income, savings, or credit) and the desire to acquire a particular product or service, it becomes a demand. For instance, many people may want a luxury vacation, but only those with sufficient purchasing power can turn that want into a demand.

Products

A **product** is anything that can be offered to a market that might satisfy a need, want, or demand. It encompasses not only physical goods but also services, experiences, events, persons, places, properties, organizations, information, and ideas⁵.

Examples Different Types of Products and Their Characteristics

Tangible Goods: Physical items that can be touched and owned. They range from consumer goods, like clothing and electronics, to industrial goods, like machinery and raw materials.

Examples: A smartphone, a car, or a piece of furniture.

Services: Intangible products that involve a deed, performance, or effort. They cannot be owned and are consumed at the point of delivery.

Examples: Hotel accommodation, airline travel, or a haircut.

Events: Specific, planned occurrences with defined start and end times.

Examples: Concerts, sports games, conferences or trade shows.

Experiences: Products that combine goods and services to create immersive and memorable journeys for customers. Events can become experiences if they create strong emotional connections with participants and engage with them on multiple sensory levels.

Examples: A theme park visit, an adventure nature excursion, or an interactive museum tour.

Persons: Individuals can be marketed as products, often in the context of celebrities, politicians, or influencers.

Examples: A celebrity or a politician running for office.

Places: Places can be marketed to attract tourists, residents, or businesses.

Examples: A city promoting itself as a tourist destination or a country attracting foreign investment.

Organizations: Organizations themselves can be marketed to build a positive image and attract support.

Examples: Non-profits seeking donations or universities attracting students.

Information: Information products include data, analysis, and insights that are valuable to consumers.

Examples: Market research reports or educational content.

Ideas: Concepts or causes that can be marketed to inspire or persuade.

Examples: Public health campaigns or environmental conservation initiatives.

The ParticipACTION program initially launched as a government program in 1971 and evolved into Canada's leading physical activity communications and social marketing organization. This program

exemplified how an idea – promoting physical activity – could be systematically marketed to influence public behaviour and perceptions, making it a successful example of an idea marketed as a product⁶.

Markets

In the context of marketing, **markets** are SETS of actual or potential customers who might transact with a seller⁷. Markets consist of all potential customers sharing a particular need or want who might be willing and able to engage in an exchange to satisfy that need or want.

Examples Markets

Markets for Ice Cream:

- **Families With Children:** Parents looking for treats to enjoy with their kids, especially during summer or special occasions
- **Health-Conscious Consumers:** Individuals seeking low-calorie, low-sugar, or dairy-free ice cream options, focusing on healthier choices
- **Event Planners:** Organizations or individuals planning parties, weddings, or corporate events that require catering services, including ice cream bars or dessert options
- **Tourists and Travelers:** Visitors to a city or region who want to try local ice cream shops or unique flavors as part of their experience
- **College Students:** Young adults looking for convenient and affordable snacks, often enjoying ice cream during late-night study sessions or social gatherings



Figure 5 Ice cream (Teejay/Pexels) Pexels license (<https://www.pexels.com/license/>)

Markets for Air Travel:

- **Business Travelers:** Professionals flying for meetings, conferences, or corporate events, seeking flexibility and convenience
- **Leisure Travelers:** Vacationers planning trips for leisure, family visits, or adventure, looking for affordable and convenient flight options
- **International Students:** Students traveling abroad for education, needing flights to and from their home country during holidays or breaks
- **Tourists:** Individuals or groups exploring new destinations, booking package deals that include flights and accommodations
- **Cargo and Freight Companies:** Businesses requiring air transport for goods, focusing on speed and reliability for shipping products globally

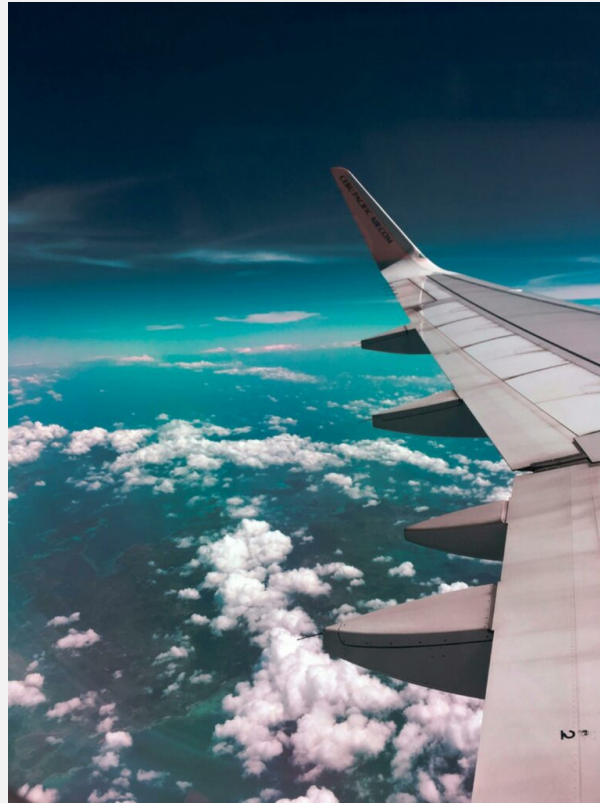


Figure 6 Airplane wing (Sheila Condi/Pexels) Pexels license (<https://www.pexels.com/license/>)

We will take a closer look at markets in Chapters 2 (#part-understanding-the-terrain-markets-and-purchasing-behaviour) and 3 (#part-mapping-the-market-segmentation-targeting-and-positioning) of this textbook.

Value, Satisfaction, and Quality⁸

Value is the customer's perception of the product's overall capacity to satisfy their needs against the costs of acquiring it.

Satisfaction is the extent to which a product's perceived performance matches a buyer's expectations. High quality products are those that consistently meet or exceed customer expectations. They are perceived to provide higher value and satisfaction to customers.

Perception is subjective and based on personal assessment. It is influenced by an individual's personality, unique circumstances, past experience, etc.

Example
Value, Satisfaction, and Quality
Adventure Tour Company in the Canadian Rockies



Figure 7 Canadian Rockies (Jaime Reimer/Pexels) Pexels license (<https://www.pexels.com/license/>)

| Element | Definition | Scenario: Adventure Tour Company in Canadian Rockies | Outcome |
|---------------------|---|---|---|
| Value | The customer's perception of a product's overall capacity to satisfy their needs against the costs of acquiring it. This perception is subjective and influenced by individual factors such as personality, past experiences, and unique circumstances. | <ul style="list-style-type: none"> • Offers guided hiking and kayaking tours. • Includes knowledgeable guides, safety equipment, and personalized itineraries. • Customers perceive high value in guide expertise and unique experiences. • Cost is justified by quality and safety of the adventure. | Customers who prioritize safety and have a passion for outdoor activities will see more value in these tours. |
| Satisfaction | The extent to which a product's perceived performance matches a buyer's expectations. It | <ul style="list-style-type: none"> • Customers expect knowledgeable guides, safe practices, and memorable experiences. • Company delivers engaging guides and ensures | Satisfied customers are more likely to book additional |

| | | | |
|----------------|--|---|---|
| | reflects the level of pleasure or contentment experienced by the customer. | <p>safety protocols are followed.</p> <ul style="list-style-type: none"> • Customer expectations are met or exceeded. | tours and share positive reviews, contributing to the company's growth. |
| Quality | High-quality products or services consistently meet or exceed customer expectations. They are perceived to provide higher value and satisfaction to customers. | <ul style="list-style-type: none"> • Company maintains well-trained staff. • Uses high-end equipment. • Tailors tours to customer interests. • Consistently delivers safe, enjoyable, and personalized tours. | The company's reputation for quality leads to higher customer loyalty and positive word-of-mouth referrals. |

Customers often have varying perceptions of value, satisfaction, and quality for the same product due to several factors. These perceptions are subjective and influenced by individual circumstances, past experiences, and personal preferences.

Examples

Why Two Different Customers Might Perceive the Same Product Differently

Individual Expectations and Needs: Customers have unique expectations and needs based on their personal circumstances and experiences. A product that meets one customer's needs may not satisfy another's due to differing expectations.

Example: A business traveler might prioritize reliable Wi-Fi and a quiet environment in a hotel, while a leisure traveler might value amenities like a spa or pool more highly.

Past Experiences: Previous experiences with similar products or brands can heavily influence a customer's perception of quality. Positive past experiences can lead to higher perceived quality, while negative experiences can diminish it.

Example: A customer who has had a positive experience with a brand's product in the past is likely to perceive new products from the same brand as high quality.

Cultural and Social Influences: Cultural background and social influences, such as recommendations from friends or family, can shape how customers perceive quality.

Example: In some cultures, brand reputation and prestige might be more significant factors in perceived quality, while in others, functionality and price might be prioritized.

Price Perception: The price of a product can influence perceived quality, with some customers associating

higher prices with higher quality. However, this perception can vary based on individual beliefs and experiences.

Example: A customer might perceive a high-priced luxury car as superior in quality due to its cost, while another might see it as overpriced if it does not meet their specific needs or expectations.

Example Two Scenarios of Booking a Vacation

Background: Two customers, Sarah and John, are planning to book a vacation to a tropical resort, “Sunny Beach Resort.” The resort offers various amenities, including a swimming pool, spa, restaurants, and organized activities.



Figure 8 Beach vacation (Vincent Gerbouin/Pexels) Pexels license (<https://www.pexels.com/license/>)

Sarah vs. John: Booking a Vacation

| Element | Sarah | John |
|---|---|--|
| Customer profile | <ul style="list-style-type: none"> • A travel enthusiast who enjoys luxury experiences. • Prefers high-end accommodations and gourmet dining. • Values unique experiences, such as guided tours and cultural immersion. • Has previously vacationed at five-star resorts. | <ul style="list-style-type: none"> • A family-oriented traveler who prioritizes budget-friendly options. • Looks for comfortable accommodations and family-friendly activities. • Values convenience and relaxation over luxury. • Has mostly vacationed at budget hotels and motels. |
| Perception of value, satisfaction, and quality | <p>Value: Sarah perceives the Sunny Beach Resort as offering moderate value. While it has nice amenities, she feels that the level of luxury and exclusivity does not match what she has experienced at higher-end resorts.</p> <p>Satisfaction: Sarah is somewhat dissatisfied. The resort's offerings do not fully meet her expectations for luxury and unique experiences, which she prioritizes.</p> <p>Quality: Sarah perceives the quality as average. While the resort is nice, she finds the service and amenities lacking compared to the five-star resorts she is used to.</p> | <p>Value: John perceives the Sunny Beach Resort as offering excellent value. Compared to his previous vacations, the resort provides many amenities and activities at a reasonable price.</p> <p>Satisfaction: John is highly satisfied. The resort's family-friendly atmosphere, comfortable accommodations, and variety of activities exceed his expectations.</p> <p>Quality: John perceives the quality as high. The resort meets his needs for comfort and convenience, and he appreciates the range of activities available for his family.</p> |

This scenario illustrates how the same vacation can be perceived differently by two customers based on their individual expectations, needs, and prior experiences. Sarah's preference for luxury and high-end experiences leads her to a different perception of value, satisfaction, and quality compared to John, who prioritizes budget-friendly options and family-friendly amenities.

Utility

Utility refers to the value or benefit a customer receives from consuming a product or service. It is the satisfaction or pleasure derived from the product. In the marketing context, there are four types of utility:

1. **Form Utility:** The product's design.
2. **Place Utility:** Availability of the product where the customer needs it.
3. **Time Utility:** Availability of the product when the customer needs it.
4. **Possession Utility:** Ease of acquiring the product⁹.

Examples Utility Types

Utility Types: Definitions and Examples

| Utility Type | Definition | Examples |
|---------------------------|--|--|
| Form Utility | The value derived from the physical design or features of a product. | A luxury hotel suite that offers a beautifully designed space with high-end furnishings, modern amenities, and a stunning view creates form utility. The thoughtful design and attention to detail enhance the guest's experience and satisfaction. A chef creating a gourmet dish by combining quality ingredients into a delicious and visually appealing meal. |
| Place Utility | The availability of a product or service at a location convenient for the customer. It ensures that the product is accessible where the customer needs it. | A travel agency with branches in major airports provides place utility by offering last-minute travel bookings and assistance to travelers on the go. This convenience increases the value of the service for customers who need immediate travel solutions. A vending machine strategically placed in a busy train station, offering snacks and drinks to travelers who need quick refreshments. |
| Time Utility | The value created by having a product or service available when the customer needs it. It focuses on timely delivery and availability. | An online booking platform that allows customers to reserve hotel rooms 24/7 provides time utility. The ability to book accommodations at any time, day or night, enhances convenience and satisfaction for travelers. A 24-hour convenience store that meets the needs of customers who require goods outside of regular business hours. |
| Possession Utility | The ease with which a customer can acquire and use a product or service. It involves simplifying the purchasing process and enhancing the customer's ability to own the product. | A car rental company that offers online reservations, flexible payment options, and quick pick-up and drop-off services provides possession utility. These features make it easy for customers to rent and use a vehicle during their travels. A library that offers digital borrowing options, allowing patrons to easily access and read e-books from the comfort of their homes. |

Exchange, Transactions, and Relationships¹⁰

Exchange is the act of obtaining a desired object from someone by offering something in return.

Transactions are the basic units of exchange, involving at least two things of value, agreed-upon conditions, a time of agreement, and a place of agreement.

Relationships are built through repeated exchanges and transactions, aiming to create strong, enduring connections with customers to encourage loyalty and repeat business.

Examples

Exchange, Transactions, and Relationships

Exchange, Transactions, and Relationships: Definitions and Examples

| Element | Definition | Examples |
|----------------------|---|--|
| Exchange | The act of obtaining a desired object from someone by offering something in return. It is the core concept of marketing, where both parties aim to gain value from the interaction. | A hotel guest exchanges money for a night's stay. The guest receives accommodation and services, while the hotel receives payment, creating value for both parties. |
| Transactions | The basic units of exchange, involving at least two things of value, agreed-upon conditions, a time of agreement, and a place of agreement. They are specific instances where exchanges occur. | A transaction occurs when a tourist books a guided city tour online. The tourist pays the tour company (money) in exchange for a scheduled tour (service) on a specified date and time. |
| Relationships | Relationships are built through repeated exchanges and transactions, aiming to create strong, enduring connections with customers to encourage loyalty and repeat business. Relationship marketing focuses on building these long-term relationships with profitable customers. | A frequent flyer program offered by an airline is designed to build relationships with travelers. By providing rewards and personalized offers, the airline encourages repeat business and fosters customer loyalty. |

These core marketing concepts form the foundation of marketing theory and practice, guiding organizations in identifying, creating, and delivering value to their customers.

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Evolution of the Marketing Orientation

The perception of an organization's role in society and its relationships with customers has evolved significantly over time. From a marketing perspective, this is known as the evolution of the **marketing orientation**¹ or philosophy. This evolution occurred in distinct stages, reflecting broader societal changes. Below is a detailed overview of these stages.

Examples Evolution of the Marketing Concept

Evolution of the Marketing Concept

| Stage | Definition | Era | Examples |
|--|--|---|--|
| Production Orientation | This orientation focuses on high production efficiency and wide distribution. The belief is that consumers prioritize availability and affordability over specific product features. | This approach was prevalent during the Industrial Revolution, when mass production became possible due to technological advancements. | Henry Ford's Model T is a classic example of production orientation. Ford focused on producing affordable cars for the masses, emphasizing efficiency and cost reduction. |
| Product Orientation | Product orientation emphasizes the quality and innovation of the product itself. The assumption is that consumers will favour products that offer the best quality or features. | This approach gained prominence in the early to mid-20th century, as competition increased, and consumers began to have more choices. | The luxury watch manufacturer Rolex is known for its emphasis on craftsmanship, precision, and the technical capabilities of its timepieces, rather than focusing on specific customer needs or market trends. |
| Sales Orientation | Sales orientation revolves around aggressive sales techniques and advertising to persuade consumers to buy products. The focus is on selling what the company produces rather than meeting consumer needs. | This approach became common in the mid-20th century, as markets became saturated, and competition intensified. | Door-to-door sales, multilevel marketing (MLM), and telemarketing are typical of a sales orientation, where the emphasis is on convincing consumers to purchase products. |
| Marketing Orientation | Marketing orientation focuses on understanding and meeting the needs and wants of consumers. It involves market research and tailoring products to consumer preferences. | This approach emerged in the latter half of the 20th century, as businesses recognized the importance of customer satisfaction for long-term success. | Amazon's marketing approach is centred around understanding customer buying behaviour and preferences, and then using that information to provide highly personalized recommendations and offers. |
| Societal/Holistic Marketing Orientation | Societal marketing orientation considers not only customer needs but | This is a contemporary approach that reflects the interconnected nature of | Patagonia is known for its commitment to environmental sustainability |

| | | | |
|--|--|-------------------------------|--|
| | also the long-term interests of society and the environment. | modern business environments. | and social responsibility. Their marketing efforts highlight their use of eco-friendly materials, their support for various environmental causes, and their efforts to promote a more sustainable lifestyle. |
|--|--|-------------------------------|--|

These stages illustrate how marketing strategies have evolved to become more customer-centric and socially responsible, reflecting broader changes in consumer expectations and business practices. Ethical business practices are now commonly expected by consumers and are often regulated by governments. We will examine sustainable and responsible marketing in more detail later in Chapter 9 (#part-exploring-uncharted-territories-marketing-in-a-global-diverse-and-evolving-environment).

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The Marketing Environment

The marketing environment¹ encompasses all the internal and external factors that influence an organization's decisions and performance. These factors can significantly impact how a company operates, how it markets its products or services, and how it interacts with its customers.

The marketing environment is typically divided into two main categories:

- Internal environment
- External environment

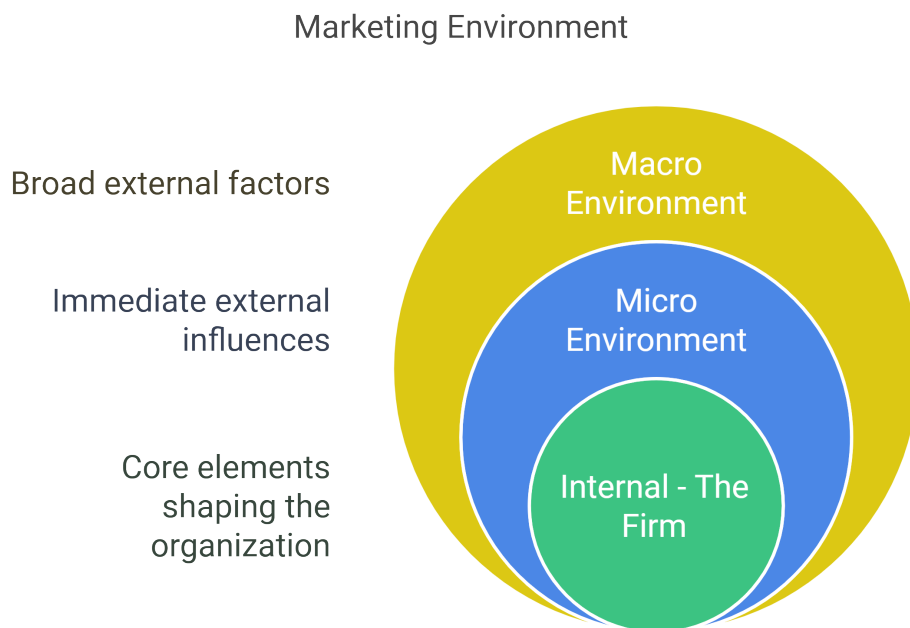


Figure 1 The marketing environment (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Internal Environment

The **internal environment** includes factors within the company that can be controlled and managed. These factors are directly related to the organization's operations and can influence its marketing strategies and decisions.

Key components include:

- **Company Culture:** The beliefs, values, and behaviours that shape how employees interact and work together.
- **Resources:** The financial, human, and technological resources available to the company.
- **Capabilities:** The skills and expertise of the company's workforce and management.
- **Processes:** The internal procedures and workflows that determine how tasks are completed.

Example Internal Environment

A hotel chain with a strong customer-focused culture and well-trained staff can provide exceptional service, enhancing its brand reputation and customer satisfaction.

External Environment

The **external environment** consists of factors outside the company that it cannot control but must adapt to. These factors are divided into the microenvironment and the macroenvironment.

Microenvironment

The **microenvironment** consists of factors that are closer to the company and directly affect its ability to serve its customers. These include:

- **Customers:** The target audience and their preferences, needs, and behaviours.
- **Suppliers:** Organizations that provide the necessary inputs for the company's operations.
- **Competitors:** Other businesses offering similar products or services.
- **Intermediaries:** Entities that help promote, sell, and distribute the company's products.

Example Microenvironment

A travel agency must understand its customers' preferences for adventure or luxury travel and adapt its offerings to meet these demands.

Macroenvironment

The **macroenvironment** (often referred to by the acronyms PEST, PESTE, PESTEL, or STEEPLE)² consists of broader forces that affect the entire industry and market. These include:

- **Political and Legal:** Government regulations, policies, and legal issues that impact business operations.
- **Economic:** Economic conditions – such as inflation, unemployment, and consumer spending – that affect purchasing power.
- **Social and Cultural:** Societal values, beliefs, and lifestyle changes that influence consumer behaviour.
- **Technological:** Advances in technology that can create new opportunities or disrupt existing markets.
- **Environmental:** Ecological and environmental concerns that can affect how businesses operate.

Example Macroenvironment

A hotel chain may need to adapt to new environmental regulations by implementing sustainable practices to reduce its carbon footprint.

The marketing environment is a dynamic and complex system that influences a company's ability to market its products and services effectively. By understanding and analyzing both the internal and external factors, organizations can develop strategies to leverage their strengths, mitigate risks, and capitalize on opportunities. This approach enables companies to remain competitive and responsive to changes in the market landscape.

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Strategic Framework for Understanding Marketing

Marketing plays a crucial role within an organization by serving as the bridge between the company and its customers. It is a key element within an organization's overall business strategy and contributes to helping an organization achieve its goals.

Business Strategy: The Big Picture

A business strategy is a comprehensive plan that outlines an organization's long-term goals and the actions needed to achieve them. It encompasses all aspects of the business, including operations, finance, human resources, and marketing.

Business strategy is broad and focuses on creating a sustainable competitive advantage (Chapter 10 (#part-future-horizons-strategic-planning-in-marketing)). It involves decisions about market positioning (Chapter 3 (#part-mapping-the-market-segmentation-targeting-and-positioning)), product development (Chapter 5 (#part-crafting-the-offer-products)), and expansion plans (Chapter 10 (#part-future-horizons-strategic-planning-in-marketing)).

The primary goal is to ensure the company's long-term sustainability and growth by differentiating it from competitors and capitalizing on market opportunities.

Marketing Strategy: A Component of Business Strategy

A marketing strategy is a subset of the business strategy that focuses specifically on the marketing activities an organization will undertake to promote its products or services.

Marketing strategy is narrower and focuses on identifying target audiences, defining value propositions, and determining the marketing mix (product, price, place, promotion).

The main goal is to generate revenue, build brand awareness, and engage customers by effectively promoting the company's offerings.

Why Are They Important?

A strong business strategy provides the framework for the marketing strategy. The marketing strategy must align with the business strategy to ensure that marketing efforts support the overall goals of the organization.

We will explore the elements of marketing strategy in the chapters that follow and revisit strategic planning more thoroughly in the final chapter of this book.

Marketing in Different Contexts

Marketing strategies and practices vary across organizations and sectors depending on their unique contexts. Below are some reasons why:

Different Goals and Objectives: Organizations have different goals and objectives, which influence their marketing strategies. For-profit businesses aim to maximize profits, while non-profit organizations focus on promoting a cause or mission.

Unique Target Audiences: Each organization has a distinct target audience with specific needs, preferences, and behaviours. Marketing strategies must be tailored to effectively reach and engage these audiences.

Industry and Market Dynamics: Different industries and markets have distinct characteristics, such as competition levels, regulatory environments, and technological advancements. Marketing strategies must adapt to these dynamics to remain effective.

Organizational Culture and Values: An organization's culture and values shape its marketing approach. For example, a company with a strong social responsibility focus may prioritize sustainability and ethics in its marketing efforts.

Resource Availability: Organizations have varying levels of resources, including budget, personnel, and technology. Marketing strategies must be adapted to fit these resource constraints.

Contextual Factors: External factors like economic conditions, political climate, and social trends can impact marketing strategies. Organizations must be responsive to these contextual factors to remain relevant and effective.

Product or Service Offering: The type of product or service being marketed influences the marketing strategy. For example, marketing a physical product differs from marketing a service or an idea.

Technological Advancements: The rapid evolution of technology has transformed marketing strategies. Organizations must adapt to new technologies, such as social media, artificial intelligence, and data analytics, to remain competitive.

Examples Unique Challenges Faced in Marketing for Different Contexts

Marketing in Different Contexts: Challenges and Examples

| Context | Challenges | Examples |
|---|---|--|
| Tourism Marketing – Marketing Destinations | <ul style="list-style-type: none">Promoting a diverse range of attractions, experiences, and amenities to diverse target audiences.Managing the destination's brand and reputation, especially in the face of negative | <ul style="list-style-type: none">Destination Canada (https://www.destinationcanada.com/)Destination BC (https://www.destinationbc.ca/)Tourism Kamloops |

| | | |
|---|--|---|
| | <ul style="list-style-type: none"> events or perceptions. Coordinating marketing efforts across multiple stakeholders (local government, tourism boards, hospitality providers, etc.). | <ul style="list-style-type: none"> (https://www.tourismkamloops.com/) Visit California (https://www.visitcalifornia.com/) Tourism Australia (https://www.tourism.australia.com/) Visit Dubai (https://www.tourism.australia.com/) |
| Hospitality Marketing | <ul style="list-style-type: none"> Differentiating the property/brand in a highly competitive and saturated market. Effectively managing online reputation and responding to reviews. Optimizing pricing and revenue management strategies. Adapting to changing consumer preferences and travel trends. | <ul style="list-style-type: none"> Marriott International (https://www.marriott.com/) Hilton Hotels & Resorts (https://www.hilton.com/) Airbnb (https://www.airbnb.com/) |
| Event and Experience Marketing | <ul style="list-style-type: none"> Generating excitement and building anticipation for unique, time-sensitive events. Effectively promoting and selling tickets/registrations for events. Enhancing the attendee experience and creating lasting memories. Measuring the success and impact of events. | <ul style="list-style-type: none"> Live Nation Entertainment (https://www.livenationentertainment.com/) South by Southwest (SXSW) (https://www.livenationentertainment.com/) Eventbrite (https://www.eventbrite.com/) The Montreal Jazz Festival (https://montrealjazzfest.com/) |
| Sport Marketing | <ul style="list-style-type: none"> Cultivating a loyal fan base and building brand equity around the team/league. Navigating complex relationships with various stakeholders (leagues, teams, sponsors, media, etc.). Monetizing content and fan engagement through various channels (tickets, merchandise, media rights, etc.). Adapting to changes in sports consumption habits and preferences. | <ul style="list-style-type: none"> National Hockey League (NHL) (https://www.nhl.com/) National Basketball Association (NBA) (https://www.nba.com/) Manchester United Football Club (https://www.manutd.com/) Red Bull (https://www.redbull.com/int-en/energydrink/red-bull-racing) – While not exclusively a sports organization, Red Bull is renowned for its sports marketing and event sponsorships. |
| Leisure and Recreation Marketing | <ul style="list-style-type: none"> Promoting the benefits and value proposition of leisure activities to encourage participation. Differentiating the offerings in a crowded and diverse leisure market. Reaching and engaging with the target audience effectively. Adapting to evolving consumer interests and lifestyles. | <ul style="list-style-type: none"> Disney Parks, Experiences and Products (https://dpep.disney.com/) REI (Recreational Equipment, Inc.) (https://www.rei.com/) Parks Canada (https://parks.canada.ca/) National Park Service (https://www.nps.gov/) |

Summary

This chapter has provided a comprehensive introduction to the foundations of marketing, emphasizing its importance in creating value for customers, organizations, and society.

Key Takeaways

1. **Marketing Definition:** Marketing is a set of activities focused on creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society.
2. **Core Concepts:** Understanding needs, wants, demands, products, markets, value, and satisfaction is crucial for effective marketing strategies.
3. **Marketing Environment:** Both internal factors (company culture, resources) and external factors (microenvironment and macroenvironment) significantly influence marketing decisions and outcomes.
4. **Marketing Orientation Evolution:** The field has progressed from production-centric to customer-centric approaches, with an increasing focus on societal and ethical considerations.
5. **Strategic Framework:** Marketing plays a vital role in an organization's overall business strategy, contributing to achieving organizational goals and creating customer value.
6. **Contextual Variations:** Marketing strategies and practices vary across different sectors and organizational types, requiring adaptability and tailored approaches.

By mastering these foundational concepts, you will be well-equipped to explore more advanced marketing topics and apply your knowledge to real-world scenarios in the tourism, hospitality, recreation, and services sectors.

Exercises Check your understanding

Exercise 1: Marketing Orientation Stages

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 1: Marketing Orientation Stages (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-1-summary/#h5p-1>)



An interactive H5P element has been excluded from this version of the text. You can view it online here:
<https://marketingmap.pressbooks.tru.ca/?p=69#h5p-1>
(<https://marketingmap.pressbooks.tru.ca/?p=69#h5p-1>)

Exercise 2: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 2: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-1-summary/#h5p-2>)



An interactive H5P element has been excluded from this version of the text. You can view it online here:
<https://marketingmap.pressbooks.tru.ca/?p=69#h5p-2>
(<https://marketingmap.pressbooks.tru.ca/?p=69#h5p-2>)

Glossary of Key Terms

American Marketing Association (AMA): The professional association that provides the widely accepted definition of marketing.

Demands: Wants that are backed by the ability and willingness to purchase.

Exchange: The act of obtaining a desired object from someone by offering something in return.

Internal Environment: Factors within a company that can be controlled and managed, including company culture, resources, capabilities, and processes.

External Environment: Factors outside a company that it cannot control but must adapt to, divided into microenvironment and macroenvironment.

Macroenvironment: Broader external factors affecting a business, often referred to by acronyms like PEST, PESTE, PESTEL, or STEEPLE.

Marketing: The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing Mix: The four key elements of marketing strategy, also known as the 4Ps: Product, Price, Place, and Promotion.

Marketing Orientation: The evolution of an organization's approach to marketing, progressing from production-centric to customer-centric and societal-focused approaches.

Markets: Sets of actual or potential customers who might transact with a seller.

Microenvironment: External factors closely linked to a company, including customers, suppliers, competitors, and intermediaries.

Needs: Basic human requirements such as food, water, shelter, and safety.

Products: Anything that can be offered to a market that might satisfy a need, want, or demand, including physical goods, services, experiences, and ideas.

Quality: The degree to which a product consistently meets or exceeds customer expectations.

Relationships: Strong, enduring connections with customers built through repeated exchanges and transactions.

Satisfaction: The extent to which a product's perceived performance matches a buyer's expectations.

Societal Marketing Concept: A marketing orientation that balances customer satisfaction, company profits, and societal well-being.

Transactions: The basic units of exchange, involving at least two things of value, agreed-upon conditions, a time of agreement, and a place of agreement.

Utility: The value or benefit a customer receives from consuming a product or service, including form, place, time, and possession utility.

Value: The customer's perception of a product's overall capacity to satisfy their needs against the costs of acquiring it.

Wants: Desires for specific products or services that satisfy needs, influenced by culture, personality, and societal factors.

CHAPTER II

UNDERSTANDING THE TERRAIN: MARKETS AND PURCHASING BEHAVIOUR

Learning Outcomes

This chapter explores the fundamental concepts of markets, consumer decision-making processes, and the various factors that influence purchasing behaviour in both consumer and organizational contexts.

We begin by examining the nature of markets and the key differences between consumer and organizational markets. We then look into consumer market behaviour (B2C: business-to-consumer), exploring models of consumer decision-making and the factors that shape consumer choices. Finally, we investigate organizational market behaviour, highlighting the unique characteristics of business-to-business (B2B) purchasing.

After reading this chapter, you should be able to:

- Differentiate between consumer and organizational markets and their key characteristics.
- Explain the consumer decision-making process and its various stages.
- Analyze the different types of consumer buying behaviours and their implications for marketing strategies.
- Evaluate the impact of situational, personal, psychological, and social factors on consumer purchasing decisions.
- Describe the organizational buying process and the roles of various participants.
- Compare and contrast B2B and B2C purchasing behaviours.
- Apply concepts of consumer and organizational buying behaviour to tourism, hospitality, and service industry contexts.

Opening Thoughts



Figure 1 Close-up of Coffee Cup on Table (Chevanon Photography/Pexels) Pexels License (<https://www.pexels.com/license/>)

The Tale of Two Coffee Orders

On a busy Monday morning in Vancouver, two very different coffee purchases are taking place simultaneously:

Sarah, a marketing executive, walks into her favorite local café. Without checking the menu, she orders her usual oat milk latté. The barista greets her by name and starts preparing her drink before she reaches the counter. Sarah's purchase is influenced by her daily routine, brand loyalty, and personal preferences for sustainable products.

Meanwhile, just two blocks away, The Grand Hotel's Food and Beverage Director, **James Chen**, is finalizing a major coffee supply contract. He is evaluating proposals from three different suppliers, considering factors like bean quality, price stability, delivery reliability, and sustainability certifications. The decision will affect

thousands of hotel guests and impact the hotel's operating costs significantly. The contract requires approval from the procurement team, finance department, and executive committee.

These contrasting scenarios illustrate the fundamental differences between consumer (B2C) and organizational (B2B) purchasing behaviour. While Sarah's decision is relatively simple and emotionally driven, James's purchase involves multiple stakeholders, complex evaluation criteria, and a formal decision-making process.

As we explore markets and purchasing behaviour in this chapter, we will uncover how factors like motivation, perception, cultural influences, and organizational dynamics shape these distinctly different types of buying decisions.

Chapter Topics

- Markets and Purchasing Behaviour ([#chapter-markets-and-purchasing-behaviour](#))
 - Consumer Market Behaviour ([#chapter-consumer-market-behaviour](#))
 - Organizational Market Behaviour ([#chapter-organizational-market-behaviour](#))
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Media Attributions

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Markets and Purchasing Behaviour

As introduced in Chapter 1 (#part-charting-the-course-marketing-foundations), in the context of marketing, markets are sets of actual or potential customers who might transact with a seller. Markets consist of all potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want.

Markets can be categorized into two main types: organizational markets and consumer markets.

Organizational Markets

Organizational markets consist of businesses, governments, and institutions that purchase goods and services for use in their operations or to resell to others.

We typically refer to organizational markets as **business-to-business (B2B)**, where both the seller and the buyer are organizations.

Consumer Markets

Consumer markets, on the other hand, consist of individuals and households that purchase goods and services for personal use.

We typically refer to consumer markets as **business-to-consumer (B2C)**, where the seller is an organization and the buyer is an individual consumer.

That table below is a snapshot of some of the key differences between organizational and consumer markets.

Organizational vs. Consumer Markets

| Characteristic | B2B: Organizational Markets | B2C: Consumer Markets |
|------------------|---|---|
| Buying Behaviour | More rational, based on organizational needs and objectives | More emotional, based on personal needs and preferences |
| Purchase Volume | Larger volume | Smaller volume |
| Number of Buyers | Smaller number | Larger number |
| Sales Cycle | Longer sales cycle, involving multiple decision-makers, and more complex buying process | Shorter sales cycle, typically involving a single decision-maker and a simpler buying process |

As organizational and consumer markets differ in their characteristics, needs, and purchasing behaviours, we will examine them separately the sections that follow.

Consumer Market Behaviour

We begin our analysis of the decisions and acts people undertake to buy products or services for personal use by reviewing the exchange process.

The Exchange Process

As introduced in Chapter 1 (#part-charting-the-course-marketing-foundations), the **exchange process** is a key element of consumer buying behaviour, as it provides the context for the interactions and transactions that occur between buyers and sellers. This is a fundamental concept in marketing that involves the act of obtaining a desired object from someone by offering something of value in return.

A successful exchange takes place when its key elements are aligned: the respective needs, wants, trade-offs, and value exchanged by the buyer and seller.

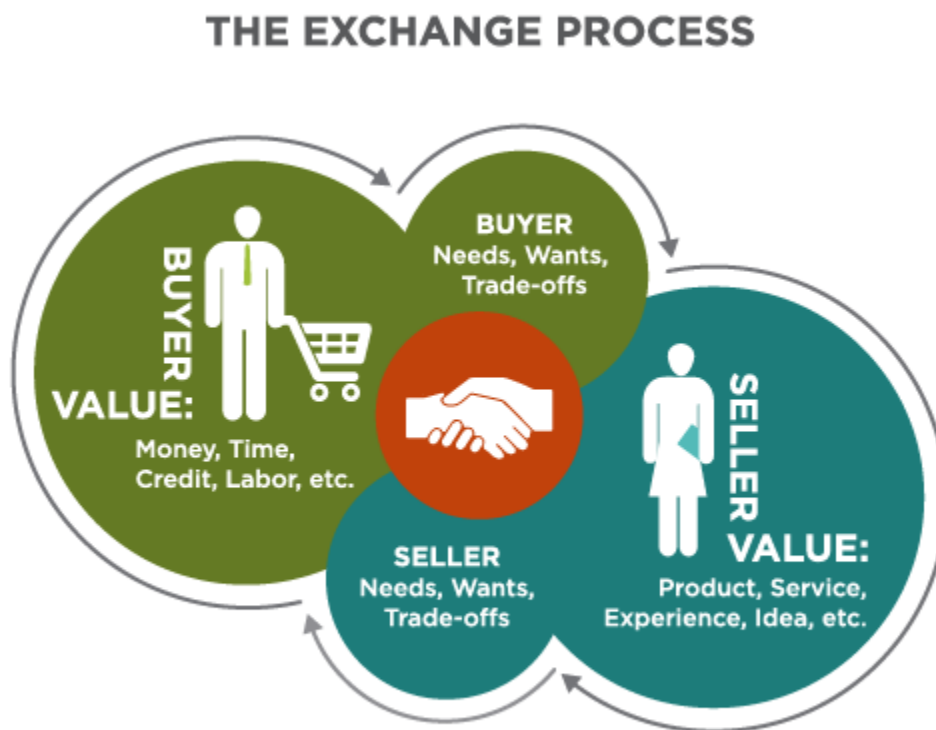


Figure 1 The exchange process (Lumen Learning/Principles of Marketing) CC BY 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

To understand the dynamics of the exchange process, it is helpful to take a closer look at the buyer (consumer) and how they make buying decisions. Several theories have been developed to help understand how consumers make decisions.

Here are two contrasting models:

- The economic man theory
- The stimulus-response model

The Economic Man Theory of Consumer Behaviour

The **economic man theory**¹ is an early model of consumer decision-making based on principles of economics.

This theory assumes consumers:

- Are rational and self-interested individuals.
- Make decisions based on complete knowledge of all available options.
- Seek to maximize the benefits they derive from the exchange process.

Criticisms of the Economic Man Theory

Criticisms of the economic man theory include:

- **Overly Simplistic:** The theory is criticized for oversimplifying human behaviour, ignoring emotional and social factors that influence decision-making.
- **Limited Information:** In reality, consumers often lack complete information about all available options, leading to less-than-optimal decisions.
- **Irrational Behaviour:** Consumers frequently make irrational decisions based on emotions, cognitive biases, and social conventions rather than pure rationality.

The Stimulus-Response Model of Consumer Behaviour

The **stimulus-response model** of consumer behaviour, also known as the “black box model,”² is a framework used to understand how consumers make purchasing decisions. This model assumes that consumer behaviour is a response to various stimuli, which can be external or internal, and that these stimuli are processed in the consumer’s “black box” – a metaphor for the internal thought processes that influence decision-making.

Key Components of the Stimulus-Response Model

The three key components of the stimulus-response model are:

1. **Stimuli:**

- **Marketing Stimuli:** These include the 4 Ps – product, price, place, and promotion. Marketers use these elements to influence consumer behaviour.
- **Environmental Stimuli:** These encompass broader factors such as economic conditions, cultural influences, social factors, and technological changes.

2. **The Black Box:** The black box represents the internal processes of the consumer, including psychological and personal characteristics that affect how stimuli are perceived and processed. This includes factors like motivation, perception, attitudes, and beliefs.
3. **Response:** The outcome of the stimuli processing in the black box is the consumer's response, which can include product choice, brand selection, purchase timing, and purchase amount.

How the Model Works

The model suggests that marketers can influence consumer behaviour by manipulating the marketing stimuli that enter the black box. However, understanding what happens inside the black box – how consumers process these stimuli – is crucial for predicting their responses. This involves studying consumer psychology and behaviour to tailor marketing strategies that appeal to consumers' needs and preferences.

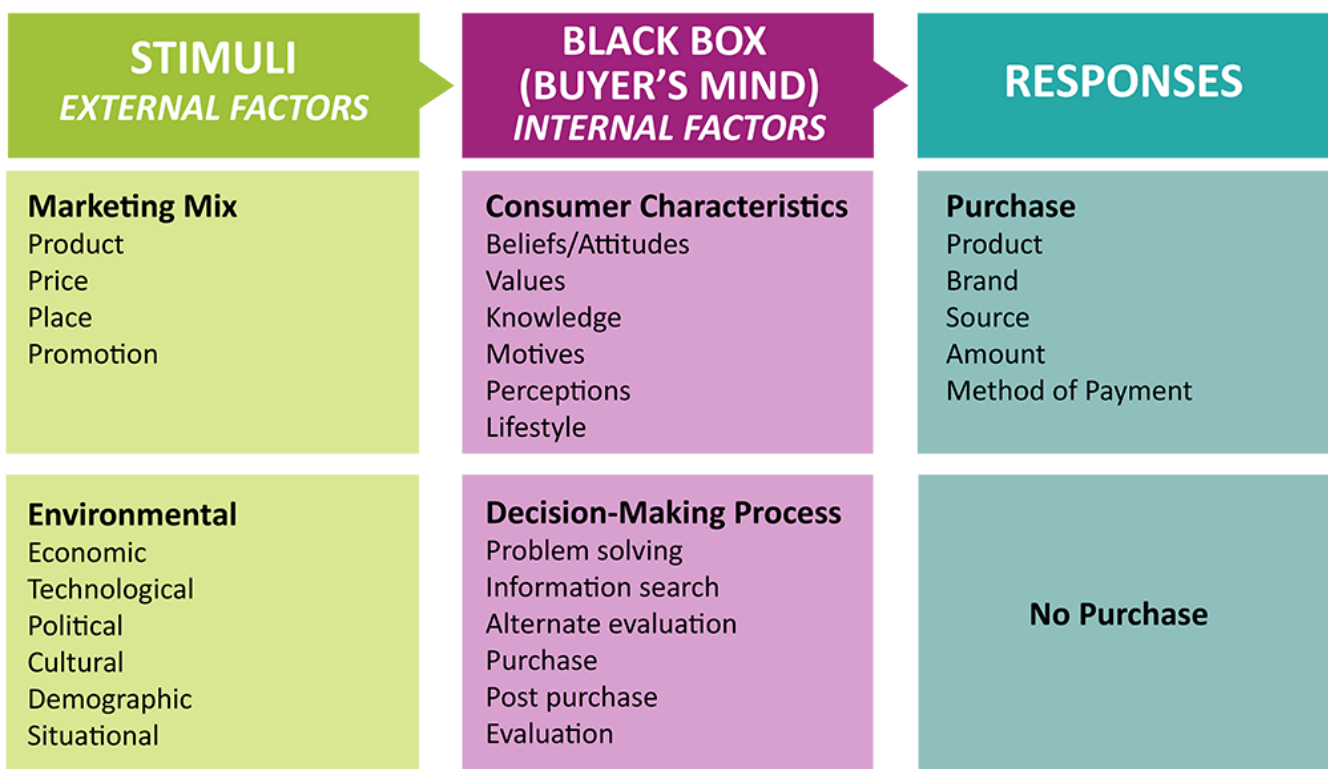


Figure 2 The stimulus-response model of consumer behaviour (Lumen Learning/Principles of Marketing) CC BY 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

Let's take a closer look at the buyer's mind or "black box".

The Consumer Decision-Making Process

The **consumer decision-making process** is a series of stages that consumers go through when deciding to purchase a product or service. This process is commonly depicted as a five-stage model³:

1. **Need Recognition:** The process begins when a consumer recognizes a need or problem that requires a solution. This recognition can be triggered by internal factors (e.g., hunger and thirst) or external factors (e.g., advertising

and situational influences).

2. **Information Search:** After recognizing a need, consumers seek information about potential solutions. This involves gathering data from various sources, such as online searches, reviews, advertisements, word-of-mouth recommendations, and/or past experience.
3. **Evaluation of Alternatives:** Consumers compare different products or services to determine which best meets their needs. They consider factors such as price, quality, features, and brand reputation during this evaluation phase.
4. **Purchase Decision:** After evaluating alternatives, the consumer makes a decision and proceeds to purchase the chosen product or service. This decision can be influenced by additional factors such as promotions, discounts, or peer recommendations.
5. **Post-Purchase Evaluation:** After the purchase, consumers reflect on their decision and the product's performance. This stage involves assessing satisfaction, which can influence future purchasing behaviour and brand loyalty.

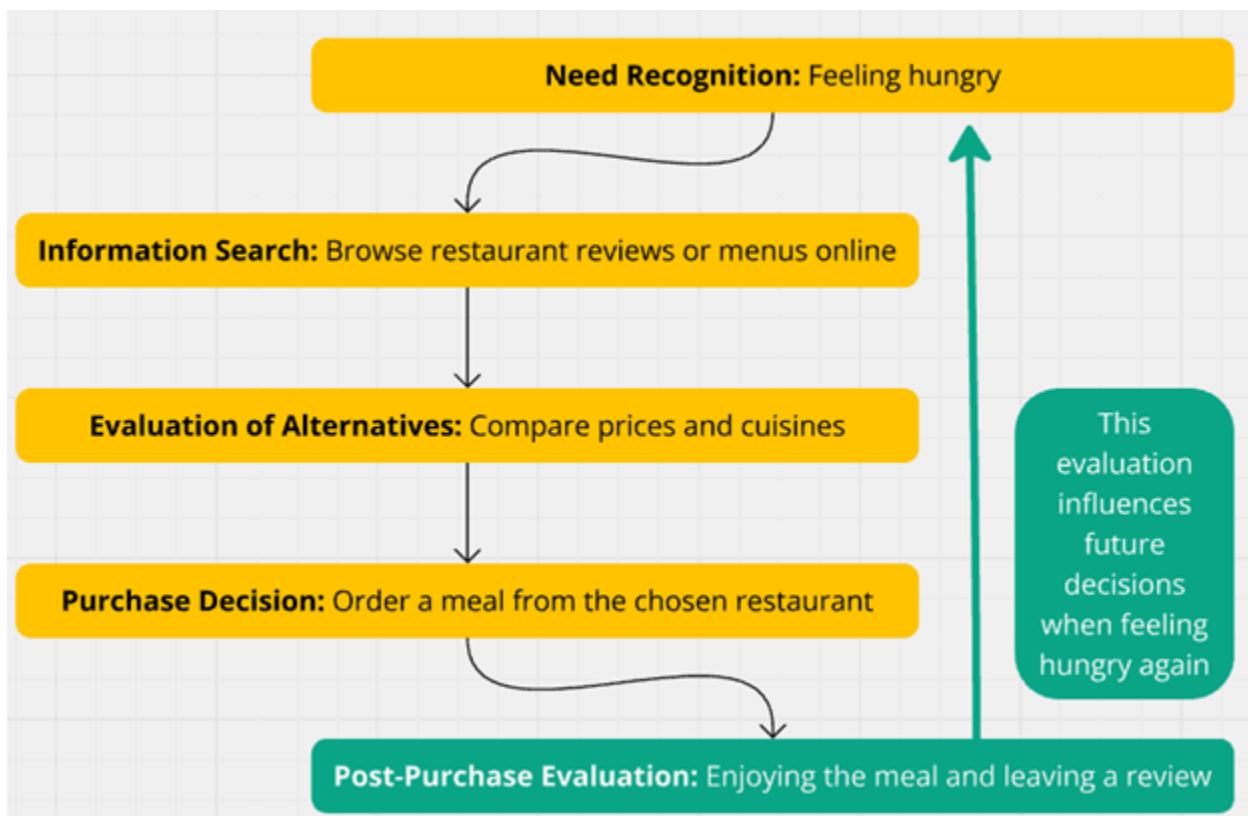


Figure 3 The consumer decision-making process (by author using Miro) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Consumer Buying Behaviours

The consumer decision-making process will look differently for different consumers and purchases due to several factors. The process may take more or less time depending on the consumer characteristics, the nature of the need or problem to be solved, and the external factors.

Level of Involvement

How involved a consumer is when making a purchasing decision can be classified as high or low.

High Involvement

Some purchase decisions require high involvement on behalf of the buyer. They are typically important to the buyer and may be closely tied to the consumer's ego and self-image. They may involve some risk to the consumer such as:

- Financial risk (e.g., highly priced items)
- Social risk (e.g., products that are important to the peer group)
- Psychological risk (e.g., the wrong decision may cause the consumer some concern and anxiety)

Low Involvement

Some purchase decisions require low-involvement on behalf of the buyer. They are typically straightforward decisions, require little risk, are not very important to the consumer, or are repetitive and often lead to a habit.

Types of Consumer Buying Behaviour

To help us understand the possible range of buying behaviours, we classify **consumer buying behaviours** into four main types according to the level of consumer involvement needed and the perceived differences among brands:

- Complex buying behaviour
- Dissonance-reducing buying behaviour
- Habitual buying behaviour
- Variety-seeking buying behaviour

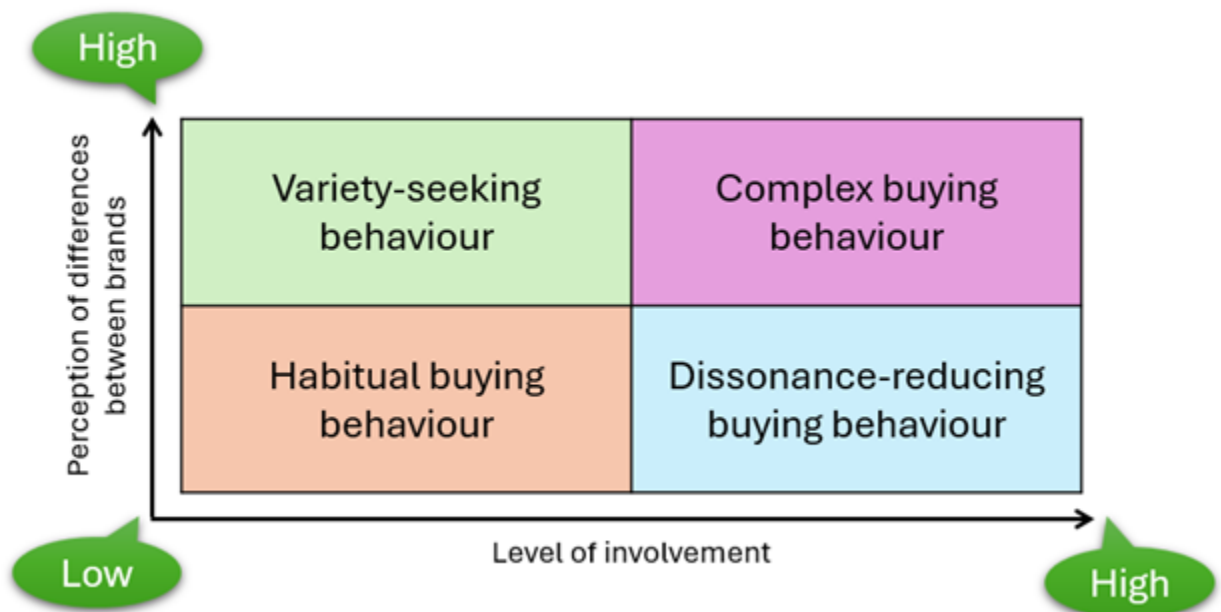


Figure 4 Types of consumer buying behaviours (by author using Microsoft PowerPoint) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Examples Types of Consumer Buying Behaviours

Complex Buying Behaviour: Complex buying behaviour occurs when consumers are highly involved in the purchase decision, often because the product is expensive, infrequently purchased, or risky. Consumers perceive significant differences among brands and engage in extensive research before making a decision.

Example: Purchasing a new car involves complex buying behaviour. Consumers evaluate various factors such as safety features, fuel efficiency, brand reputation, and price. They often conduct online research, take test drives, and consult with friends or experts before making a final decision.

Dissonance-Reducing Buying Behaviour: Dissonance-reducing buying behaviour occurs when consumers are highly involved in the purchase but see little difference among brands. This often leads to post-purchase dissonance, where consumers seek reassurance that they made the right choice.

Example: A couple is planning their honeymoon and decides to book an all-inclusive resort vacation in the Caribbean. This is a high-involvement purchase for them, as it is an expensive and significant trip to celebrate their marriage. However, as they research different resorts, they find that many offer similar amenities, activities, and pricing structures. After spending considerable time comparing options, they finally choose Resort A.

However, even after booking, they experience some anxiety and doubt about their decision:

- Did they pick the best resort for their needs?

- Would Resort B have been a better choice?
- Will the food and service meet their expectations?

To reduce this dissonance, the couple might:

- Seek out positive reviews and testimonials from past guests of Resort A.
- Focus on the unique features that made them choose Resort A in the first place.
- Avoid looking at promotions or deals for other resorts they did not choose.
- Reach out to the resort directly to confirm details and ask questions, seeking reassurance about their choice.

The resort, recognizing this common behaviour, might employ strategies to reduce dissonance:

- Sending a personalized welcome email highlighting the resort's best features.
- Providing a detailed itinerary of activities and dining options.
- Offering a virtual tour or photo gallery to build excitement.
- Assigning a dedicated concierge to address any concerns before arrival.

Habitual Buying Behaviour: Habitual buying behaviour is characterized by low consumer involvement and minimal perceived differences among brands. Purchases are made out of habit rather than brand loyalty or detailed evaluation.

Example: The purchase of everyday items like salt or sugar often involves habitual buying behaviour. Consumers tend to buy the same brand regularly without much thought unless a disruption occurs, such as a stock shortage.

Variety-Seeking Buying Behaviour: Variety-seeking buying behaviour occurs when consumers have low involvement but perceive significant differences among brands. They often switch brands for the sake of novelty or change.

Example: When buying snacks, consumers might switch brands simply to try something new, even if they are satisfied with their current choice.

Factors Influencing Consumer Decisions

As we learned from the stimulus-response model, consumer buying decisions are influenced by a complex interplay of various external and internal factors. This section takes a closer look at the factors that shape the consumer's purchasing behaviour:

- Situational factors
- Personal factors
- Psychological factors
- Social factors⁴

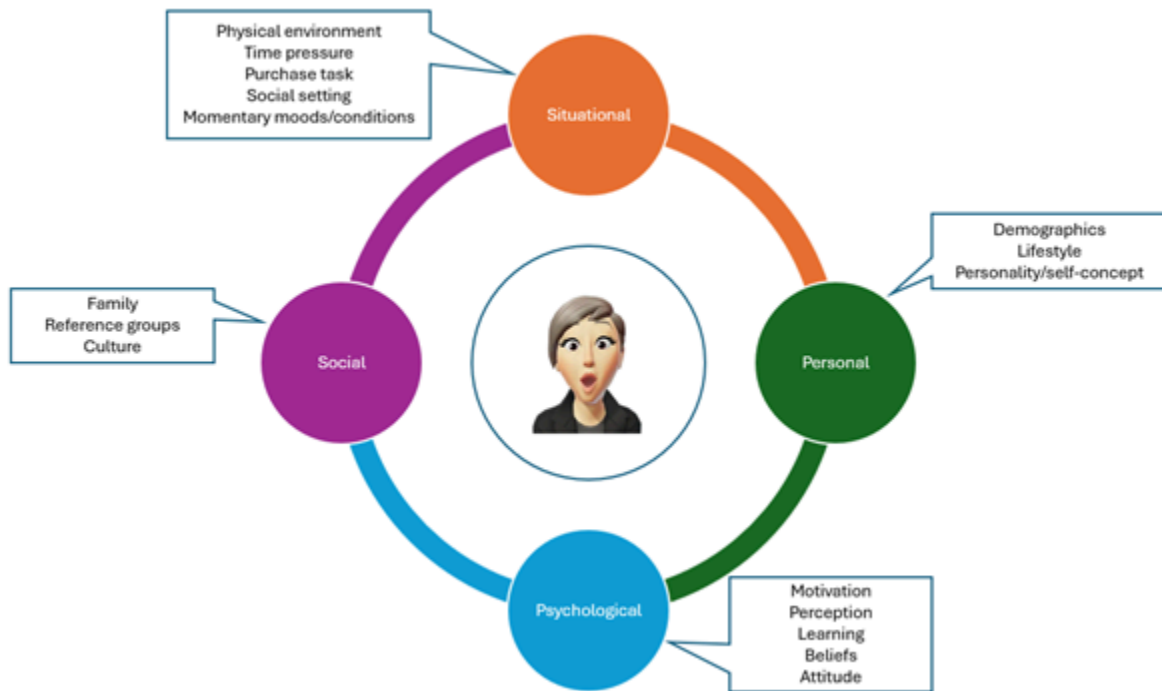


Figure 5 Factors influencing consumer decisions (by author using Microsoft PowerPoint) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Situational Factors

Situational factors are generally temporary conditions that can influence consumer behaviour at the point of purchase⁵.

These temporary conditions may be related to the:

- Physical environment (location, layout, lighting, parking, weather, etc.)
- Time pressure (time available, time of day, season, etc.)
- Purchase purpose or task definition (for self, gift, high/low level of involvement, etc.)
- Social surroundings (ambiance, level of crowding, queues, etc.)
- State of mind or antecedent states (momentary moods or conditions – such as happy, tired, anxious, frustrated – credit card balance available, etc.).

Example Situational Factors Impacting Consumer Behaviour: The Case of the Coffee Shop

Imagine a busy professional, Sarah, who usually enjoys a latte on her way to work. She typically visits a specific

coffee shop near her office, known for its consistent quality and friendly staff. However, one morning, a major traffic jam delays Sarah's commute.

Situational Factors at Play:

- **Time Pressure:** The traffic jam significantly increases Sarah's time pressure. She is now running late for work and needs to make a quick decision.
- **Physical Surroundings:** Sarah finds herself in a new area, unfamiliar with the coffee shops nearby. The lack of her usual coffee shop and the unfamiliar surroundings create a sense of uncertainty.
- **Social Surroundings:** Sarah notices a long queue at a nearby coffee shop, filled with people in a hurry. This creates a sense of urgency and reinforces the need for a quick purchase.

Impact on Consumer Behaviour:

- **Reduced Consideration:** Sarah is less likely to spend time comparing different coffee shops or considering different drinks. She prioritizes speed and convenience.
- **Impulsive Purchase:** Faced with time pressure and unfamiliar surroundings, Sarah might opt for the first coffee shop she encounters, even if it is not her usual choice.
- **Limited Choice:** Sarah might settle for a simpler drink, like a black coffee, instead of her usual latte, as it is faster to prepare.

Outcome

Due to the situational factors, Sarah's usual coffee routine is disrupted. She makes a quick, impulsive purchase, opting for convenience over her usual preferences. This illustrates how situational factors can significantly influence consumer behaviour, even for seemingly simple decisions like buying a cup of coffee.

Personal Factors

Personal factors are characteristics unique to each individual, such as age, occupation, economic situation, lifestyle, personality, and self-concept.

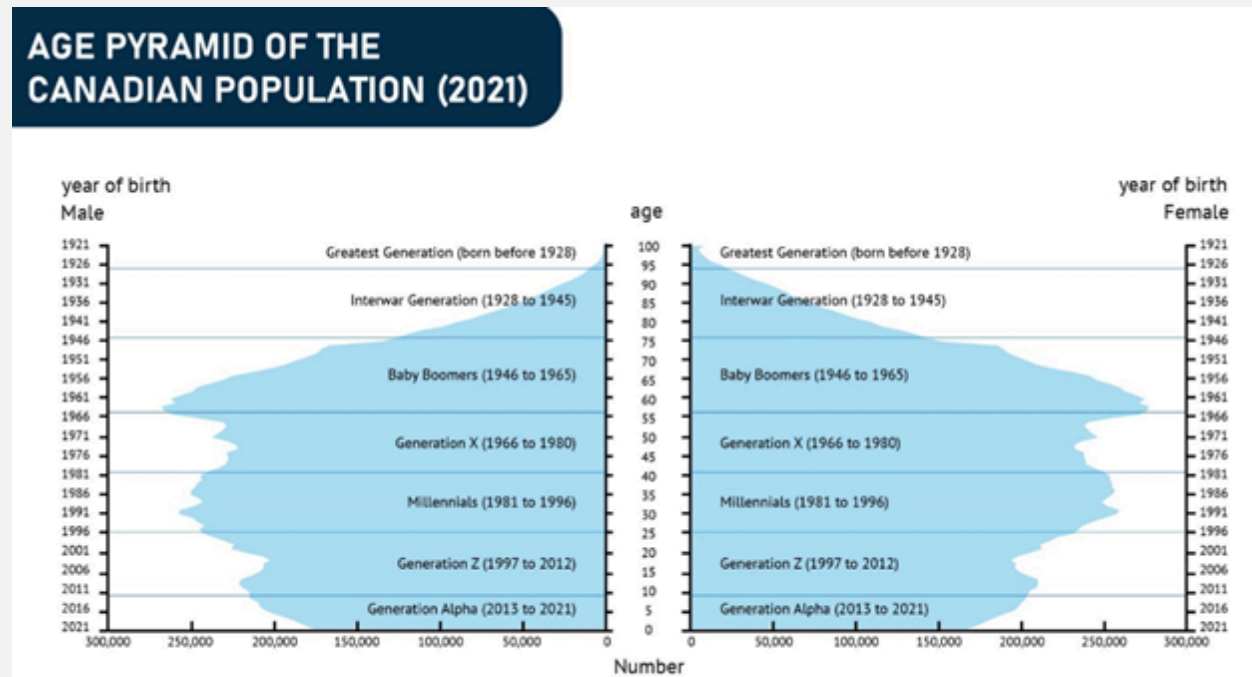
Demographic

Demographic factors are personal factors that can be measured and/or observed, such as age, gender, education, occupation, marital status, family structure, life stage, ethnicity, geographic location, and income. These are factors that are used to study the composition of populations.

Example

The Age Pyramid of the Canadian Population

The age pyramid of the Canadian population reveals the size and distribution of age groups, providing key insights into consumer behaviour. It helps identify market potential, such as increased demand for senior-focused products in an aging population or technology for younger cohorts.



Source(s): Census of Population, 2021 (3901).

Figure 6 A generational portrait of Canada's aging population from the 2021 census. (Statistics Canada) Used with permission

Lifestyle

Lifestyle refers to a person's pattern of living as expressed through their activities, interests, and opinions (AIOs):

- **Activities:** How consumers spend their time (e.g., work, hobbies, sports, shopping).
- **Interests:** What consumers consider important in their environment (e.g., family, home, food, fashion).
- **Opinions:** How consumers view themselves and the world around them (e.g., social issues, politics, business).

Example Impact of Lifestyle on Purchasing Decisions

Different lifestyles lead to different purchasing patterns. For example:

- **Outdoor Enthusiasts:** Likely to invest more in camping gear, hiking boots, or mountain bikes.
- **Health-Conscious Consumers:** May spend more on organic foods, gym memberships, or fitness trackers.
- **Tech-Savvy Individuals:** Might prioritize spending on the latest gadgets and smart home devices.
- **Eco-Friendly Consumers:** Often choose products with sustainable packaging or from brands with strong environmental policies.



Figure 7 Active Lifestyle (Gabin Vallet/Unsplash) Unsplash license (<https://unsplash.com/license>)

Personality and Self-Concept

Individual personality traits and how consumers view themselves (i.e., self-concept) affect their brand choices and purchasing behaviour.

Examples

How Personality and Self-Concept Can Influence Consumer Decisions

Below shows how a person's personality and self-concept play a role in their consumer decisions.

Personality Traits

The Big Five personality traits⁶ have been shown to correlate with certain consumer behaviours and preferences:

1. **Openness to Experience:**

- More likely to try new products and brands
- Attracted to novel and unique offerings
- Tend to be early adopters of new technologies

2. **Conscientiousness:**

- More likely to research products thoroughly before purchasing
- Tend to prefer reliable, high-quality brands
- May be less impulsive in buying decisions

3. **Extraversion:**

- More influenced by social factors in purchasing decisions
- Drawn to brands with outgoing, exciting personalities
- May engage in more conspicuous consumption

4. **Agreeableness:**

- More likely to be influenced by recommendations from others
- Tend to prefer brands perceived as ethical or socially responsible
- May be more loyal to familiar brands

5. **Neuroticism:**

- More prone to emotional and impulsive purchasing
- May be more susceptible to fear-based marketing tactics
- Tend to seek products that provide comfort or security

What's Your Personality Type?

Use the questions on the outside of the chart to determine the four letters of your Myers-Briggs type. For each pair of letters, choose the side that seems most natural to you, even if you don't agree with every description.

1. Are you outwardly or inwardly focused? If you:

- Could be described as talkative, outgoing
- Like to be in a fast-paced environment
- Tend to work out ideas with others, think out loud
- Enjoy being the center of attention

then you prefer
E
Extraversion

- Could be described as reserved, private
- Prefer a slower pace with time for contemplation
- Tend to think things through inside your head
- Would rather observe than be the center of attention

then you prefer
I
Introversion

2. How do you prefer to take in information? If you:

- Focus on the reality of how things are
- Pay attention to concrete facts and details
- Prefer ideas that have practical applications
- Like to describe things in a specific, literal way

then you prefer
S
Sensing

- Imagine the possibilities of how things could be
- Notice the big picture, see how everything connects
- Enjoy ideas and concepts for their own sake
- Like to describe things in a figurative, poetic way

then you prefer
N
Intuition

ISTJ
Responsible, sincere, analytical, reserved, realistic, systematic. Hardworking and trustworthy with sound practical judgment.

ISFJ
Warm, considerate, gentle, responsible, pragmatic, thorough. Devoted caretakers who enjoy being helpful to others.

INFJ
Idealistic, organized, insightful, dependable, compassionate, gentle. Seek harmony and cooperation, enjoy intellectual stimulation.

INTJ
Innovative, independent, strategic, logical, reserved, insightful. Driven by their own original ideas to achieve improvements.

ISTP
Action-oriented, logical, analytical, spontaneous, reserved, independent. Enjoy adventure, skilled at understanding how mechanical things work.

ISFP
Gentle, sensitive, nurturing, helpful, flexible, realistic. Seek to create a personal environment that is both beautiful and practical.

INFP
Sensitive, creative, idealistic, perceptive, caring, loyal. Value inner harmony and personal growth, focus on dreams and possibilities.

INTP
Intellectual, logical, precise, reserved, flexible, imaginative. Original thinkers who enjoy speculation and creative problem solving.

ESTP
Outgoing, realistic, action-oriented, curious, versatile, spontaneous. Pragmatic problem solvers and skillful negotiators.

ESFP
Playful, enthusiastic, friendly, spontaneous, tactful, flexible. Have strong common sense, enjoy helping people in tangible ways.

ENFP
Enthusiastic, creative, spontaneous, optimistic, supportive, playful. Value inspiration, enjoy starting new projects, see potential in others.

ENTP
Inventive, enthusiastic, strategic, enterprising, inquisitive, versatile. Enjoy new ideas and challenges, value inspiration.

ESTJ
Efficient, outgoing, analytical, systematic, dependable, realistic. Like to run the show and get things done in an orderly fashion.

ESFJ
Friendly, outgoing, reliable, conscientious, organized, practical. Seek to be helpful and please others, enjoy being active and productive.

ENFJ
Caring, enthusiastic, idealistic, organized, diplomatic, responsible. Skilled communicators who value connection with people.

ENTJ
Strategic, logical, efficient, outgoing, ambitious, independent. Effective organizers of people and long-range planners.

3. How do you prefer to make decisions? If you:

- Make decisions in an impersonal way, using logical reasoning
- Value justice, fairness
- Enjoy finding the flaws in an argument
- Could be described as reasonable, level-headed

then you prefer
T
Thinking

- Base your decisions on personal values and how your actions affect others
- Value harmony, forgiveness
- Like to please others and point out the best in people
- Could be described as warm, empathetic

then you prefer
F
Feeling

4. How do you prefer to live your outer life? If you:

- Prefer to have matters settled
- Think rules and deadlines should be respected
- Prefer to have detailed, step-by-step instructions
- Make plans, want to know what you're getting into

then you prefer
J
Judging

- Prefer to leave your options open
- See rules and deadlines as flexible
- Like to improvise and make things up as you go
- Are spontaneous, enjoy surprises and new situations

then you prefer
P
Perceiving

Figure 8 Myers Briggs types (Jake Beech/Wikimedia Commons) CC BY-SA 3.0 (<https://creativecommons.org/licenses/by-sa/3.0/deed.en>)

Self-Concept

People tend to purchase products that reflect their actual or ideal self-concept⁷

Consumers often choose brands and products that align with or enhance their self-image:

- Brands can be used to express one's identity or values
- Consumers may avoid brands that conflict with their self-image
- Products can be used to reinforce or elevate one's social status

For example, someone who views themselves as environmentally conscious may prefer eco-friendly brands, while someone who sees themselves as adventurous may be drawn to outdoor gear brands.

Brand Alignment with Self-Concept



Figure 9 Brand alignment with self-concept (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Psychological Factors

Psychological factors include motivation, perception, learning, beliefs, and attitude. These are internal influences that originate within the individual.

Motivation

Motivation is a fundamental driver of consumer behaviour, shaping how individuals make purchasing decisions and interact with brands. It encompasses the internal psychological processes that drive consumers to take specific actions to satisfy their needs and desires.

Theories of Motivation

Two prominent theories help explain consumer motivation:

- Maslow's hierarchy of needs
- Herzberg's two-factor theory

Maslow's Hierarchy of Needs

Maslow's hierarchy of needs⁸ explains why people are driven by particular needs at specific times. We examined Maslow's theory in Chapter 1 (#part-charting-the-course-marketing-foundations) as part of the core marketing concepts. To recap, the model proposes that human needs are arranged in a hierarchy: physiological needs at the base, followed by safety needs, love and belonging needs, esteem needs, and finally self-actualization needs.

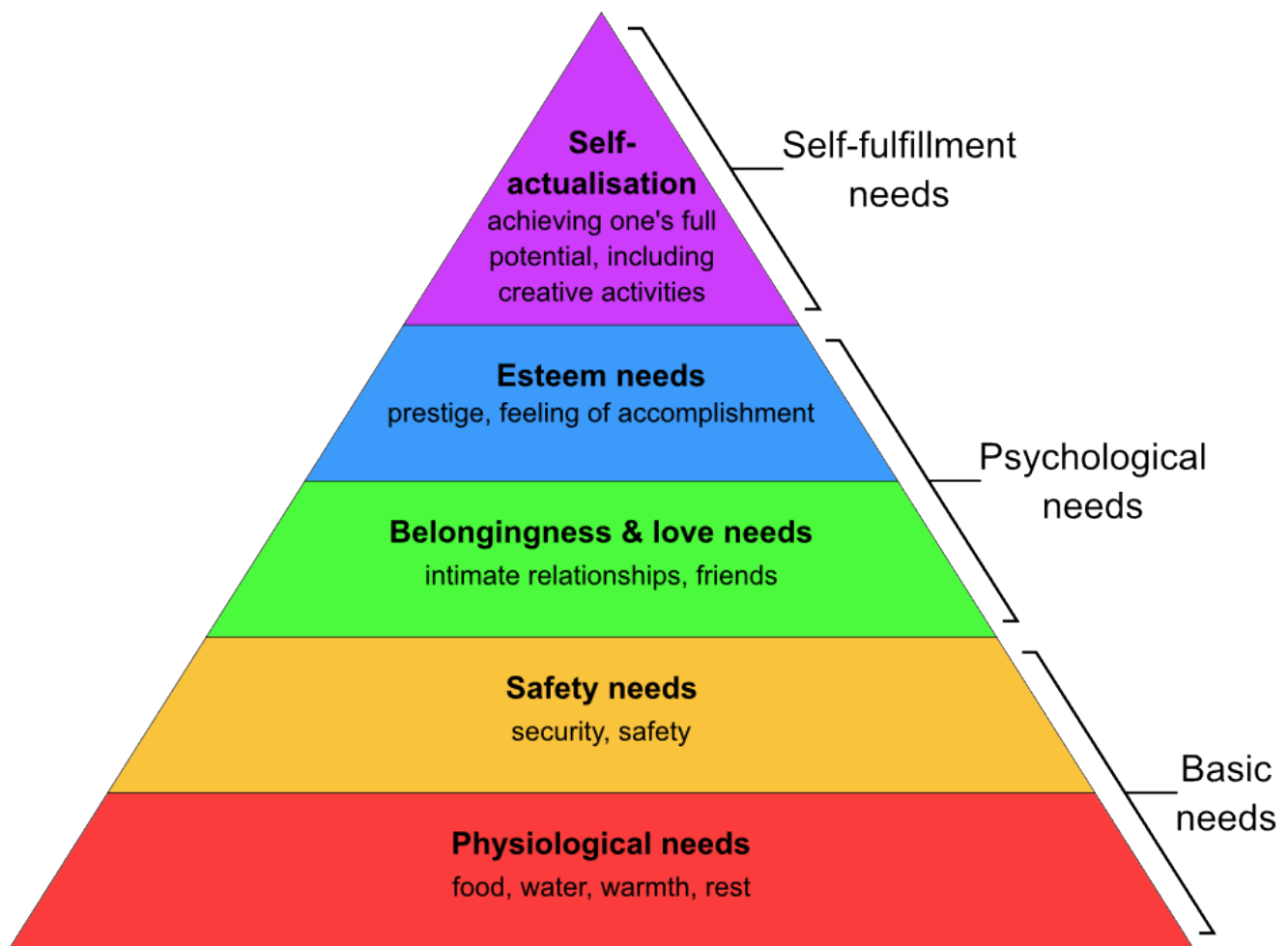


Figure 10 Maslow's hierarchy of needs (AndroidMarsExpress/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

According to this theory, lower-level needs must be satisfied before higher-level needs can influence behaviour. For example, a consumer might first focus on purchasing food and shelter (physiological and safety needs) before seeking products that fulfill social or esteem needs, such as branded clothing or luxury items.

Example

Maslow's Hierarchy of Needs Theory and the Restaurant Experience

Here is an example of how Maslow's hierarchy of needs can be applied to a restaurant experience addressing each level of the hierarchy to enhance customer satisfaction and loyalty:

Physiological Needs: The restaurant provides high-quality food and beverages, ensuring that basic hunger and thirst are satisfied. This is the most fundamental level, where the focus is on offering nutritious and delicious meals.

Safety Needs: The restaurant ensures a safe and clean environment, including proper hygiene standards in food preparation and a secure dining area. Customers feel safe and protected, which is crucial for their comfort and peace of mind.

Love and Belonging Needs: The restaurant fosters a welcoming atmosphere where customers feel a sense of belonging. This can be achieved through friendly staff interactions, creating a community vibe, or hosting events that encourage socializing among patrons.

Esteem Needs: The restaurant enhances customers' self-esteem by providing exceptional service and recognizing regular patrons. This could include personalized greetings, remembering customers' preferences, or offering loyalty programs that make them feel valued and respected.

Self-Actualization Needs: The restaurant offers unique dining experiences that allow customers to explore new cuisines or engage in culinary classes. This level is about providing opportunities for personal growth and fulfilling experiences, such as themed nights or chef's table events that inspire creativity and learning.

By addressing each level of Maslow's hierarchy, a restaurant can create a comprehensive experience that meets the diverse needs of its customers, leading to greater satisfaction and repeat business.

Herzberg's Two-Factor Theory⁹

Herzberg's two-factor theory, originally developed for workplace motivation, can be applied to explain consumer behaviour in marketing contexts. This adaptation provides valuable insights into what drives customer satisfaction and loyalty.

Herzberg's theory distinguishes between two types of factors:

- **Dissatisfiers (Hygiene Factors):** These are basic expectations that, if absent, can cause dissatisfaction but do not necessarily motivate when present. Examples include basic product quality and reliability, fair pricing, standard customer service, ease of use, and accessibility.
- **Satisfiers (Motivators):** These are factors that can actively motivate consumers. Examples include product innovation and exceptional service.

Example Herzberg's Two-Factor Theory and the Restaurant Experience



Figure 11 The restaurant experience (Nick Hillier/Unsplash) Unsplash license (<https://unsplash.com/license>)

When applied to a restaurant experience, Herzberg's two-factor theory can help explain customer satisfaction and motivation. Here is an example of how the theory's two factors – hygiene factors and motivators – might play out in a restaurant setting:

Hygiene Factors (Dissatisfiers):

1. **Cleanliness:** Clean tables, utensils, and restrooms. If these are not up to standard, it will cause dissatisfaction.
2. **Food Safety:** Properly cooked and handled food. Customers expect this as a basic requirement.
3. **Reasonable Prices:** Prices that align with the restaurant's category and location.
4. **Comfortable Seating:** Chairs and tables that are in good condition and comfortable.
5. **Adequate Lighting:** Proper illumination throughout the restaurant.
6. **Polite Staff:** Basic courtesy from servers and other staff members.

7. **Reasonable Wait Times:** Not having to wait an excessively long time for food or service.

When present, these factors do not necessarily increase satisfaction, but their absence can lead to dissatisfaction.

Motivators (Satisfiers):

1. **Exceptional Food Quality:** Dishes that exceed expectations in taste and presentation.
2. **Unique Menu Items:** Innovative or signature dishes that cannot be found elsewhere.
3. **Personalized Service:** Staff who remember regular customers' preferences or offer tailored recommendations.
4. **Ambiance:** A particularly pleasing atmosphere or decor that enhances the dining experience.
5. **Chef Interaction:** Opportunities to meet the chef or watch food preparation.
6. **Special Touches:** Complimentary amuse-bouche or after-dinner mints.
7. **Recognition:** Staff acknowledging special occasions like birthdays or anniversaries.

When present, these factors can lead to high levels of satisfaction and customer loyalty.

In this context, a restaurant might find that simply meeting hygiene factors (e.g., having clean tables and polite staff) does not guarantee customer satisfaction. To truly delight customers and motivate return visits, they need to focus on motivators like exceptional food quality or unique dining experiences. However, neglecting hygiene factors (e.g., having dirty restrooms or rude staff) can lead to customer dissatisfaction regardless of how good the motivators are.

This application of Herzberg's theory can help restaurant managers understand why customers might be dissatisfied despite good food (hygiene factors not met) or why customers might not be particularly excited about their experience despite everything being "fine" (lack of motivators).

Perception

Perception is the process by which individuals select, organize, and interpret stimuli to form a meaningful picture of the world around them. In the context of marketing and consumer behaviour, perception plays an important role in how customers interpret and respond to marketing messages, products, and services.

Key aspects of perception include:

- **Selective Attention:** Consumers tend to notice stimuli that relate to their current needs or interests.
- **Selective Distortion:** People interpret information in a way that supports their existing beliefs.
- **Selective Retention:** Individuals are more likely to remember information that aligns with their attitudes and beliefs.

Examples Perception

Selective Attention: A consumer planning a vacation might notice advertisements for travel agencies, airlines, or hotels more than usual. This is because these advertisements relate to their current need to plan a trip. In contrast, they might ignore ads for unrelated products, such as home appliances, because those do not align with their immediate interests.

Selective Distortion: Consider a consumer who strongly believes that a particular brand of smartphone is superior. When they read a review that highlights both positive and negative aspects of this smartphone, they might focus on the positive comments and downplay the negatives. This selective distortion occurs because they interpret the information in a way that supports their existing belief in the brand's superiority.

Selective Retention: A consumer who is environmentally conscious might remember advertisements or product information that emphasize eco-friendly features. For instance, they are more likely to recall details about a hotel's sustainability practices or a car's fuel efficiency, as these align with their attitudes and beliefs about environmental responsibility. Conversely, they might forget other product details that do not support their environmental values.

Hierarchy of Perception in Marketing

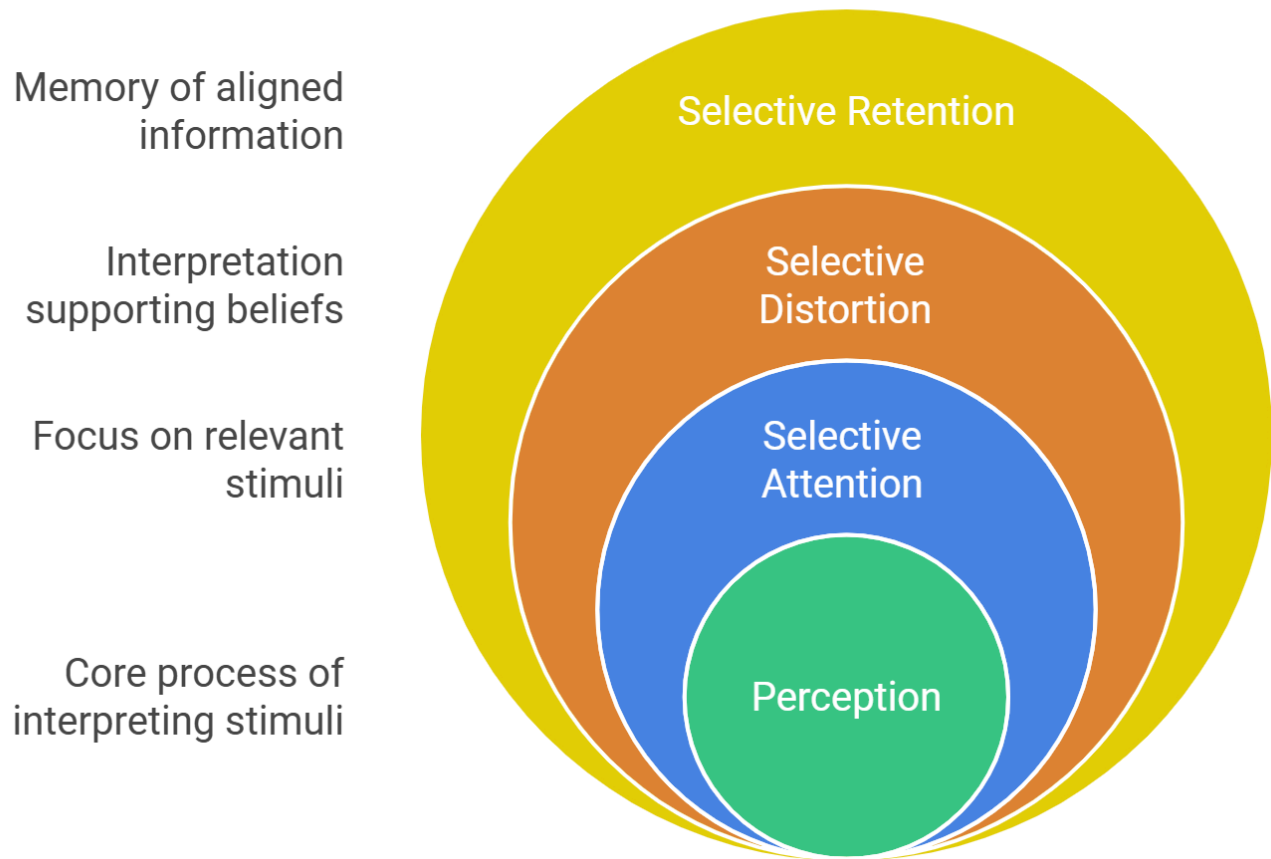


Figure 12 Hierarchy of perception in marketing (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Figure 12 illustrates the hierarchy of perception in marketing, depicting perception progressing through four stages:

1. Perception
2. Selective attention
3. Selective distortion
4. Selective retention

Each stage builds upon the previous one, highlighting the core process of interpreting stimuli, focusing on relevant stimuli, interpreting information to support beliefs, and retaining aligned information in memory.

Learning

Learning in consumer behaviour refers to the process through which consumers acquire information and experience about a product or service, which subsequently influences their purchasing decisions. This learning can be experiential, such as using a product and finding it satisfactory, or informational, such as learning about a product through advertisements or reviews.

Examples Learning

Experiential Learning Through Hotel Stays: A traveler's direct experience staying at different types of accommodations shapes their future booking decisions. When guests have a positive experience at a boutique hotel, including personalized service and unique amenities, they learn through first-hand experience what they value in accommodations. This experiential learning influences their future hotel selections and willingness to pay premium rates for similar experiences.

Guided Cultural Tours: Tourists learn about destinations through guided tours that provide both informational and experiential learning opportunities. As visitors engage with local history and culture through expert guides, they develop a deeper understanding and appreciation that influences their future travel choices. This type of learning can lead to increased interest in cultural tourism and influence decisions about future destination selections.

Beliefs

Beliefs are the convictions that consumers hold about a product or brand. These beliefs can be based on personal experiences, advertising, word-of-mouth, or cultural influences. They shape how consumers perceive products and influence their purchasing decisions.

Example Beliefs

A consumer who believes that organic foods are healthier may prefer purchasing organic products over non-organic ones. This belief influences their buying behaviour by guiding them towards products that align with their health values.

Attitude

An attitude describes a person's relatively consistent evaluations, feelings, and tendencies toward an object or an idea. Attitudes are a combination of beliefs, feelings, and behavioural intentions towards a product or service. They are formed over time and can significantly influence consumer behaviour. Positive attitudes towards a brand can lead to increased loyalty and repeat purchases, while negative attitudes can deter consumers from buying.

Example Attitude

A consumer with a positive attitude towards a brand known for its environmental sustainability may be more inclined to purchase from that brand, even if the products are priced higher than competitors. This attitude is shaped by the consumer's values and the brand's alignment with those values.

Social Factors

Social factors can be categorized into influences from family, reference groups, and culture. Below is a detailed look at each.

Family

Family is one of the most influential social factors affecting consumer behaviour. It plays a crucial role in shaping an individual's buying preferences and decisions:

- **Influence on Preferences:** From a young age, individuals develop preferences by observing their family's purchasing habits. For example, a person might continue buying the same brand of cereal their parents bought during childhood.
- **Decision-Making Dynamics:** Family roles and dynamics, such as who has the final say in purchasing decisions, can significantly impact buying behaviour. For instance, children may influence parents' purchases of toys or snacks, while spouses might make joint decisions on larger purchases like cars or homes.

Reference Groups

Reference groups are groups of people that an individual looks to for guidance on social norms, values, and behaviours. These groups can include family members, friends, coworkers, or even celebrities:

- **Influence through Comparison:** Individuals often compare themselves to members of their reference groups and may be influenced by their opinions and actions. For example, a person might choose a particular brand of clothing because it is popular among their peer group.
- **Types of Reference Groups:** They can be primary groups, such as family and close friends, or secondary groups, like professional associations or clubs. The influence can be direct, through face-to-face interaction, or indirect, through social media or other channels.



Figure 13 Reference groups (Parker Gibbons/Unsplash) Unsplash license (<https://unsplash.com/license>)

Reference groups can significantly impact consumer choices through peer pressure and social comparison, especially in the age of social media where influencers and online communities play a prominent role.

Culture

Culture encompasses the shared beliefs, values, customs, and behaviours of a group or society. It profoundly shapes consumer behaviour by:

- **Defining Norms:** Culture influences what products are considered necessary or desirable, how they are purchased, and what they signify socially.
- **Subcultures:** Within larger cultures, subcultures form around shared interests or characteristics, such as ethnicity or geography. These subcultures can lead to strong brand loyalty if a brand aligns with their values.
- **Cultural Practices:** Different cultures have unique practices, such as haggling over prices or preferring fixed pricing, which can influence buying behaviour.



Figure 14 A crowd of people (geralt/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Examples Cultural Dimensions

Hofstede's cultural dimensions theory¹⁰ is a framework developed by Geert Hofstede to understand cultural differences across countries and their impact on behaviour and values. This theory identifies six dimensions that describe different aspects of national cultures. Hofstede's cultural dimensions theory is a valuable tool for understanding consumer purchasing behaviour because it provides a framework for analyzing how cultural differences influence consumer values and behaviours.

Here is a summary of the dimensions and their key aspects:

Individualism vs. Collectivism: This dimension examines whether a culture values individual achievements and independence or prioritizes group harmony and community. In individualistic cultures, consumers may make purchasing decisions based on personal preferences and benefits, while in collectivist cultures, decisions might be influenced by family or community opinions.

Power Distance: This dimension measures the extent to which less powerful members of a society accept and expect power to be distributed unequally. In high power distance cultures, consumers may be more influenced by authority figures and hierarchical structures, impacting their brand choices and loyalty.

Uncertainty Avoidance: This dimension reflects a culture's tolerance for ambiguity and uncertainty. In cultures with high uncertainty avoidance, consumers may prefer well-established brands and products with clear benefits, as they seek to minimize risk.

Masculinity vs. Femininity: This dimension looks at the distribution of roles between genders in a society. Masculine cultures value competitiveness and achievement, which can influence consumer preferences for status-driven products. Feminine cultures prioritize quality of life and care for others, affecting preferences for products that emphasize these values.

Long-term vs. Short-term Orientation: This dimension considers the degree to which a culture emphasizes

future rewards over short-term benefits. Long-term oriented cultures may favor products that offer long-term value and sustainability, while short-term oriented cultures might prioritize immediate gratification.

Indulgence vs. Restraint: This dimension assesses the extent to which a culture allows or suppresses gratification of desires. Indulgent cultures may have consumers who are more willing to spend on luxury and leisure, while restrained cultures might focus on necessity and practicality.

Learn about differences across cultures by using the Country Comparison Tool

(<https://www.theculturefactor.com/country-comparison-tool>) available through the Culture Factor website¹¹.

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Organizational Market Behaviour

Business (organizational) purchasing behaviour is the decisions and acts people undertake to buy products or services for organizational use.

As we introduced at the beginning of this chapter, organizational markets consist of businesses, governments, and institutions that purchase goods and services for use in their operations or to resell to others. We typically refer to organizational markets as business-to-business (B2B), where both the seller and the buyer are organizations.



Figure 1 B2B Word cloud (EpicTop10.com/Flickr) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)

Who Are B2B Buyers?

In the B2B (business-to-business) context, buyers are organizations or entities that purchase goods or services for various purposes such as production, resale, or operational needs. Below is a detailed look at who B2B buyers are and the dynamics involved in their purchasing behaviour.

Types of B2B Buyers

B2B buyers include:

- **Producers:** These are companies that purchase goods and services to transform them into other products. This category includes manufacturers and service providers. For example, a car manufacturer buying steel and components to produce vehicles is a producer.
- **Resellers:** These entities buy goods and services produced by other companies and sell them without significant

modification. This group includes wholesalers, brokers, and retailers like Walmart and Target.

- **Government:** As one of the largest purchasers, government entities buy a wide range of goods and services to support their operations. This includes everything from office supplies to complex defense systems.
- **Institutions:** Nonprofit organizations, such as hospitals, churches, and educational institutions, fall into this category. They purchase goods and services to support their missions and operations.

Characteristics of B2B Buyers

B2B buyers have the following characteristics:

- **Multiple Decision-Makers:** Depending on the size and complexity of an organization, there can be a wide range of participants in the organizational buying process. B2B purchases often involve a group of decision-makers, including procurement managers, department heads, and executives. This group effort ensures that the purchase meets various organizational needs.
- **Emphasis on Relationships:** B2B buyers value long-term relationships with suppliers. Trust and reliability are critical, as these relationships often involve repeated transactions and ongoing service needs.
- **Informed Decision-Making:** B2B buyers are typically well-informed and conduct extensive research before making purchasing decisions. They evaluate potential suppliers based on product quality, pricing, reliability, and long-term value.

Examples Participants in the Organizational Buying Process

Scenario: The Starlight Hotel Group, a luxury hotel chain with properties across North America, is looking to upgrade its property management system (PMS) to improve operational efficiency and enhance guest experiences.

Starlight Hotel Group Scenario

| Participant Role | Definition | Scenario |
|-------------------|---|--|
| Initiators | These individuals recognize the need for a product or service and initiate the buying process. For example, a department manager might identify the need for new software to improve efficiency. | The director of operations, Sarah, recognizes that the current PMS is outdated and unable to meet the growing demands of the hotel chain. She initiates the process by bringing this to the attention of senior management. |
| Users | Users are the people who will directly use the product or service. Their feedback and requirements are crucial in shaping the purchase decision. For instance, employees who will use new computers or software systems may provide input to ensure the solution meets their needs. | Front desk staff, housekeeping managers, and reservation agents who will use the system daily provide input on features they need, such as real-time room status updates, integrated guest profiles, and mobile check-in capabilities. |

| | | |
|--------------------|--|--|
| Influencers | Influencers provide information and recommendations that affect the buying decision. They often have expertise or authority in specific areas, such as technical specifications or financial considerations. For example, technical experts might advise on the specifications of a product. | The IT manager, Michael, provides technical specifications and compatibility requirements. The guest experience manager, Emma, emphasizes the need for features that can personalize guest interactions. |
| Deciders | Deciders have the authority to approve or reject the purchase. They are often senior executives or managers who make the final decision based on input from other participants. A CEO or senior executive might authorize the budget and approve the final purchase. | The chief operating officer (COO), James, has the final say on which PMS to purchase based on recommendations and alignment with the company's strategic goals. |
| Buyers | Buyers are responsible for negotiating terms, handling transactions, and managing supplier relationships. They play a key role in the purchasing process, often working within the procurement department. | The procurement manager, Lisa, is responsible for negotiating terms with potential PMS vendors, managing the RFP (request for proposals) process, and finalizing the purchase agreement. |
| Gatekeepers | Gatekeepers control the flow of information and access within the buying process. They can influence which information reaches the decision-makers. Administrative assistants or purchasing staff often serve as gatekeepers. | The executive assistant to the COO, David, controls the flow of information to James, ensuring only the most relevant and critical information reaches him. |
| Approvers | Approvers authorize the proposed actions of deciders or buyers. They may be personnel from top management or finance departments who ensure the purchase aligns with organizational goals and budgets. | The chief financial officer, Alex, reviews and approves the budget allocation for the new PMS, ensuring it aligns with the company's financial strategy. |

The B2B Buying Process

The organizational buying process typically involves eight key stages:

1. **Problem Recognition:** The organization identifies a need or problem that requires purchasing a product or service.
2. **General Need Description:** The organization develops a general description of the need, specifying basic requirements and desired characteristics.
3. **Product Specification:** More detailed technical specifications, performance criteria, and features are defined.
4. **Supplier Search:** The organization searches for and identifies potential suppliers that can meet their needs.
5. **Proposal Solicitation:** Selected suppliers are invited to submit proposals or bids outlining how they can meet the organization's requirements.
6. **Supplier Selection:** Proposals are evaluated, and a supplier is chosen based on criteria like price, quality, delivery capabilities, and overall fit.
7. **Order-Routine Specification:** Detailed order instructions are provided, including quantity, delivery terms, and payment terms.
8. **Performance Review:** After purchase and delivery, the supplier's performance is evaluated to inform future buying decisions.

This process is typically more formal and complex for organizational buying compared to consumer purchasing. It often involves multiple decision makers and more extensive information gathering, especially for new purchases. The level of complexity can vary depending on whether it is a new purchase, modified rebuy, or straight rebuy.

The examples below illustrate the key differences between B2B buying and consumer buying processes. B2B buying, especially for new purchases, tends to be more complex and involve more stages, while routine purchases in both B2B and consumer contexts are simpler. The B2B process often involves multiple decision-makers and focuses on building long-term supplier relationships, whereas consumer buying is typically more individualistic and can be more impulsive.

Examples Comparing B2B and Consumer Buying

B2B vs. Consumer Buying: Stages for a New Purchase

| B2B Buying (Restaurant): Purchasing New Commercial Kitchen Equipment (e.g., Industrial Oven) | Consumer Buying: Buying a New Car |
|--|--|
| <ol style="list-style-type: none"> 1. Problem recognition (need for new equipment) 2. General need description 3. Product specification 4. Supplier search 5. Proposal solicitation 6. Supplier selection 7. Order-routine specification 8. Performance review | <ol style="list-style-type: none"> 1. Problem recognition 2. Information search 3. Evaluation of alternatives 4. Purchase decision 5. Post-purchase behaviour |

B2B vs. Consumer Buying: Stages for a Routine Purchase

| B2B Buying (Restaurant): Ordering Fresh Produce | Consumer Buying: Buying Groceries |
|---|--|
| <ol style="list-style-type: none"> 1. Problem recognition (low inventory) 2. Order-routine specification 3. Performance review | <ol style="list-style-type: none"> 1. Problem recognition 2. Purchase decision 3. Post-purchase behaviour |

B2B vs. Consumer Buying: Key Differences

| B2B Buying (Restaurant) | Consumer Buying |
|---|--|
| <ul style="list-style-type: none"> • More complex process for new purchases • Involves multiple decision-makers • Higher financial stakes • Focus on long-term relationships with suppliers • Technical specifications are crucial | <ul style="list-style-type: none"> • Generally simpler process • Usually individual decision • Lower financial stakes • Often transactional relationships • Personal preferences play a larger role |

Major Factors Influencing B2B Purchasing Decisions¹

Understanding the major factors influencing B2B purchasing decisions is essential for businesses aiming to navigate the complexities of organizational buying behaviour. These decisions are shaped by a combination of external environmental conditions, organizational priorities, interpersonal dynamics, and individual preferences – reflecting the multifaceted nature of B2B transactions.

Environmental Factors

Environmental factors include external influences such as the level of primary demand (derived demand), economic conditions, regulatory changes, industry trends, and competitive pressures. For example, a strong economy might encourage more spending, while regulatory requirements could limit purchasing options.

Examples Derived Demand in Organizational Purchase Behaviour

Derived demand is a concept in economics that refers to the demand for a good or service that results from the demand for another good or service. In the context of organizational purchase behaviour, derived demand plays a crucial role in understanding the buying decisions of businesses.

Definition: Derived demand is the demand for a product or service that is driven by the demand for another product or service.

Example: A company that manufactures cars demands steel from a supplier. The demand for steel is derived from the demand for cars. If the demand for cars increases, the demand for steel also increases.

Importance in Organizational Purchase Behaviour in the Context of a Hotel: Derived demand in a B2B context refers to the demand for goods or services that arises from the demand for another product or service. In the accommodation sector, derived demand can be seen in various ways, particularly when hotels purchase goods and services from other businesses to support their operations and meet the needs of their guests.



Figure 2 Hotel linens (cottonbro studio/
Pexels) Pexels license
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Example: Hotel Linen Supply

- **Primary Demand:** The primary demand in this context is the demand for hotel accommodations. When guests book rooms, they expect clean and comfortable bedding and towels as part of their stay.
- **Derived Demand:** The demand for hotel linen supplies — such as sheets, pillowcases, towels, and bathrobes — is derived from the demand for hotel rooms. As more guests book rooms, the hotel needs to purchase more linens to ensure each room is adequately stocked
- **B2B Relationship:** Hotels typically establish B2B relationships with linen suppliers to fulfill this demand. The suppliers provide the necessary linens, which the hotel uses to meet the expectations of its guests. The demand for linens is directly linked to the hotel's occupancy rates and guest turnover.
- **Impact on Suppliers:** Linen suppliers must anticipate the demand for their products based on the hotel's occupancy trends and seasonal variations. High occupancy rates during peak tourist seasons can lead to increased orders for linens, while lower occupancy rates may result in reduced demand.

Organizational Factors

Organizational factors include the internal dynamics of a company, such as its goals, policies, and resources. The company's mission, hierarchy, and decision-making processes also play a role in how purchases are evaluated and approved.

Interpersonal Factors

Interpersonal factors are the relationships and dynamics among individuals involved in the buying process. Trust,

communication, and influence among decision-makers can impact the selection of suppliers and products. Interpersonal factors can also include the influence of key stakeholders or gatekeepers within the organization.

Individual Factors

Individual factors are the personal preferences, experiences, and motivations of individuals involved in the buying process. These factors might include the buyer’s previous experiences with a supplier or their personal preferences for certain brands or products.

B2B Influences on Small Organizations Versus Large Organizations

Small vs. Large Organization: B2B Influences

| Aspect | Smaller Organizations | Larger Organizations |
|--|--|--|
| Decision-Making Process | Streamlined, fewer individuals, quicker decisions. | Complex, formal processes, longer timelines. |
| Buying Centre Composition | Roles may overlap, individuals wear multiple hats. | Distinct separation of roles in the buying centre. |
| Influence of Individual Factors | Stronger influence from personal relationships and preferences. | Emphasis on formal criteria and organizational policies. |
| Risk Tolerance | More risk-averse due to limited resources. | Higher risk tolerance due to greater resources. |
| Supplier Relationships | Rely on long-term, personal relationships with suppliers. | Formalized supplier evaluation processes, leverage size for terms. |
| Information Search and Evaluation | Rely on word-of-mouth and personal networks. | Conduct thorough research, access industry reports. |
| Budget Considerations | Typically tighter budgets, cost is critical. | Larger budgets, may prioritize long-term value. |
| Innovation Adoption | Agile in adopting new technologies, dependent on key decision-maker. | Formal processes for evaluating and adopting innovations. |

Examples

B2B Examples in Tourism and Hospitality Contexts

Amusement Park Equipment: Businesses operating amusement parks may purchase equipment such as roller coasters, water slides, and other attractions from manufacturers or specialized suppliers.

Golf Course Maintenance Equipment: Golf courses often need specialized equipment for maintenance, such as lawn mowers, irrigation systems, and turf care products.

Outdoor Furniture for Resorts: Resorts and hotels in leisure destinations purchase outdoor furniture for their pool areas, patios, and other recreational spaces.

Food and Beverage Supplies: Restaurants, hotels, and other hospitality businesses purchase food and beverage supplies. This includes perishable items, non-perishables, and beverages from wholesalers or distributors.

Cruise Ship Entertainment Services: Cruise ships secure entertainment services for their passengers. This can include hiring performers, booking acts, and acquiring entertainment technology from specialized providers.

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Summary

This chapter provided a comprehensive overview of markets and purchasing behaviour in both consumer and organizational contexts.

Key Takeaways

1. Markets can be categorized into consumer (B2C) and organizational (B2B) markets, each with distinct characteristics and buying behaviours.
2. Consumer decision-making is a complex process influenced by various models, including the economic man theory and the stimulus-response model.
3. The consumer decision-making process typically involves five stages: need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation.
4. Consumer buying behaviours can be classified into four types based on involvement level and perceived brand differences: complex, dissonance-reducing, habitual, and variety-seeking.
5. Factors influencing consumer decisions include situational factors, personal factors (demographics, lifestyle, personality), psychological factors (motivation, perception, learning, beliefs, attitudes), and social factors (family, reference groups, culture).
6. Organizational buying behaviour involves multiple decisionmakers and a more complex purchasing process compared to consumer markets.
7. The B2B buying process typically includes eight stages, from problem recognition to performance review.
8. Understanding the nuances of both consumer and organizational buying behaviour is crucial for developing effective marketing strategies in the tourism, hospitality, and service industries.

By mastering these concepts, marketers can better navigate the complex terrain of consumer and organizational markets, leading to more effective marketing strategies and improved business outcomes.

Exercises Check your understanding

Exercise 1: Analyzing Consumer Buying Behaviour

Scenario: A new coffee shop in Toronto wants to understand the buying behaviour of its customers to improve its marketing strategy.

Task: Identify the type of consumer buying behaviour most likely associated with purchasing coffee and explain the factors influencing this behaviour.

Show/Hide Recommended Answer

- **Type of Buying Behaviour:** Habitual buying behaviour
 - **Factors Influencing Behaviour:**
 - **Situational Factors:** Location convenience and time of day.
 - **Personal Factors:** Lifestyle (e.g., preference for quick service).
 - **Psychological Factors:** Brand perception and past experiences.
 - **Social Factors:** Influence from peers or social media.
-

Exercise 2: Applying the Stimulus-Response Model

Scenario: A hotel chain wants to increase bookings by using targeted online advertisements.

Task: Using the stimulus-response model, outline how the hotel can influence consumer decision-making through marketing stimuli.

Show/Hide Recommended Answer

- **Stimuli:**
 - **Marketing Stimuli:** Attractive images, special offers, and an easy booking process.
 - **Environmental Stimuli:** Reviews and ratings on travel websites.
 - **Black Box (Consumer Processing):**
 - Consideration of personal preferences and past experiences.
 - **Response:**
 - Increased likelihood of booking due to appealing stimuli and positive perceptions.
-

Exercise 3: Understanding B2B Markets

Scenario: A resort is looking to purchase new furniture for its outdoor spaces.

Task: Identify the key stages in the B2B buying process for this purchase and explain each stage briefly.

Show/Hide Recommended Answer

1. **Problem Recognition:** Identifying the need for new furniture due to wear and tear.
2. **General Need Description:** Specifying requirements like durability and style.
3. **Product Specification:** Detailed features such as material and dimensions.
4. **Supplier Search:** Researching potential suppliers.

5. **Proposal Solicitation:** Requesting bids from shortlisted suppliers.
 6. **Supplier Selection:** Choosing a supplier based on price and quality.
 7. **Order-Routine Specification:** Finalizing order details like delivery terms.
 8. **Performance Review:** Assessing supplier performance post-purchase.
-

Exercise 4: Cultural Influences on Consumer Behaviour

Scenario: A Canadian tour operator wants to expand into Japan.

Task: Discuss how Hofstede's cultural dimensions theory might affect marketing strategies in Japan compared to Canada.

Show/Hide Recommended Answer

- **Individualism vs. Collectivism:** Emphasize group tours in Japan (collectivist culture) versus personalized experiences in Canada (individualist culture).
 - **Uncertainty Avoidance:** Provide detailed itineraries in Japan where there is a higher uncertainty avoidance.
 - **Long-term Orientation:** Focus on building long-term relationships with Japanese customers.
-

Exercise 5: Evaluating Personal Factors

Scenario: A luxury hotel is targeting high-income travelers for its new spa services.

Task: Analyze how personal factors such as lifestyle and personality might influence these consumers' purchasing decisions.

Show/Hide Recommended Answer

- **Lifestyle Influence:** High-income travelers may prioritize wellness and relaxation, aligning with spa services.
 - **Personality Traits:**
 - **Openness to Experience:** Attracted to unique spa treatments.
 - **Conscientiousness:** Preference for high-quality, reliable services.
 - The hotel's marketing should highlight exclusive, personalized experiences that cater to these traits.
-

Exercise 6: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 6: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-2-summary/#h5p-3>)



An interactive H5P element has been excluded from this version of the text. You can view it online here:
<https://marketingmap.pressbooks.tru.ca/?p=100#h5p-3>
(<https://marketingmap.pressbooks.tru.ca/?p=100#h5p-3>)

Glossary of Key Terms

B2B (Business-to-Business): A type of transaction or business model where businesses sell products or services to other businesses.

B2C (Business-to-Consumer): A type of transaction where businesses sell products or services directly to consumers.

Buying Centre: A group of individuals within an organization who are involved in making purchasing decisions for the company.

Consumer Decision-Making Process: The series of steps consumers go through when deciding to purchase a product or service, typically including need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation.

Culture: The shared beliefs, values, customs, and behaviours of a group or society that influence consumer behaviour.

Derived Demand: The demand for a product or service that results from the demand for another product or service.

Economic Man Theory: An early model of consumer decision-making based on principles of economics, assuming consumers are rational and self-interested individuals.

Exchange Process: The act of obtaining a desired object from someone by offering something of value in return.

Herzberg's Two-Factor Theory: A theory distinguishing between dissatisfiers (hygiene factors) and satisfiers (motivators) in consumer behaviour.

Hofstede's Cultural Dimensions Theory: A framework for understanding cultural differences across countries and their impact on behaviour and values.

Lifestyle: A person's pattern of living as expressed through their activities, interests, and opinions (AIOs).

Maslow's Hierarchy of Needs: A theory explaining why people are driven by particular needs at specific times, arranged in a hierarchy from physiological needs to self-actualization.

Organizational Markets: Markets consisting of businesses, governments, and institutions that purchase goods and services for use in their operations or to resell to others.

Perception: The process by which individuals select, organize, and interpret stimuli to form a meaningful picture of the world around them.

Reference Groups: Groups of people that an individual looks to for guidance on social norms, values, and behaviours.

Selective Attention: The tendency of consumers to notice stimuli that relate to their current needs or interests.

Selective Distortion: The tendency of people to interpret information in a way that supports their existing beliefs.

Selective Retention: The tendency of individuals to remember information that aligns with their attitudes and beliefs.

Stimulus-Response Model: A framework used to understand how consumers make purchasing decisions, assuming that consumer behaviour is a response to various stimuli.

Types of Consumer Buying Behaviour: Classifications of consumer buying behaviours based on involvement level and perceived brand differences, including complex, dissonance-reducing, habitual, and variety-seeking behaviours.

CHAPTER III

MAPPING THE MARKET: SEGMENTATION, TARGETING, AND POSITIONING

Learning Outcomes

Have you ever wondered how brands identify their ideal customers and create offerings that truly meet their needs?

This chapter introduces the segmentation, targeting, and positioning (STP) framework¹. By breaking the market into distinct segments, identifying the most promising targets, and positioning products or services to resonate with those audiences, organizations can create effective marketing strategies. The STP process not only helps businesses connect with the right audience but also ensures their offerings meet specific needs.

In this chapter, we will explore how organizations can effectively map their markets using segmentation, targeting, and positioning strategies to inform smart marketing decisions.

After reading this chapter, you should be able to:

- Define market segmentation and targeting and explain their role in identifying and reaching specific audiences.
- Compare and apply common segmentation approaches, including demographic, geographic, psychographic, and behavioural methods, in both consumer and organizational markets.
- Use the ADAMS framework to evaluate the viability of market segments and distinguish among targeting strategies, such as undifferentiated, differentiated, niche, and micromarketing.
- Explain how targeting decisions influence the marketing mix by shaping product development, pricing strategies, distribution channels, and promotional efforts.
- Develop differentiation strategies that create unique value for customers in competitive markets.
- Create effective positioning strategies by analyzing competitive advantages and using tools like perceptual mapping.
- Integrate segmentation, targeting, and positioning (STP) principles to design comprehensive marketing strategies for tourism, hospitality, recreation, and service sectors.

Opening Thoughts



Figure 1 Signboards with titles under black sky in evening town (Erik Mclean/Pexels) Pexels License (<https://www.pexels.com/license/>)

Tim Hortons' Market Evolution

Tim Hortons' journey from a simple coffee and donut shop to a diversified quick-service restaurant illustrates the power of effective STP strategy. By segmenting their market beyond traditional coffee drinkers – targeting health-conscious consumers and positioning themselves as Canada's everyday café – they have successfully expanded their menu and market reach while maintaining their core identity.

Chapter Topics

- The Purpose of Segmentation and Targeting (#chapter-the-purpose-of-segmentation-and-targeting)
- Common Segmentation Approaches (#chapter-common-segmentation-approaches)
- Selecting Target Markets (#chapter-selecting-target-markets)

- Influences of Targeting on the Marketing Mix (#chapter-influences-of-targeting-on-the-marketing-mi)
 - Differentiation and Positioning (#chapter-differentiation-and-positioning)
-

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1. Kotler, P., & Keller, K. L. (2021). *Framework for marketing management* (6th ed.). Pearson

The Purpose of Segmentation and Targeting

Market segmentation and targeting¹ help organizations identify and reach the right audience by dividing the broad market into smaller, more manageable segments and then focusing on the specific groups most likely to respond positively to their offerings.

Understanding Segmentation and Targeting

Market segmentation is the process of dividing a larger market into smaller segments based on shared characteristics, such as demographics, behaviour, or geography. This allows businesses to tailor their products, services, and marketing strategies to meet the specific needs of each segment.

Targeting involves selecting one or more of these segments to focus marketing efforts on. The goal is to reach the most attractive segments that align with the company's objectives and resources.

Imagine the market as a large pie:

- **Segmentation** is like slicing this pie into smaller pieces, each representing a different group with specific tastes.
- **Targeting** is choosing which slice to serve based on who is most likely to enjoy it.



Figure 1 Fruit pie slices (solod_sha/Pexels) Pexels license (<https://www.pexels.com/license/>)

Objectives of Segmentation and Targeting

Segmentation and targeting are used to:

- **Improve** an organization's understanding of who their prospective customers are and how to serve them.
 - **Reduce** risk in deciding where, when, how, and to whom a product, service, or brand will be marketed.
 - **Increase** marketing effectiveness by directing effort toward segment(s) in ways that are consistent with that segment's characteristics.
-

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1. Wedel, M., & Kamakura, W. A. (2000). *Market segmentation: Conceptual and methodological foundations* (2nd ed.). Springer.

Common Segmentation Approaches

As we learned in Chapter 2 (#part-understanding-the-terrain-markets-and-purchasing-behaviour), organizational markets and consumer markets differ in their characteristics, needs, and purchasing behaviours. Due to their differences, organizational and consumer markets are segmented differently.



Figure 1 Salad ingredients (Pixabay/Pexels) CC0 1.0 (<https://creativecommons.org/publicdomain/zero/1.0/>)

Consumer Markets: B2C Segmentation Approaches

Some of the most common segmentation approaches used in B2C (business to consumer) markets are:

- Demographic segmentation
- Geographic segmentation
- Psychographic segmentation
- Behavioural segmentation

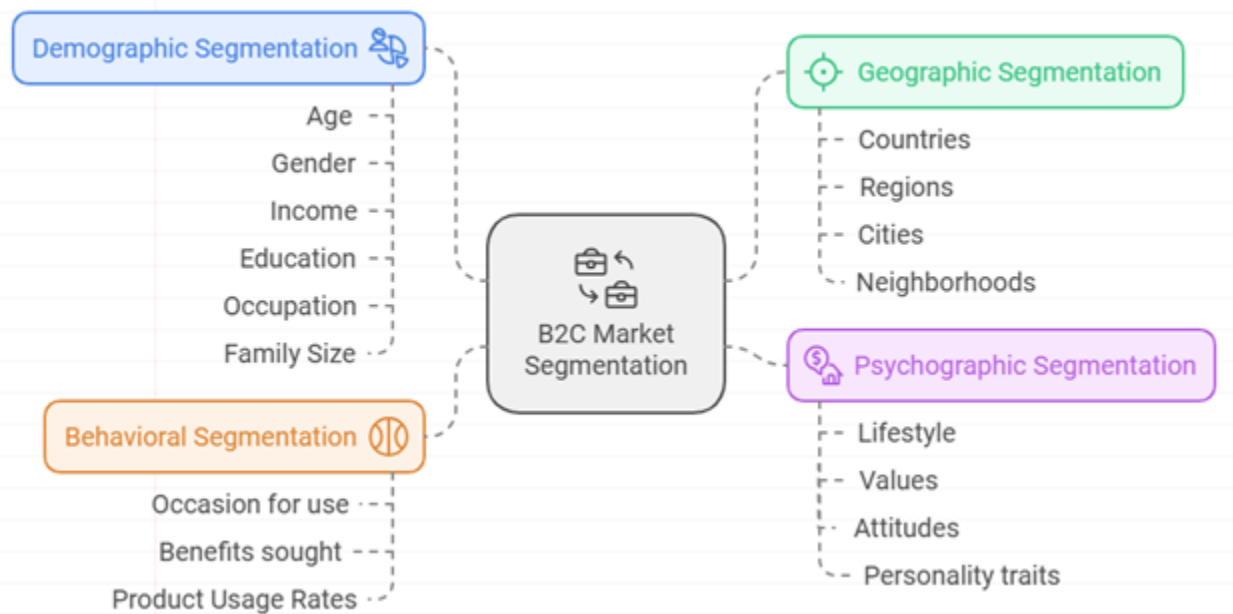


Figure 2 B2C market segmentation approaches (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/>)

Demographic Segmentation

Demographic segmentation involves dividing the market based on demographic factors, such as age, gender, income, education, occupation, and family size. It is one of the simplest and most widely used methods because demographic data is relatively easy to obtain and analyze.

For example, a company might target young adults aged 18–24 with a new line of trendy clothing.

Geographic Segmentation

Geographic segmentation divides the market based on location, such as countries, regions, cities, or neighbourhoods. This method is particularly useful for businesses that need to cater to regional preferences or climate conditions.

For instance, a retailer might promote winter clothing in colder regions while focusing on summer apparel in warmer areas.

Psychographic Segmentation

Psychographic segmentation divides the market based on psychological characteristics, including lifestyle, values, interests, and personality traits. It provides deeper insights into consumer motivations and can be used to create highly targeted marketing campaigns.

For example, a brand might target environmentally conscious consumers with sustainable products.

Behavioural Segmentation

Behavioural segmentation focuses on consumer behaviours, such as purchasing habits, benefits sought, brand interactions, and product usage rates. This approach helps businesses target consumers based on their behaviour with the brand.

For example, a streaming service might offer personalized recommendations based on a user's viewing history.

Examples Leisure Profile Segments Using Different Segmentation Approaches

Demographic Factors

Age-Based Segmentation:

- **Young Adults (18–30 years):** This segment often seeks adventure and social experiences. Travel packages might include activities like backpacking and nightlife as well as budget accommodations such as hostels. Marketing strategies for this group emphasize excitement, exploration, and affordability.
- **Seniors (60 years):** Older travelers may prefer leisurely paced tours, comfortable accommodations, and cultural experiences. This segment values safety, convenience, and relaxation. Travel companies might offer guided tours, cruises, or wellness retreats tailored to seniors.

Family Status Segmentation:

- **Families with Young Children:** This segment looks for family-friendly destinations that offer entertainment and activities suitable for children. Resorts with kids' clubs, theme parks, and family-oriented attractions are popular choices. Marketing messages focus on creating memorable family experiences and convenience.
- **Couples Without Children:** Couples may seek romantic getaways or adventure travel. Destinations that offer privacy, luxury accommodations, and activities like wine tasting or hiking appeal to this group. Marketing emphasizes romance, exclusivity, and adventure.

Income-Based Segmentation:

- **High-Income Travelers:** This segment often seeks luxury experiences and exclusive destinations. High-end resorts, private tours, and bespoke travel experiences cater to their preferences. Marketing strategies highlight luxury, exclusivity, and personalized service.
- **Budget-Conscious Travelers:** These travelers look for affordable travel options and value for money. Budget airlines, hostels, and package deals are popular among this segment. Marketing focuses on affordability, deals, and maximizing travel experiences within a budget.

Occupation-Based Segmentation:

- **Corporate Travelers:** Business professionals often require efficient travel solutions that offer convenience and connectivity. This segment values amenities like high-speed internet, business centres, and proximity to business districts. Marketing messages emphasize efficiency, productivity, and comfort.

Geographic Factors

Urban vs. Rural Tourists:

- **Urban Tourists:** Urban areas attract tourists interested in cultural experiences, shopping, nightlife, and dining. These tourists are often from rural or suburban areas seeking the excitement and diversity of city life. Marketing for urban tourism highlights cultural attractions, events, and city tours.
- **Rural Tourists:** Rural destinations appeal to tourists looking for peace, nature, and outdoor activities. These tourists might come from urban areas seeking a retreat from the hustle and bustle of city life. Marketing for rural tourism focuses on nature, tranquility, and local experiences.

Domestic vs. International Tourists:

- **Domestic Tourists:** These tourists are those traveling within their own country. They might be segmented further based on regions, such as Northeastern versus Southwestern tourists in the United States. Marketing for domestic tourism often emphasizes ease of travel and familiarity with the culture and language.
- **International Tourists:** These tourists are those traveling from abroad. They might be segmented based on their country of origin, such as European versus Asian tourists. Marketing for international tourism highlights unique cultural experiences, historical sites, and attractions that are distinct from the tourists' home countries.

Climate-Based Segmentation:

- **From Colder Climates:** Tourists from colder climates may seek destinations with warmer weather, especially during winter months. These tourists are often drawn to tropical or subtropical regions. Marketing for these destinations focuses on sunshine, beaches, and warm-weather activities.
- **From Warmer Climates:** Conversely, tourists from warmer climates might seek cooler destinations, particularly during hot summer months. These tourists may be interested in destinations with mountains, forests, or cooler urban environments. Marketing for these destinations emphasizes cool weather, scenic landscapes, and outdoor activities.

Psychographic Factors

- **Adventure Seekers:** This segment includes tourists who are motivated by thrill and excitement. They seek out destinations and activities that offer adventure, such as rock climbing, white-water rafting, or skydiving. Marketing strategies for this group emphasize the adrenaline rush and unique experiences that these activities provide.

- **Cultural Enthusiasts:** Cultural enthusiasts are travelers who are interested in exploring and experiencing the cultural heritage of destinations. They value learning about different cultures, histories, and traditions. Tour operators might offer packages that include museum visits, historical site tours, and cultural festivals — appealing to tourists who value educational and immersive cultural experiences.
- **Wellness Travelers:** This segment focuses on tourists seeking relaxation, health, and personal well-being. They are interested in activities like yoga retreats, spa treatments, and meditation sessions. Marketing for wellness tourism emphasizes rejuvenation, stress relief, and holistic health benefits — catering to tourists looking for a restorative vacation.
- **Luxury Indulgers:** Luxury travelers seek high-end, exclusive experiences. This segment values premium services, privacy, and personalized attention. Marketing strategies for luxury tourism focus on luxury accommodations, fine dining, and bespoke experiences that cater to the sophisticated tastes and preferences of this segment.
- **Eco-Conscious Travelers:** Eco-conscious travelers prioritize sustainability and nature conservation. They are interested in experiences that allow them to connect with nature while minimizing their environmental impact. Marketing for eco-tourism highlights sustainable practices, conservation efforts, and opportunities to engage with local ecosystems and communities.

Behavioural Factors

- **Frequent Travelers:** This segment includes individuals who travel often, whether for business or leisure. They are typically loyal to certain brands or services and may participate in loyalty programs. Marketing strategies for this group emphasize rewards, exclusive offers, and personalized experiences to maintain their loyalty and encourage repeat bookings.
- **First-Time Visitors:** First-time visitors to a destination may require more information and guidance compared to repeat visitors. This segment values comprehensive travel guides, introductory tours, and easy-to-navigate services. Marketing efforts focus on providing detailed information, special welcome packages, and introductory discounts to attract these travelers.
- **Last-Minute Bookers:** This segment consists of travelers who make spontaneous or last-minute travel decisions. They often look for deals and flexible booking options. Marketing strategies target this group with time-sensitive promotions, last-minute deals, and flexible cancellation policies to capture their interest.
- **Seasonal Travelers:** Seasonal travelers plan their trips around specific times of the year, such as summer vacations or winter holidays. This segment is influenced by seasonal events and attractions. Marketing efforts focus on promoting seasonal activities, events, and special offers that align with their travel timing.
- **Occasional Travelers:** Occasional travelers take trips less frequently, often for special occasions or holidays. They may prioritize value for money and unique experiences. Marketing efforts for this segment focus on special promotions, package deals, and highlighting unique destination features that make the trip memorable.

A Classification Dilemma: Is “Benefits Sought” a Psychographic or Behavioural Segmentation Basis? Can It Be Both?

Psychographic segmentation focuses on why customers buy (psychological), while behavioural segmentation focuses on what, when, and how they buy (observable behaviour).

If psychographic segmentation focuses on why customers buy, while behavioural segmentation focuses on what, when, and how they buy, then why do we classify “benefits sought” segmentation as behavioural? It is not easily observable, but rather more aligned to motivation.

This observation highlights a key conceptual tension in marketing theory: an inconsistency in how benefits sought segmentation is traditionally classified.

Benefits sought is primarily considered a behavioural segmentation basis, as it focuses on what consumers want to get from a product or service rather than their personality traits or lifestyle characteristics. However, there is some overlap with psychographic segmentation since benefits sought often stem from psychological motivations and lifestyle preferences.

The Classification Dilemma

Benefits sought segmentation does share more characteristics with psychographic segmentation because it:

- Focuses on underlying motivations and reasons for purchase
- Requires understanding customer needs and wants
- Is not directly observable from behavioural data
- Often requires primary research like surveys and interviews
- Answers the “why” of customer purchase decisions

Historical Context

The classification of benefits sought under behavioural segmentation likely emerged because:

- Early marketing theorists grouped it with usage-based segmentation.
- Benefits can be linked to specific product features and attributes.
- Purchase behaviour often directly reflects desired benefits.
- It is more actionable than pure psychographic variables.

Modern Perspective

Contemporary marketing scholars increasingly recognize benefits sought as a hybrid form of segmentation that bridges:

- Psychographic elements (motivations, desires, and needs)
- Behavioural elements (feature preferences and usage patterns)

Practical Implications

This understanding suggests that benefits sought segmentation should be approached by integrating both **observable behaviours** and **underlying motivations**.

Tourism and Hospitality Example

A resort hotel guest seeking “relaxation” as a benefit might choose this because of:

- **Behavioural Factors:**
 - Purpose of stay (vacation versus business)
 - Usage rate (frequent versus occasional traveler)
 - Specific amenities used (spa services and quiet zones)
- **Related Psychographic Elements:**
 - Motivation, desire, and need for relaxation
 - Lifestyle (wellness-oriented)
 - Values (work-life balance)
 - Attitudes toward leisure

This dual nature makes benefits segmentation particularly valuable for service marketing, as it bridges both behavioural actions and psychological motivations.

Leisure Profile Segments Using Combined Approaches

Market segment profiles are increasingly created using a combination of segmentation bases to define distinct groups of consumers. These profiles help businesses tailor their marketing strategies to better meet the needs and preferences of each segment. Below are some examples of market segment profiles using combined approaches.

Examples Leisure Profile Segments Using Combined Approaches

Urban Millennials

Demographic: Aged 25–35; single or newly married; college educated.

Geographic: Reside in urban areas with access to public transportation and cultural amenities.

Psychographic: Value experiences over possessions; environmentally conscious; tech-savvy.

Behavioural: Frequent users of mobile apps for travel and dining; prefer experiences like concerts and local events.

Profile Summary: This segment is targeted with marketing strategies that emphasize convenience, sustainability, and unique urban experiences. Promotions might include discounts on public transportation passes or exclusive access to local events.



Figure 3 People hanging out (Helena Lopes/Pexels) Pexels license (<https://www.pexels.com/license/>)

Suburban Family Vacationers

Demographic: Families with children aged 5–15; parents aged 35–45.

Geographic: Live in suburban areas with a preference for family-friendly environments.

Psychographic: Value family time and educational experiences for their children.

Behavioural: Plan vacations around school holidays; prefer destinations with activities for all ages.

Profile Summary: Marketing efforts focus on family packages that include attractions like theme parks and educational tours. Offers might include group discounts and child-friendly amenities.



Figure 4 Family vacation (Laura H-B/Flickr) CC BY-SA 2.0 (<https://creativecommons.org/licenses/by-sa/2.0/>)

Luxury Business Travelers

Demographic: Aged 45–60; high-income professionals, often in executive roles.

Geographic: Based in major business hubs; frequently travel internationally.

Psychographic: Value efficiency, comfort, and exclusivity.

Behavioural: Regularly book premium flights and accommodations; loyal to specific hotel chains.

Profile Summary: This segment is targeted with marketing that highlights luxury and convenience, such as expedited check-in services and exclusive lounge access. Loyalty programs and personalized services are key selling points.



Figure 5 Executive traveler (Pavel Danilyuk/Pexels) Pexels license (<https://www.pexels.com/license/>)

Eco-Conscious Retirees

Demographic: Aged 60–75; retired; moderate to high income.

Geographic: Reside in environmentally progressive regions.

Psychographic: Strong interest in sustainability and conservation; prefer slow-paced travel.

Behavioural: Choose destinations known for eco-friendly practices; participate in conservation activities.

Profile Summary: Marketing strategies emphasize sustainable travel options, such as eco-lodges and volunteer tourism opportunities. Promotions might include discounts for extended stays and partnerships with conservation organizations.



Figure 6 Gardening (Centre for Ageing Better/Pexels) Pexels license (<https://www.pexels.com/license/>)

Adventure-Seeking Young Adults

Demographic: Aged 18–30; single or in relationships; diverse educational backgrounds.

Geographic: From both urban and rural areas; willing to travel internationally.

Psychographic: Thrill-seekers; value unique and challenging experiences.

Behavioural: Spontaneous travel planners; interested in activities like hiking, surfing, and extreme sports.

Profile Summary: Targeted with marketing that highlights adventure packages and off-the-beaten-path destinations. Offers might include flexible booking options and group discounts for adventure tours.



Figure 7 Kayaking (Rachel Claire/Pexels) Pexels license (<https://www.pexels.com/license/>)

Because effective segmentation is complex and requires resources and research skills, many commercial tools and models have emerged to serve the needs of organizations.

Example Environics Analytics

Environics Analytics is a provider of market segmentation services, offering tools and systems that help businesses understand and engage with their customers more effectively. One of their key offerings is the **PRIZM segmentation system**, which is widely used in Canada to classify neighbourhoods into distinct lifestyle segments.

PRIZM is a consumer segmentation system that classifies Canadian neighborhoods into 67 unique lifestyle types. It integrates geographic, demographic, and psychographic data to provide a detailed picture of consumer behaviour and preferences.

The system is designed to help businesses understand where their customers live, what they do, and what they value – enabling more effective marketing strategies and decision-making.

Learn more about the PRIZM segmentation system on the Environics Analytics website (<https://environicsanalytics.com/en-ca/data/segmentation/prizm>)¹.

Buyer Personas

Taking market segment profiles one step further, a common practice in marketing is to develop a “**buyer persona**” to represent the profile of a semi-fictional person to represent this segment.

The buyer persona is like the avatar of the ideal customer 😊

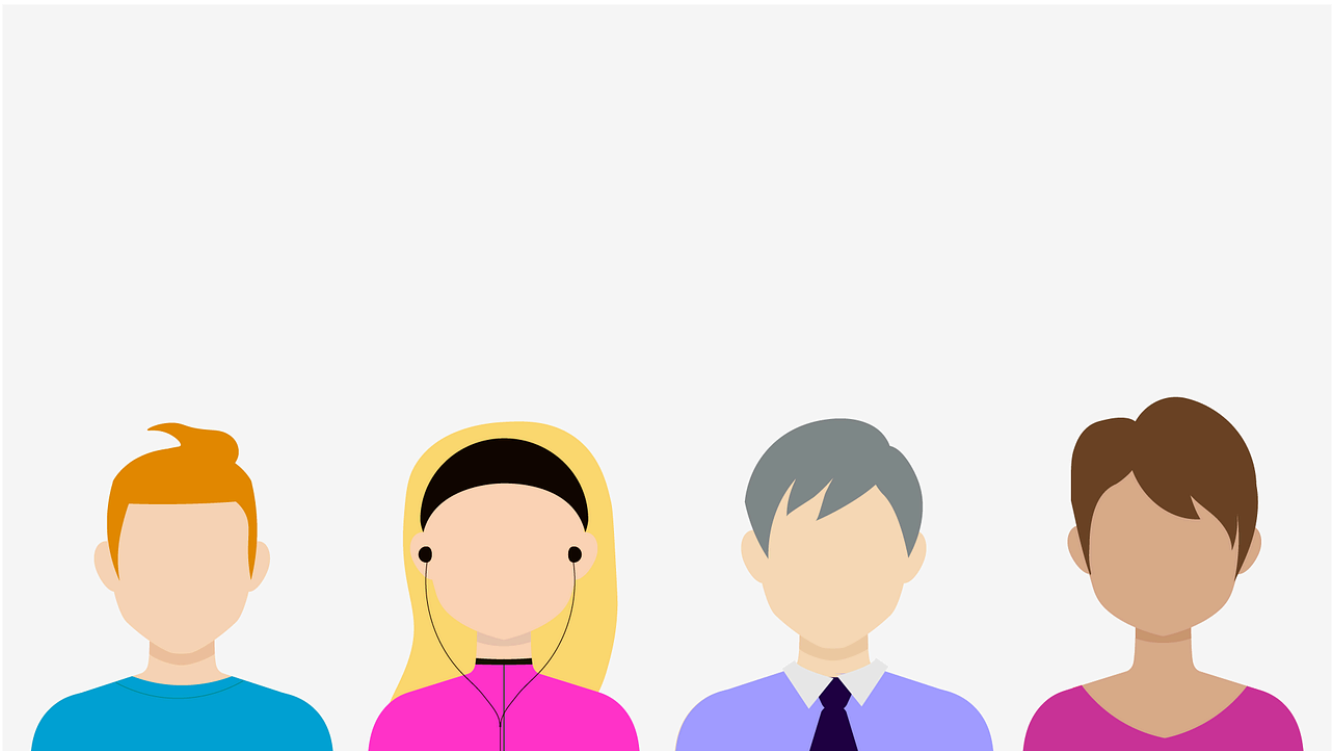




Figure 8 Avatars (Coffee Bean/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Market segmentation and buyer personas complement each other: market segmentation provides the broad categorization of the audience, while buyer personas offer a deeper, more nuanced understanding of individual customer types within those segments.

Example Relationship Between Market Segmentation and Buyer Personas

Marketing Segmentation vs. Buyer Personas

| Market Segmentation | Buyer Personas |
|--|--|
| <p>Market Segmentation involves dividing a broader market into smaller, more manageable groups based on shared characteristics, such as demographics, geography, behaviour, and psychographics. This process helps businesses identify and target specific segments with tailored marketing strategies, allowing for more efficient and effective communication with potential customers.</p> | <p>Buyer Personas, on the other hand, are detailed, semi-fictional representations of individual customers within these segments. They are created using data and research to embody the specific traits, behaviours, needs, and goals of ideal customers. Personas help marketers craft personalized content and messaging that resonates with individual customer archetypes, making them useful for tactical daily operations.</p> <p>“How to Create a Buyer Persona” [5:52 min] by HubSpot Marketing²</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p> One or more interactive elements has been excluded from this version of the text. You can view them online here: #oembed-1</p> </div> <p>We will learn more about the marketing research needed to create buyer personas in Chapter 4.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p>If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: How To Create a Buyer Persona (FREE Template) (https://www.youtube.com/watch?v=v6EWN4EjHM0)</p> <div style="text-align: center;">  </div> </div> |
| <p>Example: Hotel Market Segmentation</p> | <p>Example: Buyer Persona for the “Business Traveler” Segment</p> |

| | |
|---|--|
| <p>A luxury hotel chain might segment its market as follows:</p> <ul style="list-style-type: none"> • Business travelers • Leisure travelers • Wedding parties • Conference attendees <p>This segmentation provides a broad overview of the hotel's main customer groups, allowing for initial targeting and resource allocation.</p> | <p>Name: Executive Emma Age: 35-45 Occupation: Senior manager in a multinational corporation Income: \$150,000 Marital Status: Married with one child Travel Frequency: 2-3 times per month Preferences:</p> <ul style="list-style-type: none"> • Values efficiency and comfort • Expects high-speed Wi-Fi and a well-equipped workspace • Appreciates loyalty programs and personalized service <p>Pain Points:</p> <ul style="list-style-type: none"> • Limited time for leisure activities during trips • Struggles with work-life balance while traveling <p>Goals:</p> <ul style="list-style-type: none"> • Maximize productivity during business trips • Maintain a healthy lifestyle while away from home |
| <p>Example: Leisure/Recreation Segmentation A water park might segment its visitors by age and family structure:</p> <ul style="list-style-type: none"> • Kids (5-12 years): Splash pads, colourful play zones, and shallow pools are promoted to appeal to young children. • Teenagers (13-18 years): Thrilling water slides, wave pools, and adventure zones are marketed to this group. • Families: Group discounts, family passes, and activities for all ages are highlighted. • Seniors (60 years): Relaxing features like lazy rivers, shaded areas, and quiet zones are emphasized. <p>This segmentation helps the water park design offerings for each group. However, it does not provide insight into <i>why</i> these groups might choose their park or what specific challenges they face.</p> | <p>Example: Buyer Persona for the “Families” Segment Buyer personas add depth to segmentation by creating detailed profiles of individual customers within those groups. Let's create a persona for one of the water park's key segments:</p> <p>Meet Family Planner Fiona:</p> <ul style="list-style-type: none"> • Fiona is 38 years old, married, with two kids aged 7 and 10. She is family-oriented and loves planning fun outings that everyone can enjoy. • Her top priorities are safety, affordability, and convenience. She wants her kids to have fun while staying within her budget. • Fiona often feels overwhelmed by the logistics of planning family trips and struggles to find activities that cater to both her kids' energy levels and her desire for relaxation. • She gets most of her ideas from Facebook ads and email newsletters offering family-friendly deals. <p>With this persona, the water park can go beyond generic family discounts and create tailored marketing campaigns – like promoting “Family Fun Days” with discounted tickets, meal combos, and activities designed for parents who want to relax while their kids play.</p> |

The Evolution of Market Segmentation in Tourism

The evolution of market segmentation in tourism has been significantly influenced by Stanley Plog's psychographic model and has continued to develop with advancements in data analytics and marketing strategies.

Stanley Plog's Model

Stanley Plog introduced his psychographic model in 1974³, which categorized tourists based on their personality traits and travel preferences. Although the model has been criticized, it is considered a seminal work in tourism research and

theory. This model has had a significant impact on the field of tourism studies and continues to be widely referenced and discussed⁴⁵.

Plog's model identified three primary types of tourists along a continuum: at one end **allocentrics** (or *venturers*), who seek novel and adventurous experiences, followed by mid-centrics, then at the other end, **psychocentrics** (or *dependables*), who prefer familiar and comfortable destinations.

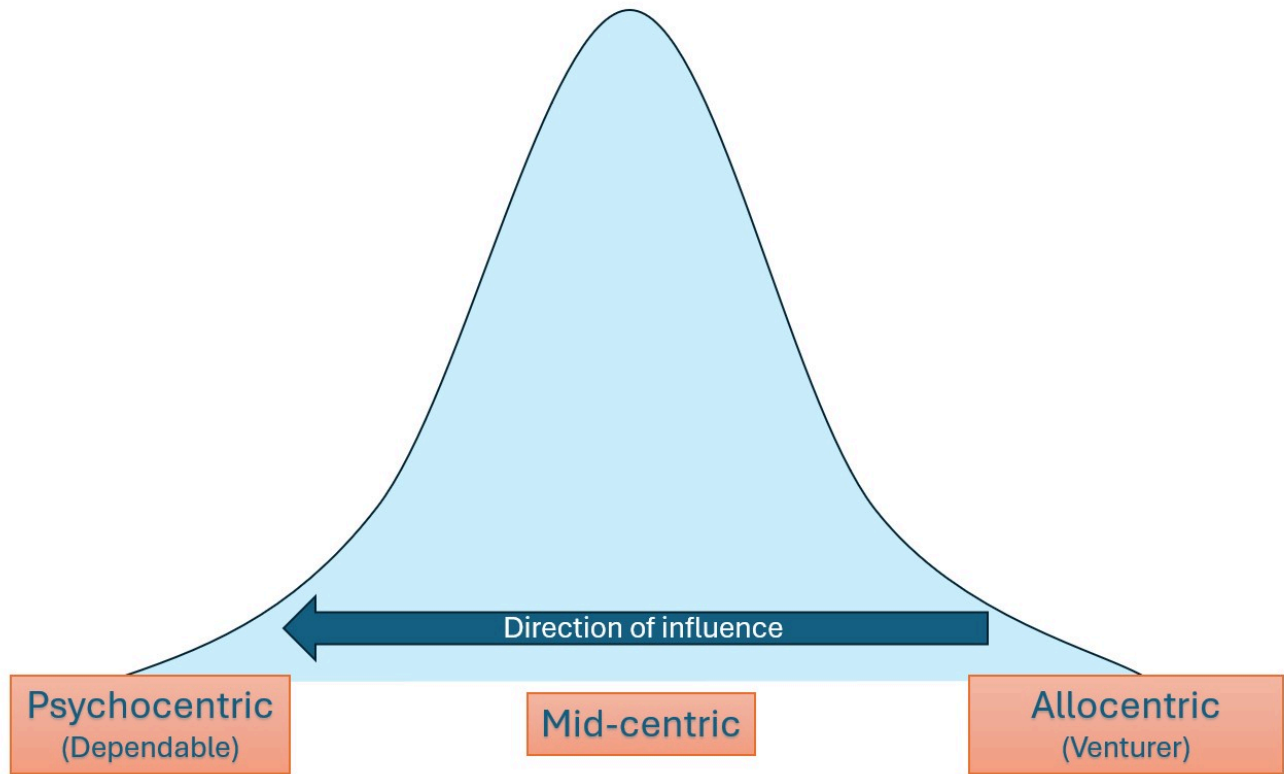


Figure 9 Plog's model (by author using Microsoft PowerPoint) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

"Plog's Model Of Allocentricity And Psychocentricity Made SIMPLE" [12:59 min] by Dr Hayley Stainton⁶



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: Plog's Model Of Allocentricity And Psychocentricity Made SIMPLE (<https://www.youtube.com/watch?v=EoEVXS8K5w4>)



Advancements in Market Segmentation

Since Plog's model, market segmentation in tourism has evolved to incorporate a broader range of factors, including demographic, geographic, behavioural, and psychographic characteristics.

Destination marketing organizations (DMOs) have played an important role in the evolution of market segmentation for tourism. DMOs are organizations responsible for promoting and marketing a specific destination — such as a city, region, or country — to potential visitors. This involves identifying and targeting specific market segments, which allows them to effectively promote destinations and tailor messages to resonate with different audience groups. Segmentation practices used by DMOs have been shaped by advances in technology and market research methods.



Figure 10 Canadian national parks (Ali Kazal/Pexels) Pexels license (<https://www.pexels.com/license/>)

Example Destination Canada

In 2006, Destination Canada (<https://www.destinationcanada.com/en>) (Canada's National Tourism Marketing Organization) in partnership with Environics Analytics (<https://environicsanalytics.com/en-ca>) developed and launched the Explorer Quotient (EQ), a market segmentation system based on psychographic and behavioural factors⁷. EQ emphasizes the importance of traveller segmentation based on their psychological characteristics, such as their attitudes, beliefs, values, motivations, and behaviours. When various psychological characteristics are combined, different types of travellers emerge. These are known as Explorer Types.

Since the launch of EQ in 2006, Destination Canada's segmentation approach has continued to evolve, reflecting advancements in data analytics and a deeper understanding of traveller behaviour and preferences.

In 2024, Destination Canada launched the Canadian Tourism Data Collective (<https://www.tourismdatacollective.ca/>)⁸, a centralized national platform for sharing and accessing tourism data. This platform hosts a new traveller segmentation program designed to provide a deeper understanding of travelers to and within Canada. This initiative was launched in December 2024 and marks a significant evolution in Destination Canada's segmentation approach, using advanced data analytics and artificial intelligence (AI) to enhance market insights and competitiveness. Visit <https://www.tourismdatacollective.ca/segmentation> (<https://www.tourismdatacollective.ca/segmentation>) to learn more about this program.

“The Traveller Segmentation Program by Destination Canada” [2:04 min] by Destination Canada⁹



One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://marketingmap.pressbooks.tru.ca/?p=119#oembed-3> (#oembed-3)

We will explore the Canadian Tourism Data Collective in Chapter 4

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: The Traveller Segmentation Program by Destination Canada (<https://www.youtube.com/watch?v=7Q6IgNbs0sw>)



B2B Segmentation Approaches

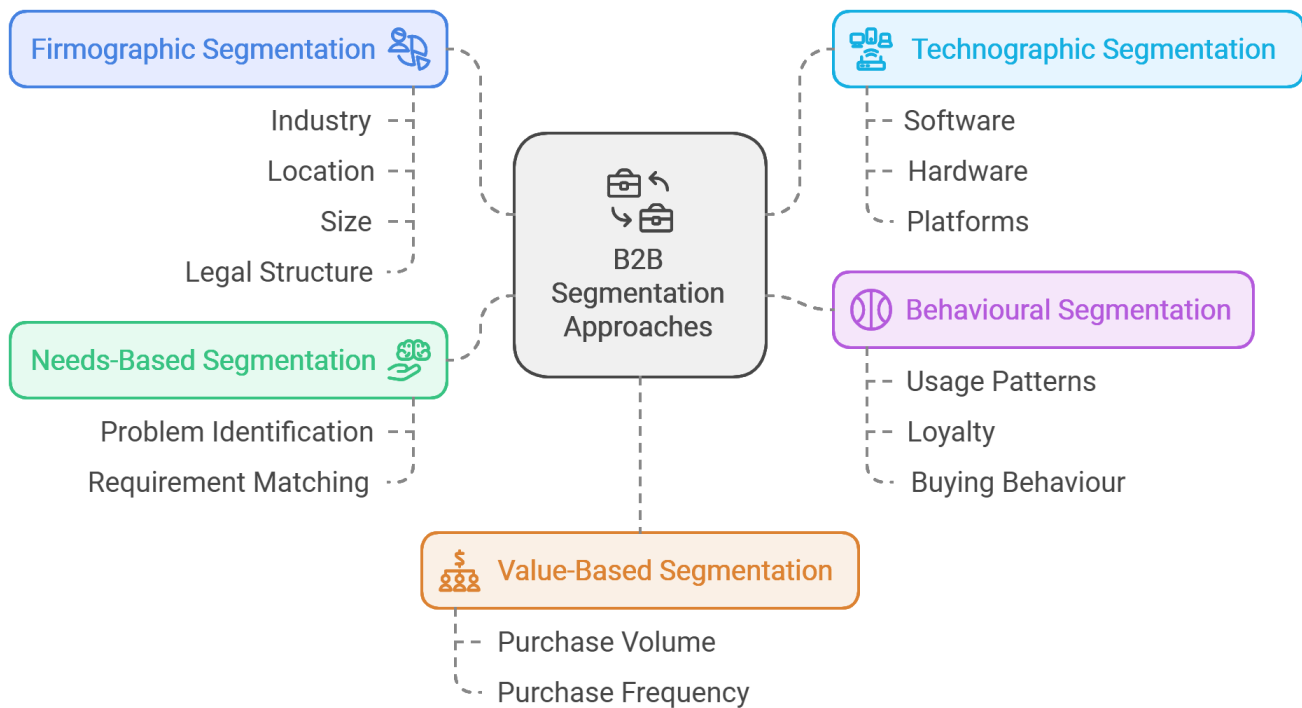


Figure 11 B2B market segmentation approaches (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Some of the most common segmentation approaches used in B2B (business to business) markets are:

- Firmographic segmentation
- Technographic segmentation
- Needs-based segmentation
- Value-based segmentation
- Behavioural segmentation

Firmographic Segmentation

Firmographic segmentation involves grouping businesses based on company attributes such as industry, location, size (in terms of revenue or number of employees), and legal structure. Firmographics are comparable to demographics in consumer markets and provide a foundational way to categorize businesses.

Examples Firmographic Segmentation

Example 1: A hotel chain may target small-to-medium enterprises (SMEs) in urban centres for corporate travel packages, while offering different services to multinational corporations with larger teams.

Example 2: A destination management company might focus on businesses in the technology sector located in Silicon Valley, offering tailored incentive travel programs for their employees.

Example 3: Resorts may segment their offerings by legal structure, such as targeting government organizations with conference facilities or NGOs with discounted group rates.

Technographic Segmentation

Technographic segmentation involves dividing companies based on the technology they use, such as software, hardware, and platforms. It helps in understanding the technological needs and preferences of potential clients.

Examples Technographic Segmentation

Example 1: A cloud-based property management software company may target boutique hotels using outdated legacy systems, offering solutions to modernize their operations.

Example 2: A restaurant supplier might focus on businesses using specific point-of-sale (POS) systems, ensuring compatibility with their inventory management tools.

Example 3: Travel agencies could market their services to companies using online booking platforms, like Expedia or Amadeus, offering integrated solutions to streamline bookings.

Needs-Based Segmentation

Needs-based segmentation focuses on the specific needs and requirements of businesses. It involves identifying the problems that companies are trying to solve and ensuring that the marketed products or services meet those needs.

Examples Needs-Based Segmentation

Example 1: A hotel chain might cater to companies needing long-term accommodations for project-based employees by offering extended-stay packages.

Example 2: A tour operator could target event planners looking for unique venues by promoting scenic locations for corporate retreats or team-building activities.

Example 3: Airlines might design packages for businesses seeking cost-effective travel options for frequent flyers, such as bundled tickets or loyalty programs.

Value-Based Segmentation

Value-based segmentation, also known as tiering or profitability segmentation, groups customers based on the potential value they bring to the business. It considers factors like purchase volume and frequency to identify high-value customers.

Examples Value-Based Segmentation

Example 1: Hotels may prioritize high-value corporate clients who book large-scale conferences regularly, offering them premium discounts and exclusive perks.

Example 2: A catering service might focus on repeat customers like event organizers who consistently generate high revenue through frequent bookings.

Example 3: Travel agencies could create VIP tiers for businesses that book high volumes of travel annually, providing dedicated account managers and customized itineraries.

Behavioural Segmentation

Behavioural segmentation examines how businesses interact with products or services, including usage patterns, loyalty, and buying behaviour.

Examples Behavioural Segmentation

Example 1: Hotels could segment corporate clients based on booking behaviour – for example, those who prefer last-minute bookings versus those who plan well in advance – and adjust pricing strategies accordingly.

Example 2: Airlines might analyze loyalty program participation to identify frequent business travelers and offer them priority boarding or lounge access.

Example 3: A vacation rental platform like Airbnb could segment clients based on their stage in the customer journey (awareness, consideration, decision) and tailor marketing efforts such as sending destination guides to those in the awareness stage.

Combined B2B Segmentation Approaches

Like consumer market segmentation, organizational markets are often segmented using a combination of approaches. Buyer personas are also used to represent the profile of the ideal customer.

Example B2B Combined Segmentation Approaches

Buyer Persona: Corporate Travel Manager Carla



Figure 12 Buyer persona (Emmy E/Pexels) Pexels license (<https://www.pexels.com/license/>)

Demographics:

- **Job Title:** Corporate Travel Manager
- **Industry:** Technology
- **Company Size:** Mid-sized firm with 500 employees
- **Location:** Toronto, Canada

Firmographics:

- **Annual Travel Budget:** \$500,000
- **Travel Needs:** Primarily domestic business travel with occasional international trips for conferences and client meetings.

Technographics:

- **Preferred Tools:** Uses corporate booking platforms like Concur and prefers hotels integrated with these systems.
- **Communication Channels:** Email and LinkedIn are primary channels for professional communication.

Needs and Challenges:

- **Key Needs:** Reliable accommodations close to business districts, flexible booking options, and loyalty programs that benefit both the company and individual travelers.
- **Pain Points:** Difficulty managing last-minute changes, ensuring cost control, and providing personalized experiences for employees within budget constraints.

Behavioural Insights:

- **Booking Habits:** Books in bulk for team travel but also handles individual executive bookings. Prefers properties with consistent service standards across multiple locations.
- **Loyalty:** Likely to remain loyal to brands offering seamless booking processes, corporate discounts, and excellent customer service.

Goals and Motivations:

- Ensure smooth travel experiences for employees while adhering to the company's travel policy.
- Reduce overall travel costs without compromising quality or employee satisfaction.

Marketing Strategy Example:

A hotel chain targeting “Carla” could offer:

- A dedicated corporate account manager to streamline bookings
- Discounts on group bookings and long-term stays
- Integration with popular corporate travel platforms like Concur
- Flexible cancellation policies to accommodate last-minute changes

This persona provides a clear picture of the target audience's needs, preferences, and challenges — enabling tourism and hospitality businesses to tailor their offerings effectively.

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Selecting Target Markets

Organizations encounter a significant challenge when trying to identify market segments that are both profitable to serve and likely to be receptive to their products. How can they make this choice? How do they determine which segments are more attractive than others?

The ideal market segment possesses several key characteristics that make it viable and valuable for businesses to target. These characteristics ensure that the segment is both attractive and feasible for marketing efforts. The ideal market segment can be characterized using the **ADAMS** acronym, which stands for **accessible**, **differentiable**, **actionable**, **measurable**, and **substantial**¹. Below is a detailed explanation of each characteristic.

Examples Ideal Market Segments Using the ADAMS Acronym

ADAMS Acronym: Characteristics and Examples

| Characteristic | Example |
|--|--|
| A – Accessible: The segment can be effectively reached and served through marketing and distribution channels. | A company selling camping gear targets outdoor enthusiasts who frequently visit national parks. By partnering with online platforms like outdoor adventure forums and social media groups, the company ensures its products are accessible to this segment through digital marketing channels. |
| D – Differentiable: The segment is distinct from others and responds differently to marketing strategies. | A brand offering high-end bicycles differentiates its market by targeting professional cyclists and serious hobbyists. This segment is distinct from casual cyclists who prioritize affordability over performance, allowing the brand to tailor its marketing strategies to emphasize advanced features and durability. |
| A – Actionable: The segment is practical and profitable to target with specific marketing strategies. | A company offering yoga retreats identifies a segment of health-conscious individuals interested in wellness and relaxation. By creating targeted marketing campaigns that highlight the benefits of yoga for stress relief and mindfulness, the company can effectively engage this segment and drive bookings. |
| M – Measurable: The size, purchasing power, and characteristics of the market segment can be quantified and measured. | A manufacturer of musical instruments segments its market based on age and skill level, targeting beginner musicians aged 10-18. By analyzing demographic data and sales trends, the company can measure the size and purchasing power of this segment to allocate resources efficiently. |
| S – Substantial: The segment is large enough to be profitable and justify the marketing efforts. | A luxury yacht company targets affluent individuals and families who enjoy recreational boating. This segment is substantial enough to justify the marketing investment, as it includes high-net-worth individuals willing to spend on premium leisure experiences. |

In assessing which segments to target using the ADAMS acronym, an organization is seeking to answer the following questions:

- Whose needs can we best satisfy?
- Who will be the most profitable customers?

- Can we reach and serve each target segment effectively?
- Are the segments large and profitable enough to support our business?
- Do we have the resources available to effectively reach and serve each target segment?

Market Targeting Strategies

Organizations must then decide on the approach or strategy they will pursue to target their ideal segments. **Market targeting strategies** are approaches used by businesses to identify and focus on specific groups of consumers who are most likely to purchase their products or services. These strategies enable companies to customize their marketing efforts to meet the needs and preferences of the market segments they choose to serve.

The four primary market targeting strategies are:

- Undifferentiated marketing (mass marketing)
- Differentiated marketing (segmented marketing)
- Concentrated marketing (niche marketing)
- Micromarketing

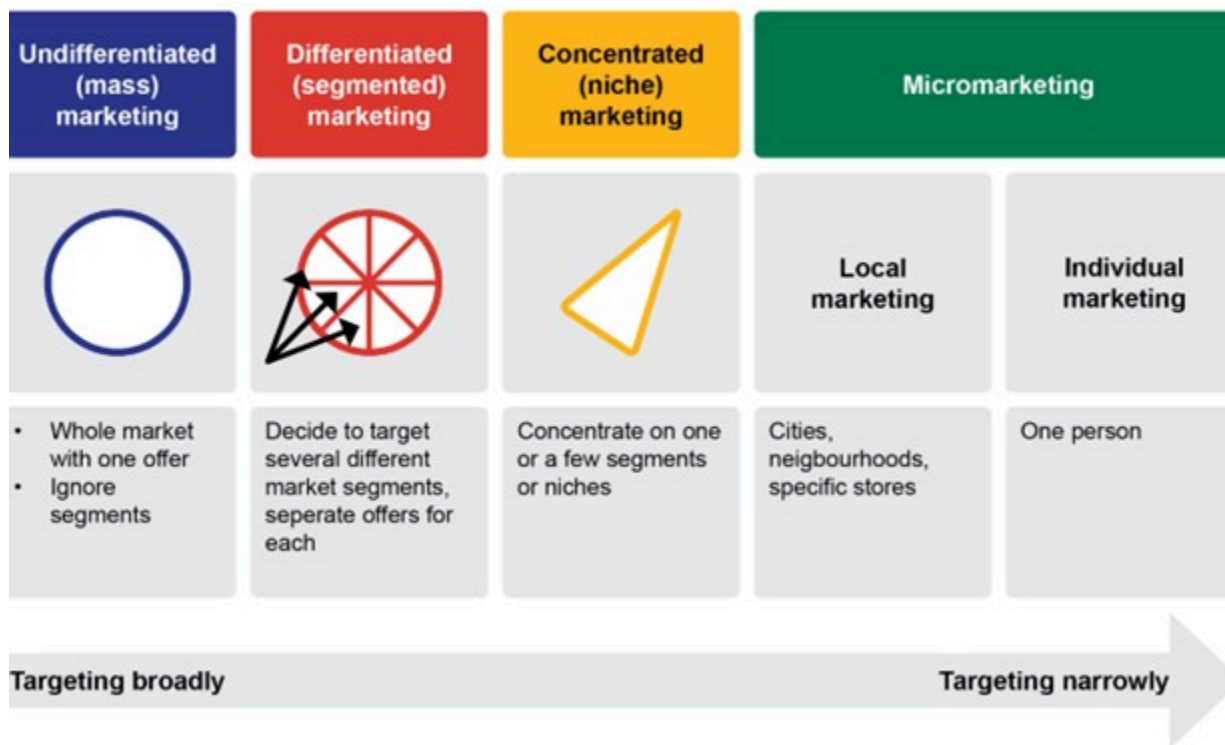


Figure 1 Market targeting strategies (Ana Carrapichano/Marketing to South African Consumers) CC BY 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

Undifferentiated Marketing (Mass Marketing)

Undifferentiated marketing, also known as mass marketing, involves marketing to the entire market with a single offer or

message, ignoring segment differences. The goal is to reach as many people as possible. This approach is less common in tourism and hospitality due to diverse customer profiles.

Examples Undifferentiated Marketing

Characteristics: It is cost-effective due to economies of scale and is often used for products with universal appeal, such as basic commodities.

Examples: Companies like **Crest** and **Colgate** use mass marketing for products like toothpaste, where the product is a staple and appeals to a wide audience.

Differentiated Marketing (Segmented Marketing)

Differentiated marketing, also known as segmented marketing, targets multiple market segments with different offers or messages adapted to each segment's needs and preferences.

Examples Differentiated Marketing

Characteristics: It allows companies to cater to diverse customer needs, potentially increasing market share and customer satisfaction.

Examples:

- **Nike** (<https://jobs.nike.com/brands>) uses differentiated marketing by offering various product lines tailored to different segments, such as runners, basketball players, and casual wearers.
- **Marriott International** (<https://www.marriott.com/marriott-brands/explore-our-brands.mi>) uses a differentiated marketing strategy with its diverse brand portfolio. This strategy allows Marriott to cater to various traveler preferences and budgets, maximizing their market reach and addressing specific needs of different customer segments. Each brand targets a specific market segment: Ritz-Carlton is for luxury travelers seeking high-end experiences; Courtyard is for business travelers looking for functional, comfortable accommodations; and Moxy is for millennial travelers desiring trendy, budget-friendly

options.

- **G Adventures** (<https://www.gadventures.com/>) offers small-group adventure travel experiences and targets different segments with unique offerings.

Concentrated Marketing (Niche Marketing)

Concentrated marketing, also known as **niche marketing**, focuses on a single, small market segment or niche, offering specialized products or services that meet the specific needs of that segment.

Examples Concentrated Marketing

Characteristics: It allows businesses to become experts in their niche, often leading to strong customer loyalty.

Examples:

- **Lululemon** (<https://corporate.lululemon.com/about-us>) focuses on niche markets by offering high-quality athletic wear for yoga enthusiasts and fitness-conscious consumers.
- **Ruffwear** (<https://ruffwear.ca/>) targets outdoor-loving pet owners with adventure gear for dogs. This niche market focuses on products that encourage outdoor activities with pets, appealing to consumers who enjoy spending time in nature with their furry companions.
- Based in Manitoba, **Frontiers North Adventures** (<https://frontiersnorth.com/>) specializes in polar bear and northern lights tours in Churchill. They cater specifically to wildlife enthusiasts and adventure travelers interested in Arctic experiences.

Micromarketing

Micromarketing targets very small segments or individual customers, often referred to as individual or local marketing.

Examples Micromarketing

Characteristics: It involves highly personalized marketing efforts and can be resource-intensive but allows for precise targeting.

Examples:

- **Local Marketing:** Local farmers' markets use micromarketing by tailoring their offerings to the specific tastes and preferences of their community, often offering locally sourced and organic products.
- **Individual Marketing:** Customized offerings for the individual customer, such as a custom wedding cake, a tailor-made suit, event planning companies creating customized experiences for their clients, Spotify's personalized playlists, Amazon's product recommendations, and Netflix's content personalization.

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Influences of Targeting on the Marketing Mix

Once an organization has identified its target market(s), it must align its marketing mix elements to fit the unique context of its target market(s). This involves customizing the four key marketing mix elements: product, price, place, and promotion.

The following table identifies some of the key marketing mix questions organizations must address.

Marketing Mix Targeting Criteria

| Marketing Mix Element | Targeting Criteria |
|------------------------------|--|
| Product | <ul style="list-style-type: none">• What would make the ideal product for your target segment?• What special features or capabilities are important for this segment?• What unique problems does your product help them solve? |
| Price | <ul style="list-style-type: none">• What price(s) are your target customers willing to pay?• How much is too expensive? How much is too cheap? |
| Place/Distribution | <ul style="list-style-type: none">• Where does this segment look or shop for your product?• What is the best way to get your product to your target customers? |
| Promotion | <ul style="list-style-type: none">• What are the best ways to get your target segment's attention?• What do you want this segment to remember about your product? |

Marketing Mix and Targeting Strategies

Here is how the marketing mix can be shaped according to various targeting strategies.

Undifferentiated Marketing (Mass Marketing)

Product: Offers a standard product that appeals to a broad audience without customization. The focus is on universal features that meet the basic needs of the entire market.

Price: Competitive pricing to attract the largest possible customer base. Economies of scale often allow for lower prices.

Place: Wide distribution channels to ensure product availability to as many consumers as possible. This includes supermarkets, convenience stores, and online platforms.

Promotion: General advertising campaigns using mass media like TV, radio, and billboards to reach a wide audience. The messaging is broad and aims to create brand awareness.

Differentiated Marketing (Segmented Marketing)

Product: Develops multiple product variations tailored to the needs of different segments. Each product line addresses specific preferences or requirements.

Price: Pricing strategies may vary between segments, reflecting the perceived value and competitive positioning within each group.

Place: Distribution channels are selected based on where each segment typically shops, which may include specialized retailers or online marketplaces.

Promotion: Customized marketing messages and campaigns for each segment, using targeted media channels to effectively reach and resonate with specific audiences.

Concentrated Marketing (Niche Marketing)

Product: Focuses on specialized products designed to meet the unique needs of a specific niche. The product often includes features that are highly valued by the niche market.

Price: Pricing can be premium, reflecting the specialized nature of the product and the lack of direct competition.

Place: Distribution is often more selective, focusing on channels that are frequented by the niche market, such as specialty stores or exclusive online platforms.

Promotion: Highly targeted promotional efforts that emphasize the unique benefits and features of the product, often using niche-specific media and events.

Micromarketing

Product: Offers highly customized products that cater to individual preferences or very small segments. This could involve personalized features or services.

Price: Pricing is often flexible and can vary significantly based on the level of customization and individual customer value.

Place: Distribution may be direct to consumer, often leveraging digital platforms to facilitate personalized service and delivery.

Promotion: Personalized marketing communications, often using data-driven insights to tailor messages to individual customers or small groups. Social media and direct marketing are common channels.

Differentiation and Positioning

After identifying and targeting specific market segments, the next step is to understand how businesses can effectively stand out within their chosen segments. This is where differentiation and positioning come into play. **Differentiation** and **positioning** are two closely related concepts in marketing that work together to help establish an offering's "identity" in the marketplace.

Differentiation involves identifying unique attributes of a product or service that set it apart from competitors. It is about creating a perceived uniqueness in the minds of the target audience. For example, a company might differentiate itself by offering superior quality, innovative features, or exceptional customer service.

Positioning involves determining the "place" an offering should occupy in a given market relative to other customer alternatives. It is not just about the physical attributes of a product but also involves the perception and emotional connections that consumers have with the offering.

Differentiation and positioning are interdependent. Effective positioning relies on clear differentiation to communicate why a product is unique and valuable. Conversely, differentiation efforts are guided by the desired position a brand seeks to occupy in the market.

Both concepts are aimed at specific target segments. Differentiation highlights the unique benefits that matter most to the target audience, while positioning ensures these benefits are clearly communicated and understood.

Together, differentiation and positioning create a compelling value proposition that answers why consumers should choose one brand over another.

Positioning Process and Strategies

The positioning process involves several steps that help an organization establish a strong and distinct position for its offering in the minds of its target market.

The key steps in the positioning process are:

1. Understand market dynamics.
2. Identify competitive advantages.
3. Choose competitive advantages.
4. Define your positioning strategy.
5. Communicate and deliver on the positioning strategy.
6. Measure and evaluate.

Below you can find an overview of each step.

1. Understand Market Dynamics

What: Gain a comprehensive understanding of the market, including the target audience, competitive landscape, and key trends.

How: Conduct market research to identify the needs and preferences of your target segment and understand how competitors are positioned.

Examples Using Perceptual Mapping to Understand Market Dynamics

Perceptual mapping¹² is a marketing research technique used to visually represent how consumers perceive different brands or products in relation to one another. This tool is important for positioning as it helps businesses understand their current market position and identify opportunities for differentiation.

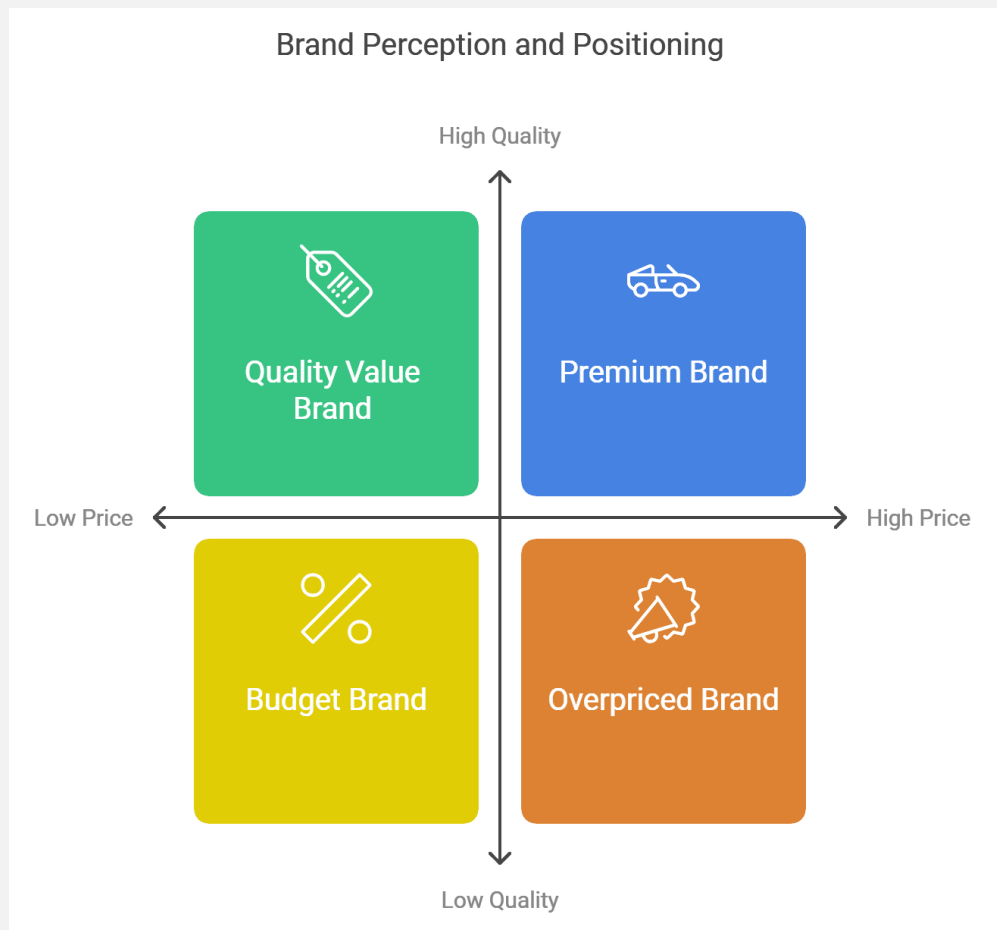


Figure 1 Perceptual map example (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

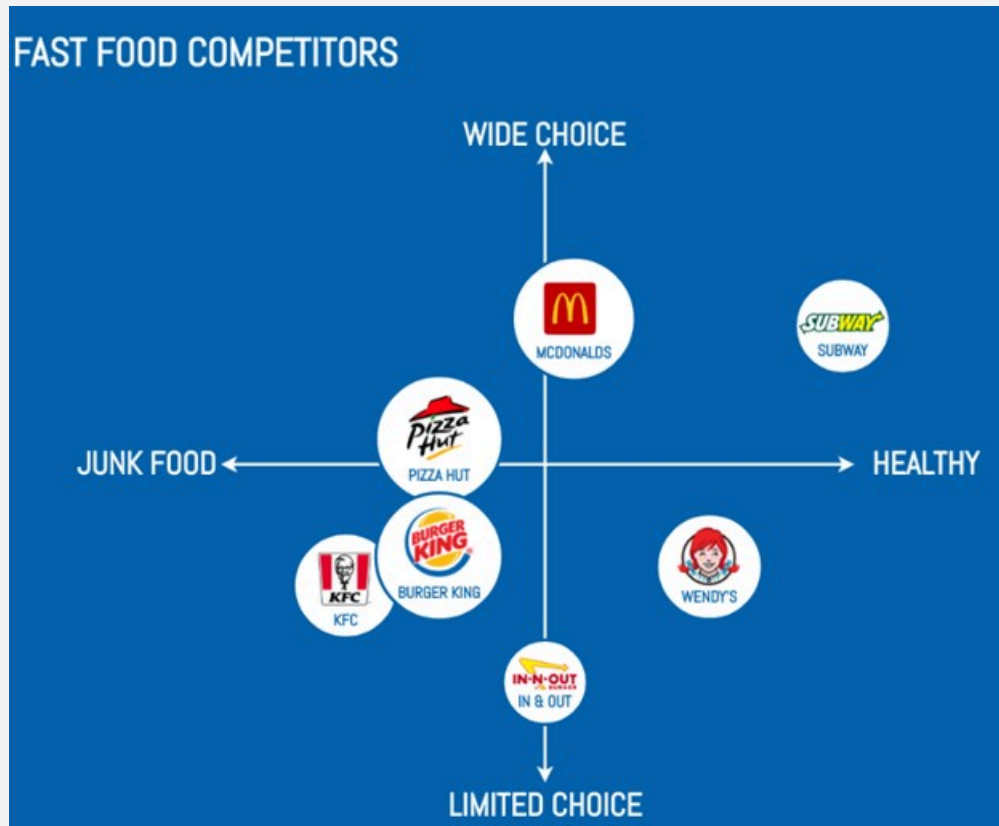


Figure 2 Perceptual map of fast-food competitors (unknown author/Visual Paradigm) Visual Paradigm Terms of Service (<https://online.visual-paradigm.com/terms.jsp>)

2. Identify Competitive Advantages

What: Determine what makes your product or brand unique compared to competitors.

How: Analyze your product's features, benefits, and **unique selling propositions (USPs)** to identify areas where you can differentiate.

A **unique selling proposition (USP)** is a marketing concept that defines the specific benefits and features that makes an offering distinct and superior to its competitors.

Examples USPs of Canadian Wineries

USPs of Canadian Wineries

| Winery | USP | Characteristics That Make the USP Effective |
|---|---|--|
| CedarCreek Estate Winery (BC) (https://www.cedarcreek.bc.ca/) | “Sustainable Winemaking: Certified organic wines crafted to reflect the unique terroir of the Okanagan Valley.” | <ul style="list-style-type: none"> • Appeals to eco-conscious consumers by emphasizing sustainability and organic practices. • Highlights the distinctiveness of the Okanagan Valley’s terroir, creating a sense of exclusivity. |
| Inniskillin (Ontario) (https://www.inniskillin.com/) | “Pioneers of Icewine: Globally recognized for award-winning Icewines made from frozen grapes.” | <ul style="list-style-type: none"> • Positions itself as a leader in a niche market, creating prestige and international appeal. • Appeals to adventurous wine enthusiasts seeking unique, high-quality products. |
| Quails’ Gate Winery (BC) (https://www.quailsgate.com/) | “Family-Owned Legacy: Three generations crafting premium wines with a focus on Pinot Noir and Chardonnay.” | <ul style="list-style-type: none"> • Builds trust and emotional connection by emphasizing heritage and family tradition. • Highlights expertise in specific varietals, appealing to connoisseurs. |
| 13th Street Winery (Ontario) (https://13thstreetwinery.com/) | “Where Wine Meets Art: Award-winning wines paired with an onsite bakery, culinary store, and contemporary art gallery.” | <ul style="list-style-type: none"> • Combines wine with a multi-sensory experience, attracting visitors seeking more than just wine tasting. • Appeals to tourists looking for cultural and culinary experiences alongside wine. |

3. Choose Competitive Advantages

What: Select the most compelling competitive advantages that will define your market niche.

How: Evaluate the identified advantages and choose those that align best with your target audience’s needs and your overall business goals.

4. Define Your Positioning Strategy

What: Develop a clear and concise positioning strategy that communicates your **unique value proposition**.

A **unique value proposition (UVP)** is a clear statement that articulates the overall value a product or service offers to its customers, setting it apart from competitors. It encompasses both functional and emotional benefits, addressing how the product improves the consumer's life or solves a problem. UVPs are broader than USPs and include a wider range of benefits and value that a product or service offers. While the USPs focus on specific, tangible benefits that drive immediate sales, UVPs provide a broader context for why those benefits matter in the long term.

How: Craft a **positioning statement** that outlines your target market, category, differentiation, and the payoff for the customer.

A **positioning statement** is a concise description that defines how an offering uniquely fulfills a specific consumer need, distinguishing it from competitors.

Examples Positioning Statements of Canadian Wineries

Positioning Statements of Canadian Wineries

| Winery | Positioning Statement | Explanation |
|--------------------------------------|--|---|
| CedarCreek Estate Winery (BC) | "For wine enthusiasts who value sustainability and craftsmanship, CedarCreek Estate Winery offers premium organic wines that reflect the unique terroir of the Okanagan Valley, complemented by an immersive dining and tasting experience." | <ul style="list-style-type: none"> • Highlights sustainability practices and organic winemaking, appealing to eco-conscious consumers. • The inclusion of immersive experiences like the Home Block restaurant adds value for visitors seeking a holistic experience. |
| Inniskillin (Ontario) | "As Canada's original estate winery, Inniskillin is the trusted pioneer of Icewine, offering globally acclaimed, award-winning wines that showcase the best of Canadian winemaking heritage and innovation." | <ul style="list-style-type: none"> • Emphasizes its legacy as a pioneer in Icewine production, which establishes credibility and prestige. • Its global recognition and award-winning reputation appeal to both domestic and international wine enthusiasts. |
| Quails' Gate Winery (BC) | "For those seeking world-class wines and unforgettable experiences, Quails' Gate Winery combines exceptional winemaking expertise with breathtaking views and farm-to-table dining in the heart of the Okanagan Valley." | <ul style="list-style-type: none"> • Combines exceptional winemaking with experiential tourism by leveraging its scenic location and farm-to-table dining. • Appeals to tourists and wine lovers looking for both premium wines and a memorable visit. |
| 13th Street Winery (Ontario) | "13th Street Winery blends exceptional Niagara wines with art, food, and hospitality, creating a unique destination where guests can relax, | <ul style="list-style-type: none"> • Differentiates itself by integrating wine |

| Winery | Positioning Statement | Explanation |
|--------|---|--|
| | discover, and enjoy a multi-sensory experience inspired by local terroir and creativity.” | <p>with art and culinary experiences, creating a cultural destination.</p> <ul style="list-style-type: none"> Appeals to visitors seeking more than just wine tasting – offering relaxation, discovery, and enrichment in one location. |

5. Communicate and Deliver on the Positioning Strategy

What: Ensure that your positioning strategy is effectively communicated and consistently delivered across all marketing channels.

How: Implement marketing campaigns, adjust your marketing mix, and ensure that all customer interactions (touchpoints) reflect your positioning strategy.

6. Measure and Evaluate

What: Continuously assess the effectiveness of your positioning strategy and adjust as needed.

How: Monitor customer perceptions, market trends, and competitive actions to ensure your positioning remains relevant and effective.

Examples Successful Positioning Strategies of Canadian Wineries

Successful Positioning Strategies of Canadian Wineries

| Winery | Positioning Strategy | Explanation | Key Takeaways |
|------------------------------|---|--|---|
| Inniskillin (Ontario) | Positioned as the pioneer of Icewine , emphasizing its legacy and global recognition for award-winning Icewines. | Inniskillin leverages its history as Canada's first estate winery and its expertise in Icewine production. This positions it as a premium and innovative brand, appealing to both domestic and international | Focuses on heritage and innovation, establishing itself as the leader in Icewine production, appealing to prestige-seeking customers worldwide. |

| Winery | Positioning Strategy | Explanation | Key Takeaways |
|---|--|--|--|
| | | wine enthusiasts. | |
| Mission Hill Family Estate (BC) | Positioned as a luxury destination winery , offering breathtaking views of the Okanagan Valley, exclusive wines, and an immersive visitor experience. | The winery combines architectural beauty, scenic surroundings, and premium wines to create a high-end brand image. Its limited Terroir Collection further reinforces exclusivity and appeals to affluent wine connoisseurs. | Combines luxury, exclusivity, and experiential tourism, targeting affluent visitors seeking premium wines and memorable experiences. |
| Château des Charmes (Ontario) | Positioned as a winery rooted in heritage and craftsmanship , led by a fifth-generation French winegrower producing premium wines in Niagara-on-the-Lake. | By emphasizing its cool-climate terroir and family legacy, Château des Charmes appeals to wine lovers who value tradition, quality, and the unique characteristics of Niagara wines. | Highlights family legacy and craftsmanship, appealing to tradition-focused wine enthusiasts who value authenticity and high-quality cool-climate wines. |
| Nichol Vineyard (BC) | Positioned as an artisan winery focused on terroir-driven wines , with all grapes grown within 900 metres of the winery in the Naramata Bench region. | Nichol Vineyard highlights its small-scale production, unique Syrah vineyard (the first in Canada), and proximity to the stunning Okanagan Lake. This appeals to eco-conscious and boutique wine enthusiasts seeking authenticity. | Appeals to boutique wine lovers by emphasizing small-scale production, terroir-driven practices, and eco-conscious values for an authentic experience. |
| Fielding Estate Winery (Ontario) | Positioned as a modern yet approachable winery , offering premium wines with stunning views of the Toronto skyline from its Niagara Peninsula location. | Fielding Estate combines high-quality winemaking with a welcoming atmosphere, appealing to both casual visitors and wine connoisseurs. Its focus on Cabernet Sauvignon highlights its expertise in red winemaking. | Balances premium winemaking with accessibility, creating a welcoming atmosphere that appeals to both casual tourists and serious wine enthusiasts alike. |

Example Positioning Map of Canadian Wineries

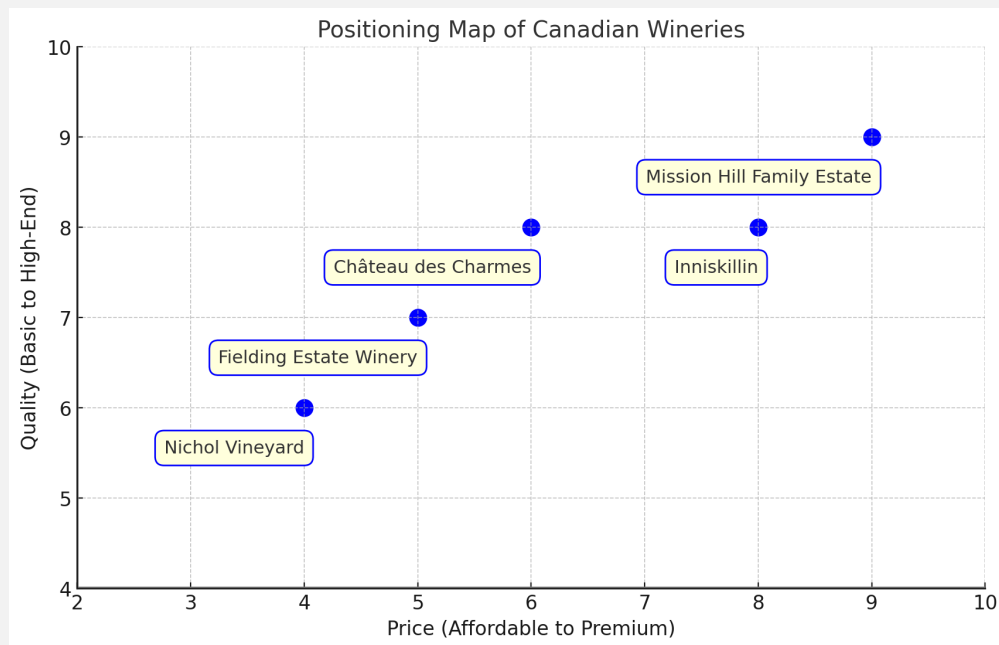


Figure 3 Positioning map of Canadian wineries (by author using ChatGPT) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Positioning Notes:

1. **Mission Hill Family Estate:** Clearly labeled in the top-right corner for its luxury positioning.
2. **Inniskillin:** Labeled in the upper-middle-right quadrant for its premium Icewines.
3. **Château des Charmes:** Labeled in the upper-middle quadrant for its heritage-driven premium wines.
4. **Fielding Estate Winery:** Labeled in the middle quadrant for its approachable yet high-quality offerings.
5. **Nichol Vineyard:** Labeled in the lower-middle-left quadrant for its affordable yet boutique wines.

Key Takeaways From the Map:

- The wineries occupy distinct positions on the map based on their unique selling propositions.
- Luxury-focused wineries like Mission Hill dominate the high-price, high-quality segment.
- Artisan wineries like Nichol Vineyard cater to niche markets by offering affordable yet authentic wines.
- Mid-range options like Château des Charmes and Fielding Estate Winery appeal to a broader audience through balanced pricing and quality.

This map helps visualize how Canadian wineries differentiate themselves while targeting specific customer segments effectively.

Media Attributions

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- **Figure 2:** “Fast food competitors perceptual map” (<https://online.visual-paradigm.com/diagrams/templates/perceptual-map/fast-food-competitors-perceptual-map/>) by unknown author, via Visual Paradigm, is used non-commercially under the Visual Paradigm Terms of Service (<https://online.visual-paradigm.com/terms.jsp>).
- **Figure 3:** “Positioning map of Canadian wineries” [created using ChatGPT] by the author is under a CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>) license.

Notes

1. Gigauri, I. (2019). Perceptual mapping as a marketing research tool for brand positioning. *SSRG International Journal of Economics and Management Studies*, 6(4), 73–79. <https://doi.org/10.14445/23939125/IJEMS-V6I4P110> (<https://doi.org/10.14445/23939125/IJEMS-V6I4P110>)
2. Xavier, M. (2024, August 2). Unlocking insights with perceptual maps: A guide for using them. *Medium*. Retrieved November 23, 2024, from <https://medium.com/@mateus.xavier/unlocking-insights-with-perceptual-maps-a-guide-for-using-them-1f6df00097cd> (<https://medium.com/@mateus.xavier/unlocking-insights-with-perceptual-maps-a-guide-for-using-them-1f6df00097cd>)

Summary

This chapter explored market segmentation, targeting, and positioning (STP) – essential tools for marketers aiming to connect with their ideal audiences.

Key Takeaways

1. **Segmentation** involves dividing a broad market into smaller groups based on shared characteristics such as demographics, behaviour, or geography. This step allows businesses to focus their resources on the most relevant segments.
2. **Targeting** is the process of evaluating and selecting specific market segments to serve. Using frameworks like ADAMS ensures that target segments are feasible and profitable.
3. **Targeting Strategies** range from broad approaches like undifferentiated marketing to highly specific strategies like micromarketing, allowing organizations to align their focus with their goals and resources.
4. **The Marketing Mix** is customized to suit the chosen target market, ensuring that product, price, place, and promotional strategies are relevant and effective.
5. **Differentiation and Positioning** help businesses stand out in competitive markets. Differentiation emphasizes unique attributes, while positioning defines how offerings are perceived relative to competitors. Tools like perceptual maps are vital in this process.

Exercises Check Your Understanding

Exercise 1: Identifying Segmentation Approaches

If you are using a printed copy, you can scan the QR code with your digital device to go directly to

Exercise 1: Identifying Segmentation Approaches (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-3-summary/#h5p-15>)



An interactive H5P element has been excluded from this version of the text. You can view it online here:
<https://marketingmap.pressbooks.tru.ca/?p=131#h5p-15>
(<https://marketingmap.pressbooks.tru.ca/?p=131#h5p-15>)

Exercise 2: Applying the ADAMS Framework

Task: Evaluate the following market segment using the ADAMS framework: “Eco-conscious senior travelers aged 60+ who prefer sustainable, nature-based vacations.”

Show/Hide Recommended Answer

- **Accessible:** Yes, this segment can be reached through targeted marketing channels.
- **Differentiable:** Yes, their preferences for eco-friendly travel distinguish them from other segments.
- **Actionable:** Yes, travel companies can create specific eco-friendly packages for seniors.
- **Measurable:** Yes, the size and characteristics of this segment can be quantified.
- **Substantial:** Potentially, depending on the size of the eco-conscious senior market in the target area.

Exercise 3: Creating a Buyer Persona

Task: Develop a brief buyer persona for a young professional interested in weekend getaways. Include demographic, psychographic, and behavioural characteristics.

Show/Hide Recommended Answer

- **Name:** Weekend Warrior Wendy
- **Age:** 28
- **Occupation:** Marketing Manager
- **Income:** \$75,000/year
- **Marital Status:** Single

- **Location:** Urban centre
 - **Psychographics:** Values work-life balance; seeks new experiences, health-conscious
 - **Behaviour:** Books last-minute trips; prefers boutique hotels; uses social media for travel inspiration
-

Exercise 4: Positioning Strategy

Task: Describe a positioning strategy for a new eco-resort targeting health-conscious millennials. Include the unique selling proposition (USP) and how it differentiates from competitors.

Show/Hide Recommended Answer

- **Positioning:** “The ultimate wellness retreat for environmentally-conscious young professionals”
 - **USP:** “Rejuvenate your mind and body while minimizing your carbon footprint”
 - **Differentiation:**
 - Offers yoga and meditation classes in natural settings
 - Serves organic, locally-sourced meals
 - Provides eco-friendly accommodations with modern amenities
 - Organizes volunteer opportunities for environmental conservation
-

Exercise 5: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 5: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-3-summary/#h5p-4>)



An interactive H5P element has been excluded from this version of the text. You can view it online here:
<https://marketingmap.pressbooks.tru.ca/?p=131#h5p-4>
(<https://marketingmap.pressbooks.tru.ca/?p=131#h5p-4>)

Glossary of Key Terms

ADAMS Framework: A set of criteria used to assess market segments, which stands for Accessible, Differentiable, Actionable, Measurable, and Substantial. This framework helps marketers evaluate the viability of different segments for targeting.

Allocentrics: Consumers who prioritize social and environmental factors in their purchasing decisions. They tend to be more community-oriented and value experiences that benefit others.

Behavioural Segmentation: The division of the market based on consumer behaviours, such as purchasing habits, brand interactions, and product usage rates. This approach helps businesses target consumers based on their actions with the brand.

Buyer Personas: Detailed, semi-fictional representations of individual customers within market segments. They are created using data and research to embody specific traits, behaviours, needs, and goals of ideal customers.

Demographic Segmentation: The process of dividing the market based on demographic factors such as age, gender, income, education, occupation, and family size.

Differentiated Marketing: A targeting strategy that involves targeting several market segments with a different offer for each.

Differentiation: The creation of a product or service that has unique attributes valued by customers and perceived as distinct from competitors' offerings.

Firmographic Segmentation: The segmentation of business markets based on characteristics such as company size, industry, location, and organizational structure.

Geographic Segmentation: Dividing the market based on location, such as countries, regions, cities, or neighbourhoods. This method is particularly useful for businesses that need to cater to regional preferences or climate conditions.

Micromarketing: A targeting strategy that tailors products and marketing programs to suit the tastes of specific individuals and locations.

Niche Marketing: A targeting strategy that focuses on a small but well-defined segment of the population.

Perceptual Mapping: A visual representation of how consumers perceive a brand in relation to competitors. It helps identify positioning opportunities by showing where brands are located in consumers' minds.

Positioning: The process of designing a product or service to occupy a distinct and valued place in the target customer's mind relative to competing products.

Psychocentrics: Consumers who prefer familiar destinations and experiences. They tend to be risk-averse and seek comfort in known environments.

Psychographic Segmentation: Segmenting the market based on psychological characteristics, including lifestyle, values, interests, and personality traits.

Segmentation: The process of dividing a larger market into smaller segments based on shared characteristics such as demographics, behaviour, or geography. This allows businesses to tailor their products, services, and marketing strategies to meet the specific needs of each segment.

Targeting: Selecting one or more market segments to focus marketing efforts on. The goal is to reach the most attractive segments that align with the company's objectives and resources.

Technographic Segmentation: The process of segmenting consumers based on their technology usage patterns and preferences. This includes factors like device ownership and online behaviour.

Undifferentiated Marketing: A targeting strategy that ignores segmentation differences and aims at the entire market with one offer or strategy.

Unique Selling Proposition (USP): A marketing concept that defines what makes a product or service unique compared to competitors. It highlights specific benefits that set it apart in the marketplace.

Unique Value Proposition (UVP): Similar to USP but focuses more on the overall value offered to customers rather than just unique features. It emphasizes how a product meets customer needs better than alternatives.

CHAPTER IV

NAVIGATING WITH DATA: MARKETING INFORMATION SYSTEMS FOR DECISION-MAKING

Learning Outcomes

In today's data-driven world, organizations rely on accurate, timely, and actionable information to make informed decisions. This chapter explores the critical role of marketing information systems (MIS) in transforming raw data into meaningful insights. By integrating tools such as internal records, marketing intelligence systems, and decision support systems, organizations can navigate complex markets with confidence.

This chapter also examines marketing research processes and the use of both qualitative and quantitative data to address challenges and seize opportunities. Real-world examples from sectors like tourism and hospitality illustrate how these systems and methods enhance strategic decision-making.

After reading this chapter, you should be able to:

1. Define and explain the components of a marketing information system (MIS).
2. Distinguish between different types of data used in marketing research, including primary vs. secondary and qualitative vs. quantitative data.
3. Evaluate the advantages and challenges associated with various data collection methods.
4. Describe the role of customer relationship management (CRM) systems in managing the customer lifecycle.
5. Analyze how CRM systems integrate with and support the components of a MIS.
6. Identify emerging trends in marketing research and their potential impact on the industry.
7. Apply concepts of marketing information systems to real-world scenarios in the tourism, hospitality, and recreation sectors.
8. Discuss the benefits of using marketing information to inform strategic decision-making.

Opening Thoughts

How Bad Data Keeps Us From Good AI

In this engaging TED Talk, Mainak Mazumdar highlights a critical issue in the age of artificial intelligence: the impact of bad data on AI's effectiveness. Through relatable examples, such as comparing urban data from Shanghai and New York, Mazumdar reveals how biased or incomplete data can lead to flawed AI-driven decisions. He emphasizes the need for robust data infrastructure to ensure ethical and accurate AI applications. This talk is especially relevant for marketers, as it underscores the importance of high-quality data in building reliable marketing information systems and driving effective decision-making.

“How Bad Data Keeps Us From Good AI” [9:59 min] by Mainak Mazumdar¹



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: How bad data keeps us from good AI (https://www.ted.com/talks/mainak_mazumdar_how_bad_data_keeps_us_from_good_ai)



Chapter Topics

1. Marketing Information Systems (#chapter-marketing-information-systems)
2. Marketing Research (#chapter-marketing-research)
3. Customer Relationship Management Systems (#chapter-customer-relationship-management-systems)
4. Using Marketing Information to Inform Strategy (#chapter-using-marketing-information-to-inform-strategy)

Notes

1. Mazumdar, M. (2020, October). *How bad data keeps us from good AI* [Video]. TED Salon: Dell Technologies. https://www.ted.com/talks/mainak_mazumdar_how_bad_data_keeps_us_from_good_ai (https://www.ted.com/talks/mainak_mazumdar_how_bad_data_keeps_us_from_good_ai)

Marketing Research

Marketing research¹ refers to the systematic process of designing, collecting, analyzing, and reporting data relevant to a specific marketing situation facing an organization. It is usually conducted to address specific problems or opportunities. This process is often project-based, meaning it is initiated for a particular purpose and ends once the data has been analyzed and reported.

Roles of Marketing Research

Marketing research is used for:

- **Problem-Solving:** Marketing research helps organizations solve specific problems. For example, if a company is considering launching a new product, they might conduct research to understand consumer needs, preferences, and the potential demand for the product.
- **Decision Support:** It provides data that supports strategic and tactical decision-making. This could include decisions related to product development, pricing, distribution channels, or promotional strategies.
- **Risk Reduction:** By providing in-depth insights into consumer behaviour and market trends, marketing research reduces the risk associated with business decisions. For example, understanding why a previous product launch failed can help prevent similar mistakes in the future.

Marketing Research Process

The marketing research process typically involves the following steps:

1. **Identify the Problem or Opportunity:** Define the specific problem or opportunity that requires research. This involves understanding the underlying issues or questions that need to be addressed.

Example: A company might identify a problem such as declining sales and seek to understand the reasons behind it.

2. **Develop a Research Plan:** Outline the research design and methodology. This includes deciding on the type of data needed, research methods (e.g., surveys and interviews), and how the data will be collected and analyzed.

Example: A company's research plan may involve conducting surveys to gather customer feedback or analyzing sales data to identify trends.

3. **Collect Data:** Gather the necessary data using the chosen research methods. This can involve primary data collection (e.g., surveys and focus groups) or secondary data collection (e.g., existing reports and industry data).

Example: A company might conduct online surveys to collect customer opinions about a new product feature.

4. **Analyze Data:** Process and analyze the collected data to identify patterns, trends, and insights. This step involves using statistical tools and techniques to draw meaningful conclusions.

Example: A company might analyze survey responses to determine customer satisfaction levels and identify areas for improvement.

5. **Present Findings:** Compile the research findings into a clear and actionable report. This includes visualizing data through charts and graphs and providing recommendations based on the insights.

Example: A company might present a report that highlights key customer preferences and suggests changes to product offerings.

6. **Make Informed Decisions:** Use the research findings to make informed decisions and implement strategies. This involves taking action based on the insights gained to address the identified problem or opportunity.

Example: Based on the research findings, a company might decide to revamp its product line, introduce new features that better align with customer preferences, or launch a targeted marketing campaign to regain lost customers.

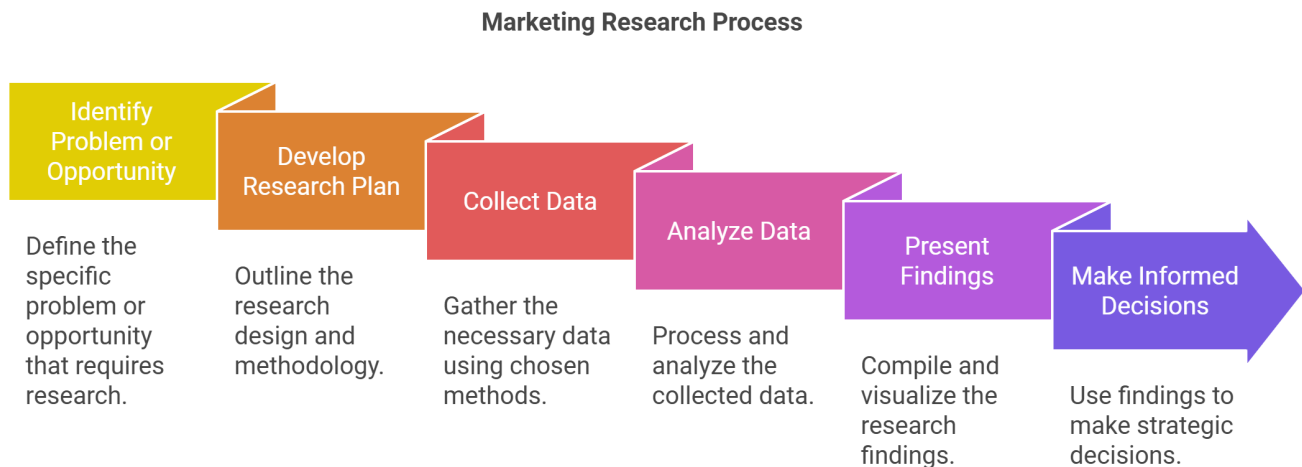


Figure 1 The marketing research process (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/>)

A Closer Look at Data in Marketing Research

Data is the cornerstone of marketing research, providing the insights needed to understand market dynamics, consumer behaviour, and the competitive landscape. The effectiveness of any marketing research effort largely depends on the quality, relevance, and accuracy of the data collected. To collect this data, marketers must understand where to find it, whether it is sourced internally or externally, and whether it is primary or secondary data.



Figure 2 Data (WOKANDAPIX/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Where to Find Data?

Data can be sourced from a variety of locations, both within an organization (internally) and from outside sources (externally). The choice between internal and external data sources depends on the research objectives, the availability of data, and the specific needs of the project.

Internal Data Sources

Internal data is already available within the organization. It is often easily accessible, and it is typically collected during the normal course of business operations.

- **Sales Records:** Detailed data on sales transactions, including what was sold, when, where, and to whom. Sales data can provide insights into customer preferences, peak buying times, and product performance.
- **Customer Databases:** Information gathered from customer interactions, such as purchase history, demographic details, customer feedback, and loyalty program data. This data can help in segmenting the market and targeting specific customer groups more effectively.
- **Financial Records:** Financial documents like income statements, balance sheets, and cash flow statements can provide insights into the company's performance and help identify trends or issues that may require further investigation.

- **Website Analytics:** Data from the company's website, such as visitor behaviour, traffic sources, and conversion rates. Web analytics can provide insights into online consumer behaviour, the effectiveness of digital marketing campaigns, and areas for improvement.

Example Internal Data

A retail company might use its internal sales records to identify which products are most popular during the holiday season. This internal data can then inform inventory decisions, promotional strategies, and future product launches.

External Data Sources

External data is collected from outside the organization and can provide additional context or information that is not available internally. This data is often used to complement internal data, offering a more comprehensive view of the market environment.

- **Public Sources:** Data from government publications, industry reports, census data, and public records. These sources are often free or low-cost and can provide valuable economic, demographic, or regulatory information.
- **Commercial Sources:** Data purchased from research firms, industry associations, or data vendors. This can include market reports, syndicated studies, consumer panel data, and competitor analysis.
- **Social Media and Online Reviews:** Information gathered from social media platforms, forums, and online reviews. This data can offer real-time insights into consumer opinions, trends, and sentiment.
- **Competitor Websites and Publications:** Data collected from competitors' websites, press releases, and marketing materials. This can provide insights into competitors' strategies, product offerings, and market positioning.

Examples External Data

A tech company might purchase an industry report from a market research firm to understand the broader

trends in the smartphone market. This external data can help the company benchmark its performance against competitors and identify emerging opportunities.

Primary vs. Secondary Data

When conducting marketing research, data can be also be categorized into primary data and secondary data. The choice between primary and secondary data depends on the research objectives, the availability of existing information, and the resources available for the research.

Primary Data

Primary data is data that is collected specifically for the research project at hand. It is original, first-hand information gathered directly from the source. Primary data collection is often necessary when existing data does not adequately address the research questions or when highly specific insights are required.

Methods of Data Collecting:

- **Surveys and Questionnaires:** Structured tools used to gather data from a large number of respondents. These can be conducted online, via phone, or in person.
- **Interviews:** In-depth, one-on-one conversations that allow for detailed exploration of individual opinions and experiences.
- **Focus Groups:** Group discussions moderated by a researcher to explore consumer attitudes and perceptions in a more interactive setting.
- **Experiments:** Controlled tests where variables are manipulated to observe the effects on outcomes, often used to test marketing strategies or product features.
- **Observations:** Watching and recording consumer behaviour in natural settings, such as in-store or during product usage, to gain insights into how consumers interact with products.

Advantages:

- Customized to specific research needs, providing highly relevant data
- Allows for the collection of up-to-date and accurate information
- Provides deeper insights into consumer motivations and behaviours

Disadvantages:

- Can be time-consuming and costly to collect
- Requires careful design and execution to ensure data validity and reliability

Methods of Primary Data Collection

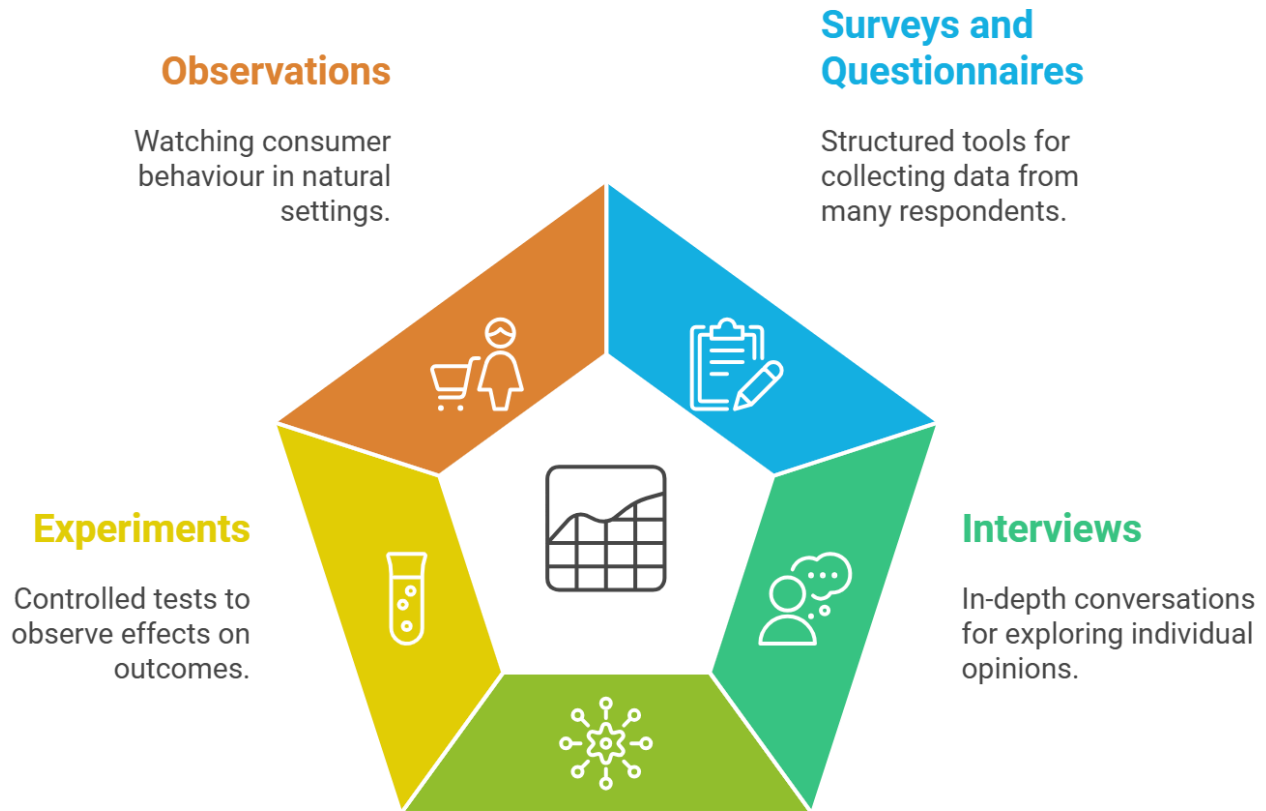


Figure 3 Methods of primary data collection (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/>)

Example Primary Data

A food company launching a new snack might conduct focus groups to gather primary data on consumer reactions to different flavors and packaging options.



Figure 4 Magnifying glass (lil artsy/Pexels) Pexels license (<https://www.pexels.com/license/>)

Challenges and Problems With Primary Data Collection

Primary data collection is essential for obtaining firsthand information tailored to specific research needs. However, it can present several challenges and problems that can affect the quality and reliability of the data collected.

Here are some common problems associated with primary data collection:

Bias and Sampling Issues:

- **Selection Bias:** This bias occurs when the sample is not representative of the entire population, leading to skewed results. For instance, if a survey is conducted only among a specific demographic group, the findings may not accurately reflect the views of the broader population.
- **Response Bias:** Participants may provide socially desirable answers or inaccurately recall information, which can distort the data. This is common in self-reported data where individuals might not disclose true behaviours or opinions.

Cost and Time Constraints:

- **Resource-Intensive:** Collecting primary data can be expensive and time-consuming, requiring significant financial investment in designing data collection tools, training personnel, and compensating participants. This can be

particularly challenging for small organizations or researchers with limited budgets.

- **Extended Timelines:** The process of planning, collecting, and analyzing primary data often involves lengthy timelines, which can delay the availability of results and subsequent decision-making.

Data Quality and Management:

- **Inaccurate or Incomplete Data:** Data collected may be inaccurate or incomplete due to errors in data entry, misunderstandings during data collection, or participants not fully completing surveys or interviews.
- **Data Management Challenges:** Once collected, data must be organized and stored systematically to ensure integrity. Poor data management can lead to loss of data or difficulties in analysis.

Participant Recruitment and Response Rates:

- **Recruitment Challenges:** Finding a sufficient number of participants who meet the study criteria can be difficult, especially for niche or hard-to-reach populations. This can impact the representativeness and generalizability of the findings.
- **Low Response Rates:** Ensuring a high response rate can be challenging, particularly in survey-based research. Low response rates can introduce bias and limit the reliability of the data.

Ethical and Privacy Concerns:

- **Informed Consent:** Ensuring that individuals are fully informed about how their data will be used and have consented to its collection is a fundamental ethical requirement. This includes clear communication about the purpose, scope, and implications of data collection.
- **Compliance with Privacy Laws:** In Canada, privacy is protected by laws such as the Privacy Act (<https://www.priv.gc.ca/en/privacy-topics/privacy-laws-in-canada/the-privacy-act/>)² and the Personal Information Protection and Electronic Documents Act (PIPEDA) (<https://www.priv.gc.ca/en/privacy-topics/privacy-laws-in-canada/the-personal-information-protection-and-electronic-documents-act-pipeda/>)³. These laws regulate how personal information is collected, used, and disclosed by both public and private sector organizations.

Data Breaches and Unauthorized Access: Organizations must implement robust security measures to prevent data breaches and unauthorized access to personal information.

Secondary Data

Secondary data refers to information that was collected for another purpose but can be repurposed for the current research project. This data is usually already available and can be internal (within the organization) or external (from public or commercial sources).

Sources:

- **Internal Sources:** Company records, past marketing research reports, sales data, and customer databases.
- **External Sources:** Government reports, industry publications, academic journals, news articles, and commercial databases.

Advantages:

- Generally quicker and less expensive to obtain than primary data
- Provides a broad context or background for the research problem
- Useful for trend analysis, benchmarking, and comparative studies

Disadvantages:

- May not be perfectly aligned with the current research needs
- Can be outdated or lack relevance to the specific research questions
- Can vary in quality and accuracy depending on the source

Example Secondary Data

A company considering entering a new geographic market might use secondary data from government census reports and industry publications to assess the market potential and demographic profile of the region.

Qualitative and Quantitative Data in Marketing Research

Data can also be broadly categorized into two types: **qualitative** and **quantitative** data. Each type has its strengths and is used in different contexts depending on the research objectives.

Qualitative Data

Qualitative data is non-numerical information that provides insights into the underlying reasons, opinions, and motivations behind consumer behaviour. It is descriptive and exploratory in nature, often focusing on the “why” and “how” of decision-making processes rather than the “what” or “how much.” This type of data is typically collected through methods that involve open-ended responses, allowing for a deeper exploration of complex issues.

Characteristics:

- **Descriptive:** Focuses on describing attributes, characteristics, or experiences.
- **Exploratory:** Used to explore underlying reasons, motivations, or perceptions.
- **Subjective:** Interpretation of data is often influenced by the researcher’s perspective.
- **Unstructured:** Data is collected in a flexible, open-ended format.

Methods of Data Collecting:

- **Interviews:** One-on-one discussions where participants share their thoughts and experiences in depth. For

example, a researcher might interview customers to understand their experiences with a particular brand.

- **Focus Groups:** Group discussions led by a moderator to explore participants' attitudes and perceptions about a product, service, or concept. Focus groups can reveal group dynamics and collective viewpoints.
- **Observations:** Recording behaviours and interactions in natural settings, such as observing how shoppers navigate a store or interact with a product display.
- **Open-Ended Surveys:** Questionnaires that allow respondents to answer in their own words, providing rich, detailed responses that reveal underlying attitudes and feelings.

Advantages:

- **Depth of Understanding:** Provides deep insights into consumer motivations, attitudes, and behaviours that quantitative data might overlook.
- **Flexibility:** Allows researchers to explore unexpected topics or themes that arise during data collection.
- **Contextualization:** Helps in understanding the context of consumer decisions, including cultural, social, and emotional factors.

Disadvantages:

- **Subjectivity:** Interpretation can be influenced by researcher bias, and different researchers may draw different conclusions from the same data.
- **Time-Consuming:** Data collection and analysis can be time-intensive, especially for in-depth interviews or focus groups.
- **Limited Generalizability:** Findings from qualitative data are often based on small, non-representative samples, making it difficult to generalize results to a broader population.



Figure 5 Focus group (Tima Miroshnichenko/Pexels) Pexels license (<https://www.pexels.com/license/>)

Example Qualitative Data

A company launching a new skincare line might conduct focus groups with potential customers to gather qualitative data on their skincare routines, preferences, and feelings about different product ingredients.

Quantitative Data

Quantitative data is numerical information that can be measured and analyzed statistically. It focuses on quantifying behaviours, opinions, and attitudes – providing data that can be used to identify patterns, trends, and correlations. This type of data is typically collected through structured methods that allow for precise measurement and comparison.

Characteristics:

- **Numerical:** Data is expressed in numbers, such as counts, percentages, or averages.
- **Objective:** Results are less subject to researcher bias because they rely on standardized measurements.
- **Structured:** Data collection follows a predetermined format, often with closed-ended questions.
- **Statistical:** Analysis involves statistical methods to test hypotheses, identify trends, or make predictions.

Methods of Data Collecting:

- **Surveys:** Structured questionnaires with closed-ended questions (e.g., multiple-choice, rating scales) that can be distributed online, by phone, or in person. Surveys are widely used to gather data from large populations.
- **Experiments:** Controlled studies where variables are manipulated to observe their effect on outcomes. For example, a company might test different price points to determine the optimal pricing strategy.
- **Observational Research:** Counting and recording specific behaviours, such as the number of customers entering a store or the time spent on a website.
- **Analytics:** Analyzing data from digital platforms — such as website traffic, social media engagement, or sales figures — to identify trends and patterns.

Advantages:

- **Precision:** Provides exact measurements that can be statistically analyzed.
- **Generalizability:** Large, representative samples allow findings to be generalized to a broader population.
- **Objectivity:** Standardized data collection methods reduce the influence of researcher bias.

Disadvantages:

- **Limited Depth:** Quantitative data may lack the context or depth needed to fully understand complex behaviours or motivations.
- **Inflexibility:** Structured data collection methods may miss important insights that fall outside the scope of predefined questions.
- **Requires Large Samples:** To ensure statistical significance, quantitative research often requires large sample sizes, which can be costly and time-consuming to obtain.

Example Quantitative Data

A fast-food chain might use quantitative data collected from customer satisfaction surveys, where respondents rate their experience on a scale from 1 to 10. The data could then be analyzed to determine the average satisfaction score and identify areas for improvement.



Figure 6 Feedback (Mohamed Hassan/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Both **qualitative** and **quantitative data** are important in marketing research. **Qualitative data** offers contextual insights, helping to understand the “why” behind decisions. In contrast, **quantitative data** provides measurable, numerical insights that allow marketers to quantify trends and make data-driven decisions. By combining both types of data, marketers can gain a well-rounded understanding of the relevant issues, leading to more effective and informed decisions.

Emerging Marketing Research Methods and Practices

Marketing research methods and practices are evolving rapidly⁴, driven by technological advancements. Here are some notable emerging trends and practices⁵.

Artificial Intelligence and Automation

Artificial intelligence (AI) will continue to revolutionize marketing research by enabling hyper-personalization, predictive analytics, and automation of repetitive tasks. AI tools such as chatbots, advanced data analytics, and machine learning algorithms will help businesses predict consumer behaviour, optimize campaigns, and personalize customer

experiences at scale. For example, AI-driven tools can analyze customer data to recommend tailored product offerings or predict market trends with improved accuracy.

Example AI and Automation

Scenario: Imagine you are part of a marketing team at an e-commerce company like Amazon. Your team uses an AI-powered tool to analyze customer purchase history and browsing behaviour. The AI identifies that customers who buy fitness trackers are also likely to purchase protein supplements.

Based on this insight, your team creates a targeted email campaign offering discounts on protein products to fitness tracker buyers, resulting in a 20% increase in sales.

Digital Qualitative Research

The shift from traditional qualitative methods (e.g., focus groups) to digital platforms (i.e., **digital qualitative research**) is accelerating. Online tools and social media analytics allow researchers to gather deep insights into consumer behaviour more efficiently and cost-effectively. This trend supports inclusivity by enabling diverse participation while reducing biases associated with physical settings.

Example Digital Qualitative Research for Travel Trends

Scenario: A travel agency conducts virtual focus groups with participants from different countries to understand post-pandemic travel preferences. Using video conferencing tools, they discover that travelers are prioritizing eco-friendly destinations and wellness retreats.

Based on these insights, the agency curates travel packages that emphasize sustainability and relaxation.

Synthetic Data for Privacy and Efficiency

Synthetic data is emerging as a solution to challenges like privacy concerns, data scarcity, and survey fatigue. This

artificial data mimics real-world responses, allowing researchers to conduct faster and more cost-effective studies while protecting sensitive information.

Example Synthetic Data for Destination Marketing

Scenario: A tourism board wants to promote a new destination but lacks sufficient visitor data due to its recent launch. By using synthetic data, the board simulates traveler profiles and preferences, enabling them to design targeted advertising campaigns. For instance, they identify that young professionals might be interested in adventure activities, while families prefer cultural experiences, and tailor their marketing accordingly.

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Marketing Information Systems

Effective decision-making requires quality information that is relevant, accurate, current, and impartial. To meet this need, organizations develop and use **marketing information systems (MIS)**¹.

What Is a MIS?

An MIS collects, analyzes, interprets, stores, and disseminates marketing data in an organized manner. The purpose of an MIS is to provide organizations with the accurate and timely information necessary to make informed marketing decisions.



Figure 1 Marketing information systems collect data (Gerd Altmann/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

The MIS collects and converts raw data into useful information that organizations can use to make informed decisions.

Data is raw, unorganized facts and figures without any context. Examples include numbers, symbols, text, or images. Data alone is not inherently meaningful.

Information is data that has been processed, organized, and given context, making it meaningful and useful for decision-making. Information provides insights and answers specific questions.

Key Components of MIS

MIS are made up of the following four components:

1. **Internal Records:** Data generated within the organization that forms the foundation of an MIS. This data includes sales data, customer interactions, inventory levels, and financial information. These records offer insights into the company's performance and help identify trends and opportunities for improvement.
2. **Marketing Intelligence System:** Monitoring the environment in which the company operates to identify trends, opportunities, and threats. Some key marketing intelligence activities can include:
 - **Environmental Scanning:** Continuously scanning the business environment to identify trends, opportunities,

and competitive actions. This helps companies stay aware of changes in the market that could impact their strategies.

- **Competitor Monitoring:** Tracking competitors' activities, such as pricing strategies, product launches, and promotional efforts. This allows companies to respond quickly to competitive threats or to capitalize on emerging opportunities.
 - **Market Awareness:** A broader understanding of the market, including economic shifts, technological advancements, and changes in consumer behaviour. This helps companies adapt to external changes and stay relevant.
3. **Marketing Research:** A systematic process of collecting, analyzing, and interpreting data to address specific marketing challenges or opportunities. This component provides deep insights into consumer behaviour, preferences, and market dynamics, helping businesses make informed decisions.
 4. **Marketing Decision Support System (MDSS):** A system that assists marketing managers in analyzing and interpreting data collected through internal records, marketing intelligence, and research. It includes tools for statistical analysis, modeling, and simulation. The MDSS aids in making data-driven decisions by providing analytical capabilities to evaluate different marketing scenarios.

Components of a Marketing Information System (MIS)

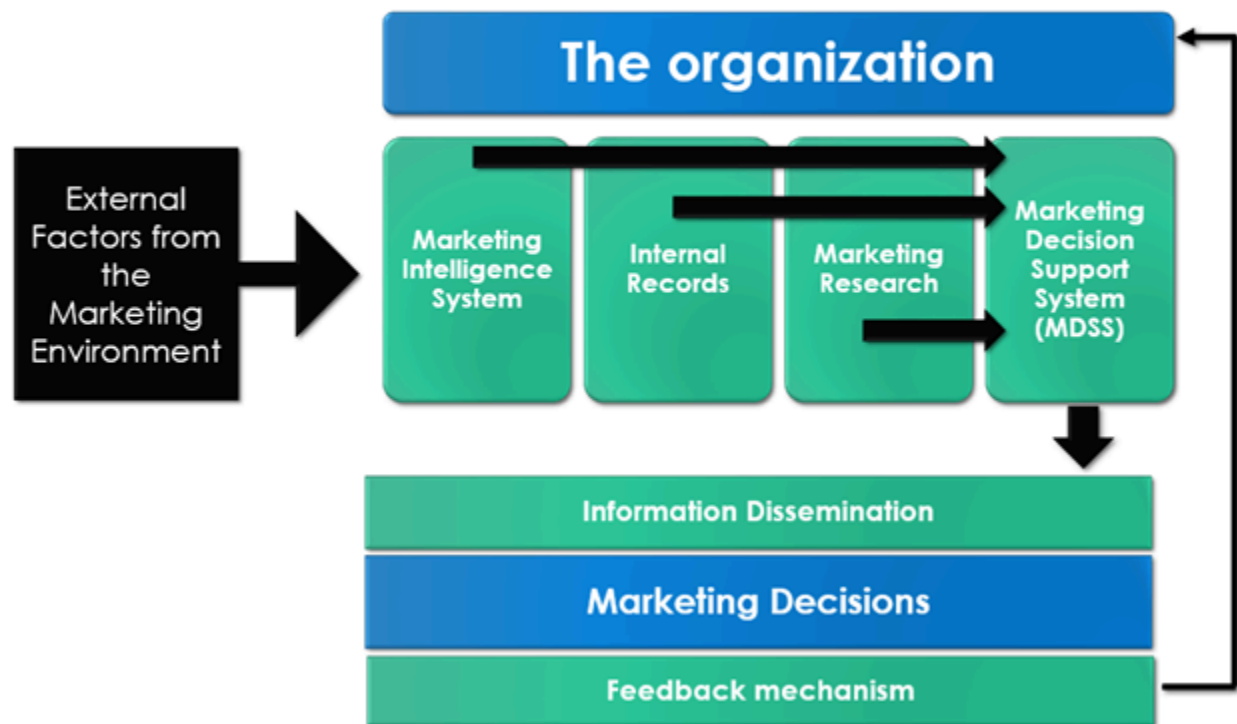


Figure 2 Components of a marketing information system (by author using Microsoft PowerPoint) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Relevant information produced by the four components is then disseminated to stakeholders within the organization in a timely and actionable manner. By creating reports, dashboards, and communication tools, key findings and recommendations are shared with decision-makers. The MIS also has feedback mechanisms in place to evaluate the effectiveness of marketing strategies and activities, allowing for continuous improvement.

Example The MIS Components for a Restaurant



Figure 3 Restaurant kitchen (StockSnap/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

1. Internal Records:

- **Sales Records:** Restaurants can use point-of-sale (POS) systems to track daily sales, customer preferences, and peak dining times. This data helps in understanding which menu items are popular and when the restaurant experiences the most traffic, allowing for better inventory and staffing decisions.
- **Inventory Management:** By maintaining detailed records of inventory levels, restaurants can monitor stock usage and reduce waste. This system helps ensure that ingredients are available when needed and can alert managers to reorder supplies before they run out.

2. Marketing Intelligence:

- **Competitor Analysis:** Restaurants can gather information about competitors by monitoring their menus, pricing strategies, and promotional activities. This intelligence helps in identifying market

trends and adjusting the restaurant's offerings to remain competitive.

- **Customer Reviews and Feedback:** Monitoring online reviews and social media mentions provides insights into customer satisfaction and areas for improvement. This feedback can guide service enhancements and menu adjustments.

3. Marketing Research:

- **Customer Surveys:** Conducting surveys to gather feedback on customer experiences, preferences, and suggestions can provide insights into how the restaurant can improve its offerings and customer service.
- **Focus Groups:** Organizing focus groups with regular customers can help a restaurant understand customer expectations and test new menu items or service concepts before a full-scale launch.

4. Marketing Decision Support System (MDSS):

- **Predictive Analytics:** Using data analytics tools to forecast customer demand and optimize menu pricing based on historical sales data and market trends. This helps in making informed decisions about menu adjustments and promotions.
- **Scenario Analysis:** Employing software to simulate different marketing strategies and their potential outcomes, allowing the restaurant to choose the most effective approach for increasing customer engagement and sales.

These components work together to provide a comprehensive view of the market environment, customer preferences, and operational efficiency, enabling restaurants to make informed decisions and enhance their competitive advantage

Now, for a closer look at marketing research...

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Customer Relationship Management Systems



Figure 1 Customer relationship management (Blake Wisz/Unsplash) Unsplash license (<https://unsplash.com/license>)

A **customer relationship management (CRM)** system is a technology platform designed to help businesses manage and analyze customer interactions and data throughout the **customer lifecycle**. The primary goal of CRM systems is to enhance customer service relationships, improve customer retention, and drive sales growth.

The Role of CRM in the Customer Lifecycle

The customer lifecycle describes the stages a customer goes through from their initial awareness of a product or service to becoming a loyal advocate. The typical stages in the customer lifecycle include:

- Awareness
- Engagement
- Conversion
- Retention
- Loyalty and advocacy

CRM systems are integral to managing the customer lifecycle effectively. They provide the tools and technology needed

to track, analyze, and optimize customer interactions at each stage. The table below shows how CRM systems contribute to each stage.

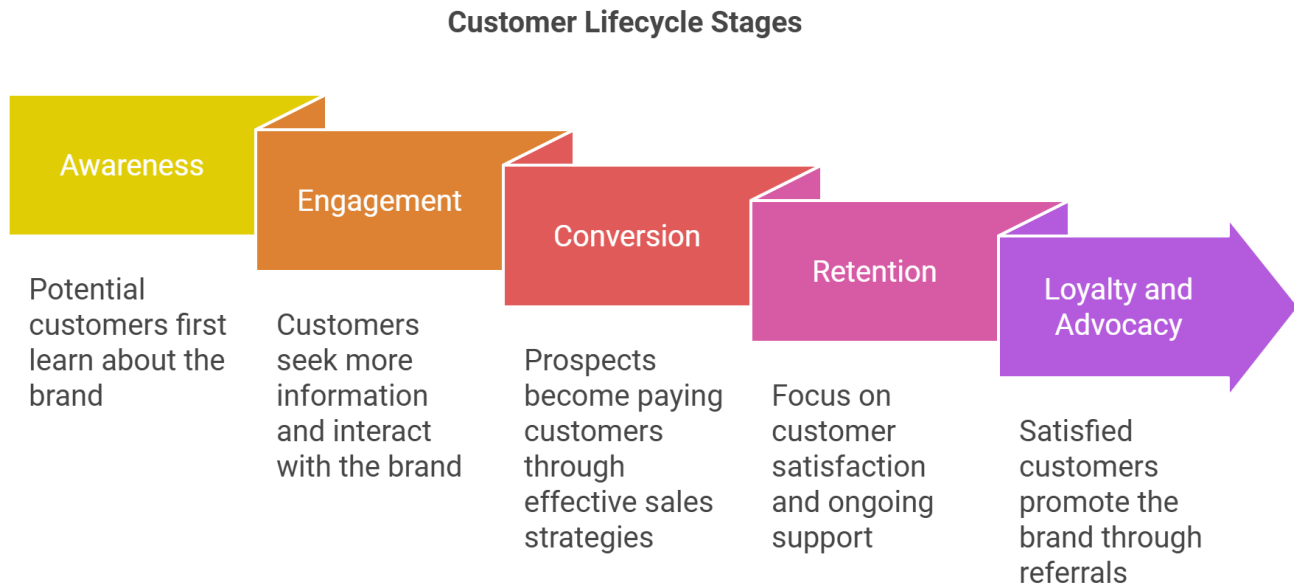


Figure 2 Customer lifecycle stages (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/>)

The Role of CRM in the Customer Lifecycle

| Customer Lifecycle | Role of CRM |
|--|--|
| <p>Awareness: This is the stage where potential customers first learn about a company's products or services. Marketing efforts at this stage focus on building brand recognition and attracting attention through advertising, social media, and other channels.</p> <p>Engagement: At this stage, potential customers interact with the brand, seeking more information and considering their options. Engagement can occur through website visits, social media interactions, or direct communication with sales representatives.</p> | CRM systems help segment potential customers and tailor marketing messages to different audience groups, increasing the effectiveness of awareness and engagement efforts. |
| <p>Conversion: This is the point where a prospect becomes a paying customer. Effective sales strategies and a seamless purchasing process are crucial to converting interested prospects into buyers.</p> | By providing sales teams with detailed customer insights and history, CRM systems enable more personalized and effective sales interactions, increasing the likelihood of conversion. |
| <p>Retention: After the initial purchase, the focus shifts to retaining customers by ensuring they are satisfied with their purchase and continue to see value in the product or service. This stage involves providing excellent customer service and ongoing support.</p> | CRM systems track customer interactions and feedback, allowing businesses to address issues promptly and maintain high levels of customer satisfaction. Automated follow-ups and personalized communication help keep customers engaged. |
| <p>Loyalty and Advocacy: In this stage, satisfied customers become loyal advocates, promoting the brand to others through word-of-mouth and referrals. Loyalty programs and personalized communication can help strengthen this relationship.</p> | CRM systems facilitate the creation of loyalty programs and track customer advocacy activities, helping businesses identify and reward their most loyal customers. |

The Role of CRM in Marketing Information Systems

A CRM system fits within a marketing information system (MIS) by interacting with and supporting the four key components of the system.

CRM System Integration in MIS

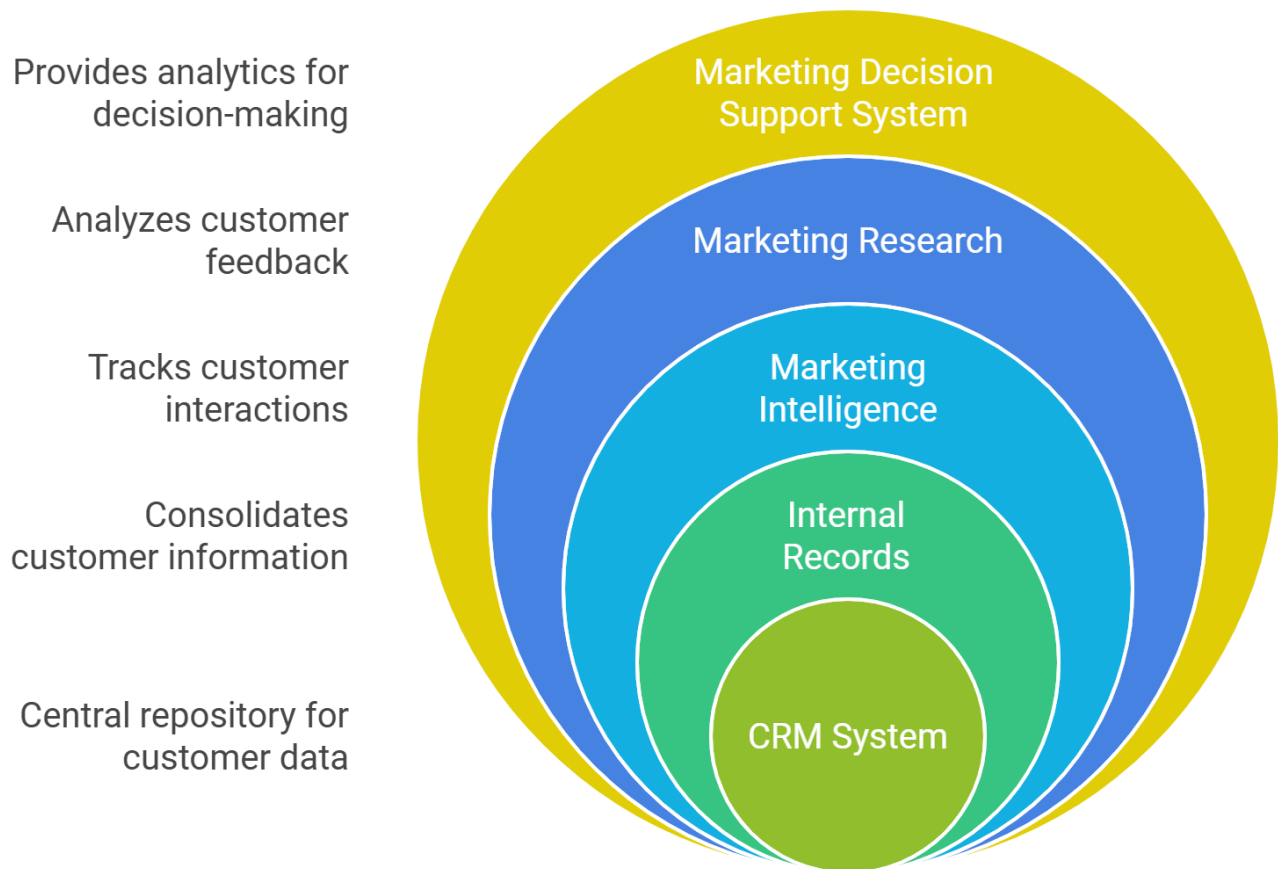


Figure 3 CRM system integration with MIS (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/>)

Here is how a CRM system aligns with the components of an MIS:

Internal Records: A CRM system consolidates customer information and interactions into a single database, making it easier for businesses to access and manage this data. It serves as a central repository for customer-related data, including sales history, contact details, and communication logs. By integrating CRM data with other internal records, businesses can gain a comprehensive view of customer interactions and preferences, enabling more informed decision-making and personalized marketing efforts.

Marketing Intelligence: CRM systems can track customer interactions across various channels – such as email, phone, and social media – providing valuable marketing intelligence. This data helps businesses understand customer behaviour, preferences, and trends. The insights gained from CRM systems contribute to the marketing intelligence component of an MIS, helping businesses stay informed about market dynamics and customer needs.

Marketing Research: CRM systems can facilitate marketing research by collecting and analyzing customer feedback and engagement data. This information helps businesses identify customer needs and preferences, which can inform product development and marketing strategies. By integrating CRM data with marketing research efforts, businesses can enhance their understanding of customer segments and tailor their offerings to meet specific needs.

Marketing Decision Support System (MDSS): CRM systems provide analytics and reporting capabilities that support data-driven decision-making. They offer insights into customer behaviour, sales performance, and marketing campaign

effectiveness. The analytical tools within a CRM system contribute to the MDSS component of an MIS, enabling businesses to evaluate different marketing scenarios and optimize their strategies.

Example Hotel CRM Integration with MIS



Figure 4 AI-generated hotel room (wevfewv/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Scenario: Hotel Serenity's CRM Integration with MIS

1. Internal Records: Hotel Serenity uses its CRM system to consolidate guest information into a central database. Each time a guest books a room, their details — such as contact information, room preferences, past stays, and spending habits — are stored in the CRM. For instance, the system records that a frequent guest, Sarah, prefers ocean-view rooms and orders vegetarian meals. By integrating this data with other internal records like billing and housekeeping logs, the hotel ensures seamless operations and personalized service. When Sarah books her next stay, the front desk staff can immediately see her preferences and ensure her room is prepared accordingly.

2. Marketing Intelligence: The CRM tracks customer interactions across multiple channels, including email campaigns, social media engagement, and direct bookings. For example, the system identifies that many guests

inquire about spa packages during winter months via social media. This insight becomes part of the hotel's marketing intelligence, helping the marketing team understand seasonal trends and customer behaviour. Based on this data, Hotel Serenity launches a targeted winter promotion offering discounted spa packages to guests who have shown interest in similar services.

3. Marketing Research: Hotel Serenity uses its CRM to collect customer feedback through post-stay surveys sent via email. The CRM aggregates responses and identifies patterns, such as frequent mentions of slow check-in times in reviews. The marketing research team analyzes this data to understand guest pain points and collaborates with operations to streamline the check-in process. Additionally, the CRM helps segment customers based on their preferences (e.g., business travelers vs. leisure travelers), enabling tailored marketing strategies such as promoting conference facilities to corporate clients.

4. Marketing Decision Support System (MDSS): The CRM provides advanced analytics and reporting tools that support strategic decision-making at Hotel Serenity. For example, the system generates reports showing that guests who book directly through the hotel's website spend 20% more on additional services like dining and spa treatments compared to those who book through third-party platforms. Armed with this insight, the marketing team decides to invest more in direct booking incentives, such as loyalty program rewards or exclusive discounts for website users.

Summary of CRM's Role in This Scenario:

- The **CRM system** acts as the backbone for managing customer data within the hotel's MIS.
- It supports **internal records** by centralizing guest information.
- It enhances **marketing intelligence** by tracking interactions and identifying trends.
- It aids in **marketing research** by collecting and analyzing feedback.
- It contributes to the **MDSS** by providing actionable insights for strategic decisions.

This integration ensures that Hotel Serenity delivers personalized experiences while optimizing its marketing strategies for better business outcomes.

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Using Marketing Information to Inform Strategy

Organizations use marketing information systems (MIS) to inform their strategic decisions and optimize marketing efforts.

Benefits of MIS

The benefits arising from the effective use of marketing information and systems include:

1. Enhanced Business Understanding

Insight into Customers and Markets: Marketing information systems provide comprehensive data on customer demographics, behaviours, and preferences, as well as market trends and competitive landscapes. This deeper understanding allows businesses to tailor their strategies to meet specific customer needs and take advantage of market opportunities.

2. Data-Driven Decision Making

Objective and Informed Choices: By relying on reliable and relevant data, businesses can make decisions based on evidence rather than assumptions. This reduces the risk of biased or subjective decision-making and leads to more effective marketing strategies.

Examples DMOs and Data Driven Decision Making (DDDM)



Figure 1 Airport departures (Braeson Holland/Pexels) Pexels license (<https://www.pexels.com/license/>)

Data-driven decision-making (DDDM) is transforming the tourism industry, particularly for destination marketing organizations (DMOs). By leveraging data insights, DMOs can make informed decisions to attract high-value travelers, optimize marketing strategies, and enhance tourism growth. Below is a summary of the resources and their connection to DDDM.

Mastercard Tourism Insights

Mastercard's Tourism Insights (<https://www.mastercardservices.com/en/capabilities/tourism-insights>)¹ platform emphasizes the importance of using multiple data sources to gain actionable insights throughout the traveler journey.

These insights help DMOs:

- Identify high-value tourists based on spending patterns and preferences.
- Optimize marketing investments by targeting the right audience segments.
- Stay competitive in a dynamic market with changing consumer behaviour and increased competition.

For example, Mastercard’s platform provides detailed analytics on traveler spending habits, enabling DMOs to tailor campaigns that maximize return on investment (ROI) and attract tourists who contribute significantly to local economies. This aligns with DDDM by ensuring decisions are based on empirical evidence rather than assumptions.

“Using Data to Help Drive Tourism Growth” [2:10 min] by Mastercard News²



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: Using data to help drive tourism growth (<https://youtu.be/c3Zdif9tmx8?si=ZiWWZA8gwjpitWud>)



Destination BC

Destination BC (<https://www.destinationbc.ca/>) uses research and insights (<https://www.destinationbc.ca/research-insights/>)³ to support tourism stakeholders in British Columbia.

Their approach includes:

- Providing data on visitor trends, demographics, and economic impacts.
- Helping industry partners and governments make informed decisions for marketing and development projects.
- Offering tools like market segmentation analysis to refine targeting strategies.

By supplying timely and relevant data, Destination BC empowers tourism operators to align their efforts with market demands, ensuring resources are allocated effectively. This highlights the role of DDDM in enhancing strategic planning and operational efficiency.

Destination Canada

Destination Canada's (<https://www.destinationcanada.com/en>) research initiatives (<https://www.destinationcanada.com/en/research>)⁴ focus on providing centralized access to tourism data through platforms like the Canadian Tourism Data Collective (<https://www.tourismdatacollective.ca/>)⁵.

Key activities include:

- Producing regular market intelligence reports on traveler behaviour, economic impacts, and industry trends.
- Partnering with organizations like Statistics Canada to offer reliable and secure data.
- Supporting businesses in marketing to international travelers by offering insights into global travel trends.

For example, Destination Canada's Data Collective enables stakeholders to access real-time data for decision-making, such as identifying emerging markets or adjusting strategies based on seasonal trends. This demonstrates how DDDM fosters agility and innovation in responding to tourism challenges.

“Canadian Tourism Data Collective Webinar” [53:35 min] by Destination Canada⁶



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: Canadian tourism data collective webinar (<https://youtu.be/7hEEg9A274g?si=IGPUT5cNsHPCBazs>)



3. Improved Strategic Alignment

Coordinated Efforts Across Teams: Access to consistent and up-to-date information ensures that all departments are

aligned in their strategic goals and marketing efforts. This promotes collaboration and ensures that everyone is working towards common objectives.

4. Identification of Opportunities and Risks

Proactive Market Positioning: Marketing information systems help identify emerging trends, potential risks, and new opportunities for growth. By staying informed about changing market conditions, businesses can adapt quickly and maintain a competitive edge.

5. Enhanced Efficiency and Resource Optimization

Streamlined Processes: By automating data collection, analysis, and reporting, marketing information systems save time and resources. This allows teams to focus on value-added activities, such as developing creative strategies and optimizing marketing performance.

6. Continuous Improvement and Innovation

Ongoing Performance Evaluation: Regular monitoring and analysis of marketing data enable businesses to identify areas for improvement and make necessary adjustments to their strategies. This ensures that marketing efforts remain effective and aligned with business goals.

Examples Organizations Using MIS for Strategic Decision Making

Here are examples of organizations that effectively use marketing information and systems to inform their strategic decisions and optimize marketing efforts.

Amazon⁷:

- **Use of Data-Driven Marketing:** Amazon is renowned for its sophisticated use of data-driven marketing strategies. The company collects vast amounts of customer data from its website, emails, and other digital platforms to create personalized shopping experiences. This data is used to tailor product recommendations, suggest add-on items, and optimize search results.
- **Strategic Impact:** By leveraging customer insights, Amazon enhances customer loyalty and engagement, driving increased sales and repeat purchases. The personalized approach not only improves customer satisfaction but also helps Amazon maintain a competitive edge in the e-commerce space.

Starbucks⁸:

- **Implementation of Marketing Information Systems:** Starbucks utilizes its customer loyalty program and mobile app to collect data on customer purchases, preferences, and behaviours. This data-driven approach allows Starbucks to deliver personalized offers and recommendations to each customer.
- **Strategic Impact:** The personalized marketing efforts have resulted in higher engagement rates, increased sales, and improved customer loyalty. By enhancing the customer experience with relevant and timely offers, Starbucks strengthens its brand and fosters long-term customer relationships

Marriott International⁹:

- **Use of CRM and Data Analytics:** Marriott International leverages its CRM system to gather and analyze data from its extensive loyalty program, Marriott Bonvoy. This system collects information on guest preferences, behaviours, and feedback – allowing Marriott to personalize guest experiences and tailor marketing campaigns.
- **Strategic Impact:** By using data-driven insights, Marriott can offer personalized promotions and services, enhancing customer satisfaction and loyalty. This approach helps Marriott maintain a competitive edge by delivering unique and memorable guest experiences, ultimately driving repeat business and increasing revenue.

Example Expedia Group Leveraging MIS for Travel Innovation

Expedia Group's strategic use of marketing information systems (MIS)¹⁰ exemplifies the concepts discussed in this chapter, demonstrating how data-driven decision-making can transform a company's marketing approach and customer experience in the travel industry.

Background

Facing challenges with a fragmented structure of 21 brands, Expedia Group undertook a significant technological transformation to unify its platform and leverage the power of data and AI across its operations.

Implementation of MIS Components

Expedia's approach aligns closely with the four key components of a marketing information system:

1. Internal Records System:

- Consolidated 70 petabytes of traveler data on a unified AWS cloud platform
- Streamlined data from multiple brands for comprehensive analysis

2. Marketing Intelligence System:

- Utilizes advanced analytics to monitor market trends and competitor activities
- Employs AI to analyze customer behaviour patterns and anticipate market shifts

3. **Marketing Research System:**

- Conducts ongoing analysis of customer preferences and booking patterns
- Integrates feedback from various touchpoints to inform product development

4. **Marketing Decision Support System (MDSS):**

- Implements AI-powered tools for predictive analytics and personalization
- Utilizes data insights to optimize pricing strategies and marketing campaigns

Key AI-Driven Innovations

Expedia's MIS has enabled several cutting-edge features:

1. **AI-Powered Trip Planning:**

- Integrated ChatGPT into the Expedia iOS app for conversational trip planning
- Offers personalized recommendations based on user preferences and historical data

2. **Smart Hotel Shopping:**

- Uses machine learning algorithms for dynamic pricing and personalized hotel suggestions
- Analyzes traveler characteristics and trip details to enhance the booking experience

3. **Automated Customer Support:**

- Deployed AI-powered virtual agents to handle customer queries
- Processed over 30 million conversations, saving significant operational costs

Impact on Marketing Strategy

Expedia's use of MIS has resulted in:

- **Enhanced Personalization:** Tailored marketing messages and travel recommendations for individual customers
- **Improved Customer Acquisition and Retention:** Leveraged CRM systems to understand and predict customer behaviour
- **Operational Efficiency:** Saved approximately \$150 million in one year through AI-powered customer support
- **Competitive Differentiation:** Positioned Expedia as a leader in AI-driven travel services

Expedia Group's case demonstrates the transformative power of a well-implemented marketing information system in the travel industry. By integrating all four MIS components and leveraging AI, Expedia has created a data-driven marketing strategy that enhances customer experiences, improves operational efficiency, and drives innovation in travel planning and booking processes.

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Summary

This chapter emphasized the critical role of data in modern marketing decision-making. It introduced marketing information systems (MIS) as an organized framework for collecting, analyzing, interpreting, and disseminating marketing data. This chapter outlined the four key components of an MIS – internal records, marketing intelligence systems, marketing research, and marketing decision support systems – and illustrated their practical application through examples like restaurant operations.

The chapter also explored the systematic process of **marketing research**, detailing its steps: problem identification, research plan development, data collection, analysis, presentation of findings, and decision-making. It highlighted the advantages and challenges of using both primary and secondary data sources while distinguishing between qualitative and quantitative research methods.

A significant focus was placed on **customer relationship management (CRM) systems**, which integrate with MIS to enhance customer engagement across the lifecycle stages – awareness, engagement, conversion, retention, loyalty, and advocacy. Real-world scenarios demonstrate how CRM systems enable personalized interactions and data-driven strategies in sectors such as hospitality.

Emerging trends in marketing research are also discussed, including AI-driven analytics, digital qualitative tools like virtual focus groups, and synthetic data for privacy-conscious studies. These innovations are reshaping how organizations gather insights and adapt to changing consumer behaviour.

Key Takeaways

1. **Marketing Information Systems (MIS):** MIS provides a structured approach to transforming raw data into meaningful information for strategic decision-making. Its components – internal records, intelligence systems, research processes, and decision support tools – work together to offer a comprehensive view of market dynamics.
2. **Marketing Research:** This process helps organizations address specific challenges by collecting relevant data through primary or secondary sources. While primary data offers tailored insights through methods like surveys or focus groups, secondary data provides cost-effective background information from existing sources.
3. **Qualitative vs. Quantitative Data:** Qualitative methods explore motivations and attitudes through open-ended tools like interviews or observations. Quantitative methods provide measurable insights using structured tools like surveys or experiments.
4. **CRM Systems:** CRM platforms centralize customer data to improve interactions at every stage of the customer lifecycle – from initial awareness to loyalty advocacy. They integrate seamlessly with MIS to enhance strategic alignment across departments.
5. **Emerging Trends:** Innovations such as AI-powered analytics enable predictive modeling and hyper-personalization. Digital qualitative tools expand access to diverse perspectives while synthetic data

addresses privacy concerns.

Exercises

Check your Understanding

Exercise 1: Marketing Information Systems Components

Scenario: You are a marketing manager at a boutique hotel in Vancouver.

Task: Identify examples of each MIS component for your hotel.

Recommended Answer

- **Internal Records:**
 - Guest booking data and occupancy rates
 - Revenue per available room (RevPAR)
 - Customer feedback forms
 - Loyalty program membership data
 - **Marketing Intelligence:**
 - Competitor rate monitoring
 - Industry trend reports
 - Social media sentiment analysis
 - Travel industry news updates
 - **Marketing Research:**
 - Guest satisfaction surveys
 - Focus groups for new amenity offerings
 - Website usability studies
 - Market demand analysis
 - **Marketing Decision Support:**
 - Pricing optimization tools
 - Demand forecasting models
 - Customer segmentation analysis
 - Revenue management systems
-

Exercise 2: Primary vs. Secondary Data

Task: For each research objective below, indicate whether primary or secondary data would be more appropriate and explain why.

- a. Understanding current market size
- b. Testing new menu items
- c. Analyzing competitor pricing
- d. Evaluating customer service satisfaction

Recommended Answer

- a. Secondary – Existing industry reports and government statistics can provide this information cost-effectively
 - b. Primary – Direct customer feedback needed through taste tests and surveys
 - c. Secondary – This information is publicly available and can be gathered through market observation
 - d. Primary – Direct feedback needed through surveys or interviews to understand specific experiences
-

Exercise 3: Qualitative Research Design

Scenario: A resort wants to understand why guests choose their property over competitors.

Task: Design a qualitative research approach by:

- a. Selecting appropriate research methods
- b. Identifying key questions to ask
- c. Determining the target participants

Recommended Answer

- a. **Methods:** In-depth interviews and focus groups
 - b. **Key Questions:**
 - “What factors influenced your decision to book with us?”
 - “How does our resort differ from others you have visited?”
 - “What amenities or services were most important in your decision?”
 - c. **Target Participants:**
 - Recent first-time guests
 - Repeat customers
 - Travel agents who book with the resort
-

Exercise 4: Data Collection Challenges

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 4: Data Collection Challenges (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-4-summary/#h5p-6>)



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<https://marketingmap.pressbooks.tru.ca/?p=194#h5p-6>
(<https://marketingmap.pressbooks.tru.ca/?p=194#h5p-6>)

Exercise 5: CRM Lifecycle Analysis

Scenario: A tour operator wants to improve customer relationships across the lifecycle.

Task: Identify one CRM strategy for each stage of the customer lifecycle.

Recommended Answer

- **Awareness:** Targeted social media campaigns based on customer demographics
- **Engagement:** Personalized email newsletters with relevant travel content
- **Conversion:** Special offers based on browsing history
- **Retention:** Post-trip follow-up surveys and personalized thank-you notes
- **Loyalty:** VIP program with exclusive benefits for repeat customers
- **Advocacy:** Referral rewards program and user-generated content campaigns

Exercise 6: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to

Exercise 6: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-4-summary/#h5p-5>)



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<https://marketingmap.pressbooks.tru.ca/?p=194#h5p-5>
(<https://marketingmap.pressbooks.tru.ca/?p=194#h5p-5>)

Further Learning Marketing Research Resources

Gapminder (<http://www.gapminder.org/>) (known for debunking common myths about global development) provides free visual tools and resources, making complex global data understandable through interactive graphs and charts.

Our World in Data (<http://ourworldindata.org/>) offers an extensive collection of charts, maps, and data insights on major global issues. It is highly regarded for its thorough datasets and visualizations, which can be useful in understanding trends and patterns in various sectors including tourism (e.g., international travel impacts and economic contributions).

UNWTO (United Nations World Tourism Organization) eLibrary (<http://www.e-unwto.org/>) offers access to books, journals, and statistics on tourism sector performance, including detailed international tourism data.

WTTC (World Travel & Tourism Council) Data Gateway (<http://www.wttc.org/>) provides research on the economic and social impact of the tourism industry, including detailed annual research reports.

Statista (<http://www.statista.com/>) provides access to data on 80,000 topics from over 18,000 sources, covering various industry sectors, including extensive tourism market data.

Tourism Economics (<http://www.tourismeconomics.com/>) specializes in economic analysis related to travel and tourism, providing data on travel demand, forecasts, and economic impacts.

World Bank Open Data (<http://data.worldbank.org/>) provides free and open access to global development data, including tourism indicators like international arrivals and receipts.

Eurostat (<http://ec.europa.eu/eurostat>), the statistical office of the European Union, offers a range of statistical information, including detailed tourism statistics.

OECD iLibrary (<http://www.oecd-ilibrary.org>) is a source of statistical data and research on economic and social topics, providing comprehensive data on tourism economics and policies.

UN Data (<http://data.un.org>) is a comprehensive data source offering a wide range of international statistics, including tourism-related data collected by the UN.

IMF eLibrary Data Portal (<http://data.imf.org>) offers extensive macroeconomic data which is crucial for analyzing economic trends relevant to the tourism sector.

NationMaster (<http://www.nationmaster.com>) is a comprehensive statistical database that allows easy comparison of various statistics, including tourism metrics, across countries.

Glossary of Key Terms

Artificial Intelligence (AI): The use of computer systems to simulate human intelligence, enabling tasks such as data analysis, predictive modeling, and automation in marketing research.

Bias: A systematic error in data collection that can distort research findings, such as selection bias (non-representative sampling) or response bias (inaccurate participant responses).

Customer Relationship Management (CRM): A system or strategy for managing interactions with current and potential customers, enhancing relationships across the customer lifecycle.

Data: Raw, unorganized facts and figures without context, such as numbers, symbols, or text.

Digital Qualitative Research: The use of online tools and platforms to collect qualitative data, such as virtual focus groups or social media analytics.

Environmental Scanning: The continuous monitoring of the business environment to identify trends, opportunities, and competitive actions.

Experiments: A research method where variables are controlled and manipulated to test cause-and-effect relationships in marketing scenarios.

Focus Groups: A qualitative research method where a moderator leads a small group discussion to gather insights about products, services, or concepts.

Information: Data that has been processed and organized to provide meaning and insights for decision-making.

Internal Records: Data generated within an organization, such as sales data, customer interactions, and financial records.

Interviews: A qualitative research method involving one-on-one conversations to gather detailed information about opinions, experiences, and preferences.

Marketing Decision Support System (MDSS): Tools that assist marketing managers in analyzing data through statistical analysis, modeling, and simulations to make informed decisions.

Marketing Information System (MIS): An organized framework for collecting, analyzing, interpreting, storing, and disseminating marketing data to support decision-making.

Marketing Intelligence System: A component of MIS used to monitor external environments for trends, opportunities, and threats.

Marketing Research: A systematic process of collecting, analyzing, and interpreting data to address specific marketing challenges or opportunities.

Observational Research: A method of collecting data by watching and recording behaviour in natural settings without direct interaction.

Primary Data: Original data collected specifically for a research project through methods like surveys, interviews, or experiments.

Qualitative Data: Non-numerical information that explores motivations and attitudes through methods like interviews or focus groups.

Quantitative Data: Numerical information that can be measured and analyzed statistically to identify patterns and trends.

Secondary Data: Pre-existing data collected for another purpose but repurposed for current research needs. Examples include government reports or industry publications.

Survey: A research method using structured questions to collect data from a sample of respondents.

Synthetic Data: Artificially generated data that mimics real-world responses while addressing privacy concerns and data scarcity.

Web Analytics: Tools and methods used to measure and analyze website traffic and user behaviour.

CHAPTER V

CRAFTING THE OFFER: PRODUCTS

Learning Outcomes

Products are much more than just the physical items or services you buy – they are complex bundles of value designed to meet your needs. In this chapter, we dive into the fascinating world of products and explore how organizations create offers that truly connect with their audiences. From understanding the different layers of a product to building strong brands, we will learn about the strategies that lead to successful new product development.

Imagine walking into a luxurious hotel room, enjoying a gourmet meal at a famous restaurant, or booking an adventure tour in the stunning Canadian Rockies. Each of these experiences is a thoughtfully crafted product, designed to meet specific consumer needs and leave a lasting impression. We will look at frameworks like the 8 Ps of services marketing and the servicescape model to see how businesses create value for their customers.

This chapter shows how successful brands combine a deep understanding of products, excellent service, and effective customer experience management to deliver unforgettable experiences. We will explore how companies build lasting relationships with customers through smart product design, strong branding, and excellent service.

After reading this chapter, you should be able to:

- **Understand and Classify Products:** Define what makes up a product, including physical goods, services, and experiences. Use models like the levels of a product and types of consumer products to classify them.
- **Explain Branding Concepts:** Describe how branding works in marketing, including brand identity elements, brand equity components, and how strong branding affects consumer perception and business success.
- **Understand Packaging's Role in Marketing:** Discuss how packaging shapes consumer perceptions and enhances brand messaging.
- **Describe Popular New Product Development and Adoption Models:** Understand various models and frameworks that guide new product development and adoption.
- **Apply Services Marketing Frameworks:** Use the 8 Ps of services marketing, servicescape model, and Lovelock's service categories to analyze and improve service offerings in tourism and hospitality contexts.
- **Evaluate Service Quality:** Apply frameworks like the services marketing triangle, service profit chain, gap model, and RATER framework to assess and enhance service delivery.
- **Implement Service Management Strategies:** Develop strategies for managing differentiation, quality, physical evidence, employee performance, capacity, and customer relationships in service organizations.
- **Apply Customer Experience Management (CEM):** Design and deliver positive customer interactions across all touchpoints throughout the customer journey while ensuring consistent service quality.

Opening Thoughts

G Adventures: Crafting the Offer in Travel

G Adventures (<https://www.gadventures.com/>), a pioneering Canadian adventure travel company, exemplifies how understanding, developing, and branding unique products can create a powerful and differentiated market presence¹².

Understanding Products: G Adventures offers adventure travel experiences that meet the core need for exploration, relaxation, and personal growth. Their product can be classified as a shopping product due to its higher price point and the extensive research consumers undertake before booking, but it also has elements of a specialty product due to its unique, eco-friendly focus. The tangible product includes the itinerary, accommodations, and guided tours, while the augmented product encompasses customer service, emergency support, and sustainability initiatives. The promised product includes the personal transformation and memories that travelers take home with them.

Branding: G Adventures has built a strong brand identity around responsible travel, community involvement, and unique experiences. Their “G for Good” program, which supports local communities, contributes to brand equity by creating positive associations with social responsibility, environmental conservation, and cultural immersion. Their logo, color scheme, and the “Bring On the World” tagline are visual and emotional cues that resonate with their target market.

New Product Development: The company continuously innovates by introducing new itineraries, enhancing existing ones, and creating partnerships with local operators. For example, their “National Geographic Journeys with G Adventures” product line was developed in collaboration with National Geographic, combining adventure travel with educational content, demonstrating a strategic approach to product development that aligns with customer interests and brand values.

Packaging: While G Adventures’ packaging is primarily digital, it plays a crucial role in marketing. Their website, brochures, and promotional materials are designed to convey the adventure, authenticity, and sustainability of their offerings, influencing consumer perceptions and enhancing the brand’s message.

Service and Experience Products: G Adventures’ focus is on service and experience products, which are characterized by intangibility, inseparability, variability, and perishability. They differentiate their services through local guide expertise, personalized experiences, and a commitment to sustainability, creating memorable and unique travel experiences.

Customer Experience Management (CEM): G Adventures employs CEM strategies to ensure every touchpoint with the customer is aligned with their brand promise. From the booking process to post-trip follow-ups, they strive for seamless experiences that foster loyalty and satisfaction, with initiatives like flexible booking options and personalized travel experiences.

Strategic Marketing Insights: By integrating product understanding, branding, new product development, packaging, and CEM, G Adventures has crafted a marketing strategy that not only meets consumer needs but also aligns with their organizational goals of promoting sustainable and transformative travel experiences.

Their success lies in creating a holistic brand experience that resonates with their target audience, ensuring long-term loyalty and advocacy.

Chapter Topics

1. Understanding Products (#chapter-understanding-products)
2. Branding (#chapter-branding)
3. New Product Development (#chapter-new-product-development)
4. Packaging (#chapter-packaging)
5. Service and Experience Products (#chapter-service-and-experience-products)
6. Customer Experience Management (#chapter-customer-experience-management)

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Understanding Products

As we learned in Chapter 1 (#part-charting-the-course-marketing-foundations), a **product** is anything that can be offered to a market that might satisfy a need, want, or demand. It encompasses not only physical goods but also services, experiences, events, persons, places, properties, organizations, information, and ideas.

Consider a product as a bundle of attributes that can take various forms, including ideas, physical goods, services, or combinations of these.

Product Classification Models

Several classification models have been developed to help understand the complex and varied nature of products¹. Below are two common classification models for products:

- Levels of a product
- Types of consumer products

Levels of a Product

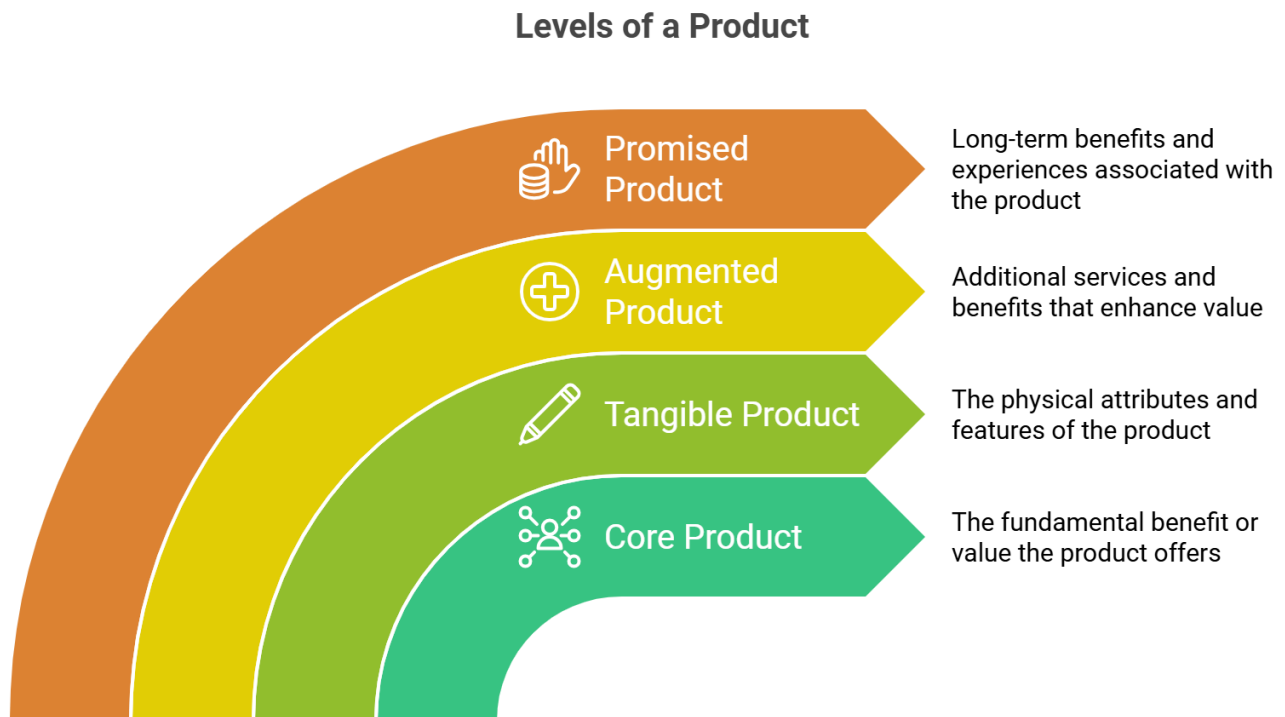


Figure 1 Levels of a product (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Levels of a product is a framework to understand the different layers of value a product offers to customers. The four levels are:

1. **Core Product:** The fundamental benefit or value that the consumer receives from the product. It addresses the primary need or problem the product solves.

Examples: For a smartphone, the core product is the ability to communicate and access information. For a bicycle, the core product might be improved health and fitness, as it provides exercise.

2. **Tangible Product:** Includes the physical attributes and features of the product that can be seen, touched, or measured, such as design, features, brand name, and packaging.

Examples: For a pair of jeans, the tangible product includes the fabric, style, colour, and brand. For a car, the tangible product includes the vehicle itself, its design, features like air conditioning, and the brand name.

3. **Augmented Product:** Includes additional services and benefits that enhance the product's value, such as warranties, customer service, and delivery options.

Example: For a car, the augmented product might include a warranty, free maintenance, and roadside assistance.

4. **Promised Product:** Involves the long-term benefits and experiences associated with the product, including brand reputation and customer satisfaction.

Example: For a luxury watch, the promised product includes prestige, status, and reliability over time.

Example An Airline Ticket from Montreal to Miami

The core product can vary significantly for different market segments, even when the tangible product remains the same. Using an airline ticket to Miami as an example, we can illustrate how the core product differs based on the needs and motivations of different target markets.



Figure 2 Airplane (Adam Khan/Unsplash) Unsplash license (<https://unsplash.com/license>)

Business vs. Leisure Traveler: Core Products

| Aspect | Business Traveler | Leisure Traveler |
|--------------------------|---|--|
| Motivation to Buy | "I need to be in Miami for a meeting." | "I need a break from my stressful life." |
| Core Product | Transportation and productivity | Escape and peace of mind |
| Tangible Product | Airline ticket from Montreal to Miami | Airline ticket from Montreal to Miami |
| Augmented Product | <ul style="list-style-type: none"> • Priority Boarding and Check-In: Business travelers often value time efficiency, so offering priority boarding and expedited check-in services can enhance their experience. • Lounge Access: Access to airport lounges with amenities such as Wi-Fi, refreshments, and quiet workspaces caters to the needs of business travelers who may need to work or relax before their flight. • In-Flight Wi-Fi and Power Outlets: Providing reliable Wi-Fi and power outlets allows business travelers to remain productive during their flight. | <ul style="list-style-type: none"> • Flexible Booking Options: Leisure travelers may appreciate flexible booking options, such as the ability to change travel dates without incurring fees, to accommodate their vacation plans. • In-Flight Entertainment: A wide selection of movies, TV shows, and games can enhance the travel experience for leisure travelers, making their journey more enjoyable. • Travel Packages: Offering bundled travel packages that include hotel accommodations, car rentals, or local attractions can add value for leisure travelers looking to simplify their vacation planning. |
| Promised Product | Success and convenience, as the traveler expects to arrive on time and be prepared for their business meeting. | Happiness and relaxation, as the traveler anticipates a stress-free and enjoyable trip that helps them unwind and rejuvenate. |

Types of Consumer Products

Understanding Consumer Product Types



Figure 3 Types of consumer products (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Types of consumer products classifies consumer products based on consumer buying behaviour, price, and product characteristics. The four main types are:

1. **Convenience Products:** Typically low-cost, frequently purchased items that require minimal effort for consumers to acquire. They are widely available in locations like convenience stores, supermarkets, and drug stores to provide easy access for shoppers. The key characteristics of convenience products are their standardized nature, low prices, consistent demand, and impulse-driven purchases.

Examples: Snacks, newspapers, and bottled water.

2. **Shopping Products:** Products purchased less frequently and involve more planning and comparison. Consumers evaluate different options based on price, quality, and style.

Examples: Clothing, cars, travel packages, electronics, appliances, and furniture.

3. **Specialty Products:** Unique items that consumers specifically seek out and are willing to make a special effort to purchase. These products often have unique characteristics or brand recognition that set them apart.

Examples: Luxury cars, gourmet dining experiences, custom made items, designer handbags, and high-end electronics.

4. **Unsought Products:** Items that consumers do not actively seek out or think about purchasing until a specific need arises. They often require significant marketing efforts to generate awareness and interest.

Examples: Life insurance, funeral services, legal services, and emergency services.



Figure 4 Boutique Mary's Popcorn Shop (Wilfredor/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

Examples Types of Consumer Products

Like our earlier airplane ticket example, consumer product classifications can vary for different market segments, even when the tangible product remains the same. This variation is primarily due to differences in consumer behaviour, preferences, and purchasing motivations within each segment. Below are some examples.

Convenience Products: For one segment, a product might be considered a convenience item due to its frequent purchase and low involvement in the buying process. For example, a basic smartphone might be a convenience product for tech-savvy consumers who regularly upgrade their devices without much thought.

Shopping Products: The same smartphone could be a shopping product for another segment that is more price-sensitive or less familiar with technology. These consumers might spend more time comparing features, prices, and brands before making a purchase decision.

Specialty Products: For a segment that values brand prestige or specific features, the smartphone might be classified as a specialty product. This could apply to consumers who are loyal to a particular brand or those who seek out the latest high-end models for their unique features.

Unsought Products: In some cases, the smartphone might be an unsought product for consumers who do not actively seek it out or are unaware of its benefits until a specific need arises, such as a sudden requirement for remote work or online learning.

The classification of a product can change based on how different market segments perceive its value, necessity, and desirability. This highlights the importance of market segmentation in developing targeted marketing strategies that address the specific needs and behaviours of each consumer group.

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Notes

1. Kotler, P., Keller, K. L., & Chernev, A. (2021). *Marketing management* (16th ed.). Pearson Education Limited.

Branding

The concept and study of branding has a rich academic history, with several seminal works shaping our understanding of this field. This section draws from some of the most influential academic literature on branding¹².

Brand History

The historical source of the term “brand” can be traced back to the Old Norse word *brandr*, which means “to burn.” This term originally referred to the practice of burning a mark onto livestock to signify ownership. Over time, the concept of branding evolved beyond livestock.

Artisans and merchants began using unique marks to indicate the source of their products, serving as a form of quality assurance. This practice was evident in ancient civilizations such as China, India, Greece, Rome, and Mesopotamia — where pottery and other goods were marked to identify their origin and craftsmanship.³⁴

As we can see, the term “brand” has its roots in ancient practices of marking ownership and has evolved into a complex concept involving identity, perception, and differentiation in modern marketing.

Brand Definition

There are many accepted definitions for the term “brand” in marketing literature. Here are two different definitions:

1. “A brand is any distinctive feature like a name, term, design, or symbol that identifies goods or services.”⁵
2. “A brand is the sum of all expressions by which an entity (person, organization, company, business unit, city, nation, etc.) intends to be recognized.”⁶

Brands create images that exist in your mind about products, organizations, and people.

Branding is the process of creating and managing the identity of a product, organization, or person. It encompasses the visual elements, messaging, and overall perception that consumers associate with a brand. Branding goes beyond just logos and design; it includes the experiences, feelings, and ideologies that a brand represents.

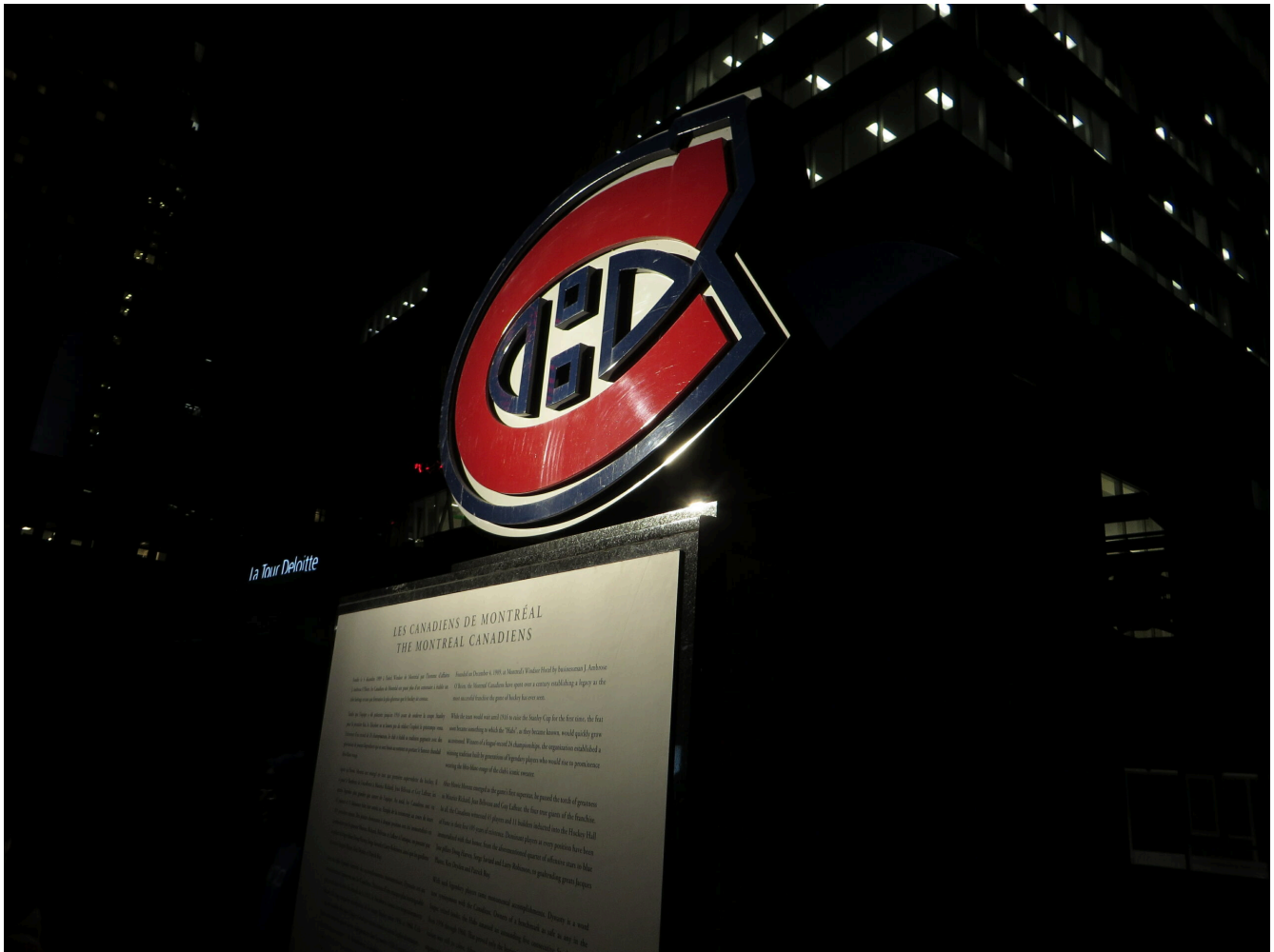


Figure 1 Montréal Canadiens Monument at the Centre Bell in Montréal (Ken Lund/Wikimedia Commons) CC BY-SA 2.0 (<https://creativecommons.org/licenses/by-sa/2.0/deed.en>)

Brands are Powerful

When you think of your favorite brands, you probably identify some of the traits or features of its products or services that explain rationally what makes it better than others. But rational explanations are just part of the story. Brands make you feel a certain way, and that feeling is difficult for any other brand to replicate.

Strong brands:

- Are powerful because they also tap into **emotions**.
- Can cause people to spend more money on a product than they would otherwise.
- Can create a sense of loyalty and even a tribal effect of dedicated fans that always chooses one company's product or services over another.

Brands are Complex

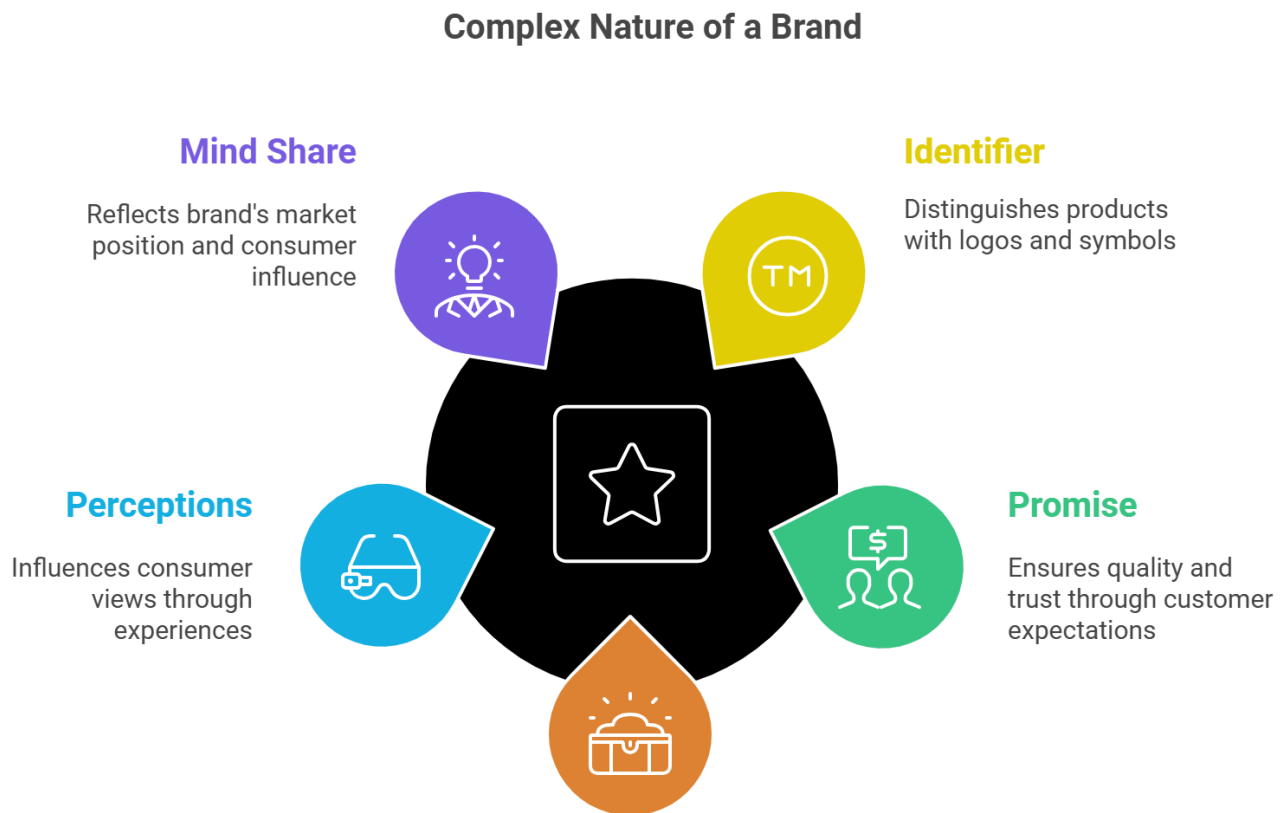


Figure 2 The complex nature of a brand (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

A brand is a(n):

1. **Identifier:** A brand serves as an identifier that distinguishes a company's products or services from those of competitors. This includes tangible elements like logos, names, symbols, and slogans.

Example: The Apple logo is a globally recognized identifier that distinguishes its products from other technology brands.

2. **Promise:** A brand represents a promise to customers about the quality, value, and experience they can expect. This promise builds trust and sets expectations for the brand's offerings.

Example: FedEx's promise of reliable and timely delivery is encapsulated in its slogan, "When it absolutely, positively has to be there overnight."

3. **Asset:** A brand is a valuable intangible asset that contributes to a company's overall worth. Strong brands can command premium pricing, foster customer loyalty, and provide competitive advantages.

Example: Coca-Cola's brand value is a significant asset, contributing to its market leadership and financial success.

4. **Set of Perceptions:** A brand is a set of perceptions held by consumers about a company or product. These

perceptions are shaped by experiences, marketing communications, and word-of-mouth.

Example: Tesla is perceived as an innovative and environmentally conscious brand due to its focus on electric vehicles and sustainable energy solutions.

5. **“Mind Share”:** A brand occupies a certain “mind share” in the consumer’s mind, representing the associations and emotions linked to the brand. It reflects the brand’s position in the market and its influence on consumer decisions.

Example: Google holds significant mind share as the go-to search engine, often used as a verb (“to google”) for searching information online.

Elements of a Brand

A brand includes a combination of **tangible** and **intangible** elements.

Tangible Elements

Tangible elements include visual design elements and distinctive product features.

Visual Design Elements

Visual elements include:

- **Logo:** The logo is a graphical representation that serves as the face of the brand, making it easily recognizable. For example, the golden arches of McDonald’s are instantly identifiable worldwide.
- **Color:** The color palette used by a brand can evoke specific emotions and associations. For instance, Coca-Cola’s use of red is associated with excitement and energy.
- **Typography:** The fonts and styles used in branding materials help convey the brand’s personality and tone. A luxury brand might use elegant, serif fonts to convey sophistication.
- **Images:** Visual imagery, including photos and graphics, supports the brand’s message and identity. Travel companies often use images of destinations to inspire wanderlust.
- **Tagline:** A memorable phrase that encapsulates the brand’s promise or mission. Nike’s “Just Do It” is a classic example that motivates and inspires action.
- **Packaging:** For physical products, packaging design plays a crucial role in attracting customers and conveying brand values. Apple’s minimalist packaging reflects its focus on simplicity and innovation.

Distinctive Product Features

Distinctive product features include:

- **Quality:** The perceived quality of a product or service is a key element of a brand. Brands like Rolex are

synonymous with high-quality craftsmanship.

- **Design Sensibility:** The aesthetic and functional design of a product can set a brand apart. Tesla's sleek car designs reflect its innovative approach to electric vehicles.
- **Personality:** A brand's personality is the set of human characteristics associated with it. For example, Red Bull's adventurous and energetic personality is reflected in its marketing campaigns.



Figure 3 Nike logo and tagline (michael davis-burchat/Flickr) CC BY-ND 2.0 (<https://creativecommons.org/licenses/by-nd/2.0/>)

Intangible Elements

Intangible elements include reputation, customer experience, and emotional connection.

Reputation

A brand's reputation is built over time through customer interactions, media coverage, and word-of-mouth. It reflects

the trust and credibility a brand has earned. For example, Disney is known for its family-friendly entertainment and magical experiences.

Customer Experience

The overall experience a customer has with a brand, from initial contact to post-purchase support, is a critical intangible element. Brands like Amazon focus on providing seamless and convenient shopping experiences.

Emotional Connection

Successful brands often create an emotional connection with their customers, fostering loyalty and advocacy. Harley-Davidson, for instance, evokes a sense of freedom and rebellion, resonating deeply with its community of riders.

Types of Brands

Brands can take various forms, each serving different purposes and targeting specific audiences. These include:

- Individual products
- Product ranges
- Services
- Organizations
- Individual persons
- Groups
- Events
- Geographic places
- Private label brands
- Media
- E-brands

Individual Products

An individual product brand is specific to a single product, giving it a unique identity separate from other products offered by the same company.

Examples Individual Products

Procter & Gamble's Tide detergent is an individual product brand that operates independently from other P&G products like Gillette or Pampers.

The "Heavenly Bed" by Westin Hotels & Resorts is an individual product brand that highlights a specific feature of the hotel experience, enhancing guest comfort and setting Westin apart from competitors.

Product Ranges

Product range brands encompasses a range of related products, often under a single brand name.

Examples Product Ranges

Apple's iPhone product range includes various models and versions, all under the iPhone brand, offering different features and price points.

Marriott Bonvoy is a product range brand that encompasses various loyalty programs and benefits across Marriott's portfolio of hotels, offering guests a consistent and rewarding experience.

Services

Service brands represents a service offered by a company, focusing on the customer experience and service quality.

Examples Services

FedEx is a service brand known for its reliable and fast delivery services.

Airbnb is a service brand that provides a platform for booking accommodations and experiences, focusing on the unique and local aspects of travel rather than owning physical properties

Organizations

Organization brands represents an entire organization, reflecting its values, culture, and mission.

Examples Organizations

Google is a corporate brand that encompasses a wide range of products and services, from search engines to cloud computing.

Hilton Worldwide Holdings Inc. is an organizational brand that represents a wide range of hotel brands under its umbrella, from luxury to mid-scale offerings, providing consistent quality and service across its properties

Individual Persons

Personal branding where an individual becomes the brand, often used by celebrities, influencers, and public figures.

Examples Individual Persons

Oprah Winfrey has developed a personal brand that encompasses her media presence, philanthropic efforts, and lifestyle products.

Celebrity chefs like Gordon Ramsay have personal brands that extend into the hospitality industry, with restaurants and culinary experiences that reflect their personal style and reputation.

Groups

Group brands represents a collective group, such as a band, sports team, or advocacy group.

Example Groups

The Beatles is a brand representing the iconic music group and is known for its influence on music and culture.

Events

Event brands are associated with a specific event, often recurring, that creates a unique experience for attendees.

Examples Events

The Olympics is a globally recognized event brand known for its sports competitions and international participation.

The Cannes Film Festival is an event brand that attracts filmmakers, celebrities, and tourists to the French Riviera; it is known for its prestige and influence in the film industry.

Geographic Places

Geographic place brands are associated with a specific location, promoting its unique attributes and attractions.

Example Geographic Places

Las Vegas is a geographic brand known for its entertainment, casinos, and nightlife.

Private Label Brands

Private label brands are owned by a retailer or supplier and sold exclusively in their stores.

Examples Private Label Brands

Walmart's Great Value is a private label brand offering a wide range of products at competitive prices.

Costco's Kirkland Signature brand includes travel packages and vacation deals, offering members exclusive access to discounted travel experiences.

Media

Media brands are associated with media outlets, including television networks, publications, and online platforms.

Examples Media

CNN is a media brand known for its news coverage and global reach.

Travel + Leisure is a media brand that provides travel content, guides, and recommendations – influencing travelers' choices and perceptions of destinations.

E-Brands

E-brands exist primarily online, offering digital products or services.

Examples E-Brands

Amazon is an e-brand known for its e-commerce platform and digital services.

Expedia is an e-brand that offers online travel booking services, providing customers with a convenient platform to plan and book their trips.

Brand Dimensions

A brand can convey meaning through various **dimensions**, including:

- Attributes
- Benefits
- Values
- Culture
- Personality
- User associations

Each of these elements contributes to how a brand is perceived and experienced by consumers.



Figure 4 Brand dimensions (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Attributes

The specific characteristics and features that define a brand. These can be tangible, such as the quality of service, or intangible, like brand reputation.

Example Attributes

The Ritz-Carlton (<https://www.ritzcarlton.com/>) is known for its luxurious accommodations and service. The brand's attributes include high-quality amenities, elegant design, and attention to detail, which set it apart as a leader in luxury hospitality.

Benefits

The advantages or positive outcomes that consumers associate with a brand. These can be functional, emotional, or experiential.

Example Benefits

Airbnb (<https://www.airbnb.ca/>) offers the benefit of unique and personalized travel experiences by allowing guests to stay in local homes, providing an authentic experience that traditional hotels may not offer.

Values

The core principles and beliefs that guide a brand's actions and decisions. They reflect what the brand stands for and are often aligned with the values of its target audience.

Example Values

Six Senses Hotels, Resorts, and Spas (<https://www.sixsenses.com/en/>) emphasize sustainability and wellness as core brand values, attracting environmentally conscious travelers who value eco-friendly practices.

Culture

Culture encompasses the shared values, beliefs, and practices within a brand and how it interacts with the broader cultural context.

Example Culture

Disney Parks and Resorts (<https://disneyarks.disney.go.com/ca/>) embody a culture of magic and imagination, creating a unique and enchanting environment for visitors that reflects the brand's commitment to family-friendly entertainment.

Personality

The human characteristics attributed to a brand. It shapes how consumers emotionally connect with the brand.

Example Personality

Virgin Atlantic (<https://www.virginatlantic.com/en-EU>) is known for its bold and innovative personality, appealing to travelers who value a lively and unconventional flying experience.

User

Relates to the typical consumer who uses the brand. It can influence how the brand is perceived by others.

Example User

Marriott Bonvoy (<https://www.marriott.com/default.mi>) targets frequent travelers who value loyalty rewards and consistent quality, attracting business travelers and vacationers who appreciate the benefits of a comprehensive loyalty program.

Characteristics of a Strong Brand

Strong brands have the characteristics listed in the table below.

Characteristics of a Strong Brand

| Characteristic | Definition | Example |
|---|--|---|
| Clearly delivers a message | A strong brand clearly communicates its message to its target audience, ensuring that consumers understand what the brand stands for and what it offers. | Volvo's brand message emphasizes safety and reliability, making it the go-to option for consumers seeking a safe vehicle. |
| Confirms the brand's credibility in the marketplace | A strong brand establishes credibility by consistently delivering on its promises and maintaining high-quality standards. | Patagonia's commitment to environmental sustainability and ethical business practices reinforces its credibility and attracts |

| | | |
|---|--|---|
| | | environmentally conscious consumers. |
| Emotionally connects target prospects with a product or service | A strong brand connects with consumers on an emotional level, fostering loyalty and advocacy. | Disney creates magical experiences that evoke emotions of joy and nostalgia, building a strong emotional bond with its audience. |
| Motivates the buyer to make a purchase | A strong brand motivates consumers to make a purchase by clearly demonstrating the value and benefits of its products or services. | Apple's innovative design and user-friendly technology motivate consumers to invest in its products, despite higher price points. |
| Creates user loyalty | A strong brand cultivates loyalty by consistently meeting or exceeding customer expectations, leading to repeat business and positive word-of-mouth. | Starbucks' focus on personalized customer experiences and high-quality coffee fosters a loyal customer base. |



Figure 5 Fairmont Banff Springs logo (Ron Cogswell/Wikimedia Commons) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/deed.en>)

A strong brand will in turn build brand equity

Brand Equity

Brand equity refers to the value a brand adds to a product or service, beyond its functional attributes. This value is derived from consumer perceptions, experiences, and associations with the brand.

Brand equity is:

- The value premium that a company generates from a product with a recognizable name, compared to a generic equivalent.
- The measure of a brand's worth and the influence on customer behaviour, perception, and decision-making.
- The value and strength of a brand's reputation in the market.

Example

Brand Equity is Worth More Than You May Think!

Brand equity is a powerful asset that often holds more value than many people realize.

Visit Brand Finance's Equity Rankings (<https://brandirectory.com/rankings/>)⁷ for insights into the world's most valuable and strongest brands.

Components of Brand Equity

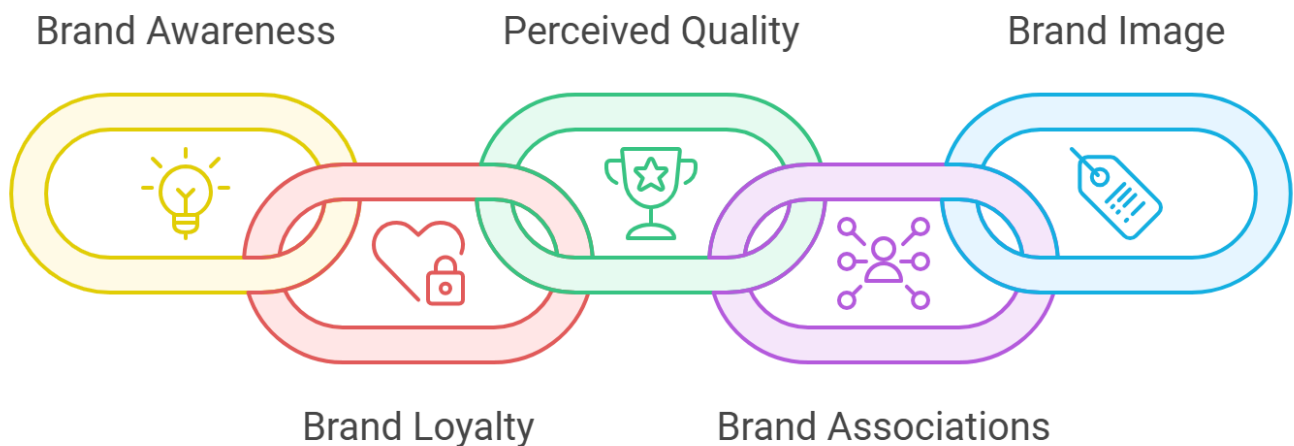


Figure 6 Components of brand equity (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

The components of brand equity include:

- **Brand Awareness:** The extent to which consumers are familiar with and recognize a brand. High brand awareness increases the likelihood of consumers choosing the brand over competitors.
- **Brand Loyalty:** The degree to which consumers consistently choose a specific brand over others. Loyal customers contribute to stable sales and can act as brand advocates.
- **Perceived Quality:** The level of quality that consumers associate with a brand. Brands perceived as high-quality can command premium prices and enjoy a competitive advantage.
- **Brand Associations:** The emotional or psychological associations that consumers connect with a brand, such as feelings of trust, reliability, or nostalgia.
- **Brand Image:** The perception of attributes that consumers have of a brand, such as quality, reliability, and uniqueness.

Example Components of Brand Equity

To illustrate the components of brand equity, let's consider a scenario involving a fictional Canadian eco-friendly adventure tourism company called "Frontier Spirit Expeditions."



Figure 7 Hiker at Moraine Lake (Ali Kazal/Pexels) Pexels license (<https://www.pexels.com/license/>)

Frontier Spirit Expeditions is a tour operator specializing in sustainable wilderness experiences across Canada's diverse landscapes. Let's examine how each component of brand equity contributes to their overall success:

Brand Awareness: Frontier Spirit Expeditions has invested in targeted marketing campaigns showcasing Canada's natural beauty and their commitment to responsible tourism. They have partnered with popular travel influencers and environmental organizations to increase visibility. As a result, when Canadians think of eco-friendly adventure tours, Frontier Spirit Expeditions often comes to mind first.

Brand Loyalty: The company has cultivated a loyal customer base through exceptional service and memorable

experiences. They offer a rewards program called “Wilderness Rewards” where repeat customers earn points towards free trips or exclusive experiences. Many satisfied customers become brand advocates, sharing their experiences on social media and recommending Frontier Spirit Expeditions to friends and family.

Perceived Quality: Frontier Spirit Expeditions has built a reputation for high-quality, expertly guided tours that prioritize both guest safety and environmental conservation. They use top-of-the-line eco-friendly equipment and employ highly trained local guides. This perception of quality allows them to charge premium prices for their tours, attracting discerning travelers who are willing to pay more for a superior experience.

Brand Associations: The company has successfully associated its brand with values such as environmental stewardship, adventure, and authentic Canadian experiences. Customers associate Frontier Spirit Expeditions with the feeling of connecting with nature, learning about local ecosystems, and contributing to conservation efforts. These positive associations strengthen the emotional bond between the brand and its customers.

Brand Image: Frontier Spirit Expeditions has cultivated an image of being the go-to company for responsible, educational, and exciting wilderness adventures in Canada. They’re known for their commitment to minimizing environmental impact, supporting local communities, and providing unique, off-the-beaten-path experiences. This image sets them apart from competitors and attracts environmentally conscious travelers looking for more than just a typical vacation.

Summary

By effectively developing these five components of brand equity, Frontier Spirit Expeditions has created a strong, recognizable brand in the competitive tourism industry.

Their brand equity allows them to:

- Command premium prices for their tours.
- Enjoy high customer retention and word-of-mouth referrals.
- Weather economic downturns better than less established competitors.
- Expand into new markets or tour offerings more easily.
- Attract top talent in the industry who want to work for a respected brand.

This example demonstrates how a company can leverage the components of brand equity to create a powerful, memorable brand that resonates with its target audience and drives long-term success.

Importance of Brand Equity

Having strong brand equity can result in the following:

- **Competitive Advantage:** They can differentiate themselves from competitors, command higher prices, and foster customer loyalty.
- **Financial Performance:** They can lead to increased sales, profitability, and market share. It also allows companies to expand product lines under the same brand name, leveraging existing consumer trust.
- **Resilience:** They are better positioned to withstand market challenges and recover from negative events, as they have established a strong reputation and customer base.

Brand Strategy

Branding is a strategic process that involves creating a unique identity and image for an organization or product, or person in the minds of consumers. To create a strong identity, a brand relies on a solid platform, with its elements aligned, so that it is perceived positively and uniquely in the eyes of its target market(s).

The brand platform provides the strategic foundation, brand alignment ensures consistency in execution, and brand positioning defines how the brand is uniquely positioned in the market. Together, these elements work to create a cohesive and differentiated brand identity.

Building a Strong Brand Identity

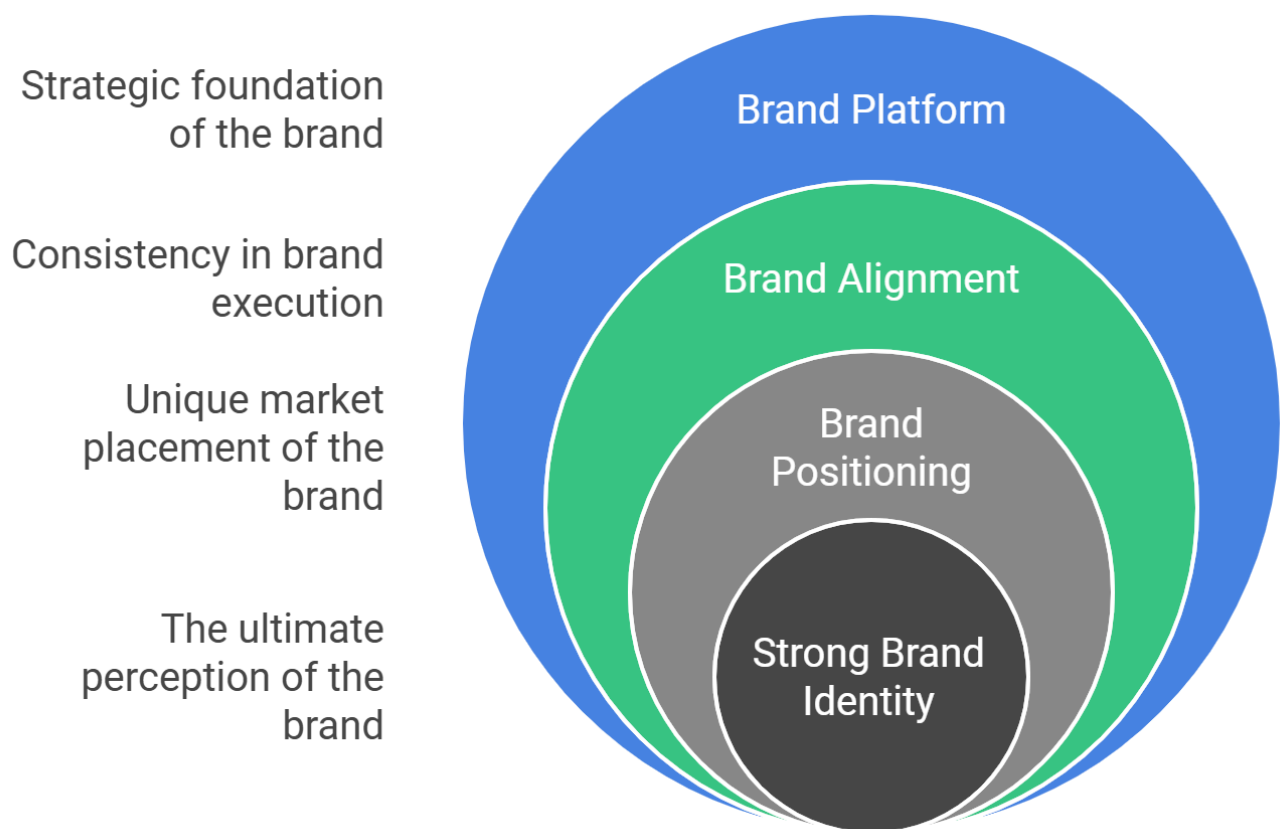


Figure 8 Building a strong brand identity (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Brand Platform

A brand platform is a framework that defines the core elements of a brand's identity and guides all brand-related activities.

Key components typically include:

- **Brand Mission:** The brand's purpose and the value it aims to offer.
- **Brand Vision:** The brand's long term goals and aspirations.
- **Brand Values:** Principles that guide the brand's actions and decisions.
- **Brand Personality:** Human characteristics attributed to the brand.
- **Target Audience:** The primary consumers the brand aims to reach.
- **Key Messaging Points:** Core messages that communicate the brand's identity and value.

It serves as the foundation for maintaining brand consistency and alignment across all aspects of the brand.

Brand Alignment

Brand alignment refers to how consistent and cohesive a brand is internally and externally.

Benefits of brand alignment include:

- Building customer trust through consistent experiences
- Increasing employee engagement by aligning with brand purpose
- Improving marketing and sales results
- Protecting brand assets

Achieving alignment requires ensuring internal stakeholders understand the brand and delivering on brand promises externally.

Brand Positioning

Brand positioning is how a brand is perceived in relation to competitors in the minds of customers. It involves defining the unique value proposition and differentiators of a brand.

Key elements of positioning include:

- Target audience
- Frame of reference (product/service category)
- Point of difference (unique benefits)
- Reasons to believe (proof points)

A positioning statement articulates how a brand wants to be perceived by its target audience.

Example Red Bull's Brand Strategy



Figure 9 Red Bull Mini Cooper vehicle (Praison Frank/pixahive) CC0 1.0 (<https://creativecommons.org/publicdomain/zero/1.0/>)

Red Bull's brand strategy⁸ is a masterclass in creating a powerful, consistent, and engaging brand identity. Let's explore the key components of their strategy.

Brand Platform

Red Bull's brand platform is built on the foundation of energy, adventure, and pushing limits. Their iconic slogan, "Red Bull gives you wings," encapsulates the brand's promise of providing an energy boost that enables consumers to achieve extraordinary feats.

This platform is supported by several key elements:

- **Core Values:** Energy, adventure, innovation, and high performance.
- **Brand Essence:** Empowering individuals to exceed their limits.
- **Brand Promise:** Enhancing physical and mental performance.

Brand Alignment

Red Bull ensures strong brand alignment across all touchpoints, creating a cohesive and recognizable brand experience.

Content Strategy: Red Bull's content revolves around authenticity and aligning with its brand identity. They produce a wide range of content that reflects their core values of energy, adventure, and pushing limits.

This content includes:

- High-quality videos of extreme sports events
- Behind-the-scenes footage of athletes
- Immersive documentaries
- Articles and interviews related to adventure and performance

Visual Identity: The brand maintains a consistent visual identity across all platforms:

- **Logo:** Two charging red bulls with a yellow sun background, symbolizing power and energy
- **Color Scheme:** Predominantly blue, silver, and red – creating a bold and energetic visual impact
- **Packaging:** Sleek, modern design that conveys a premium, high-quality feel



Figure 10 Red Bull's visual identity (psclot/Flickr) CC BY-SA 2.0 (<https://creativecommons.org/licenses/by-sa/2.0/>)

Sponsorships and Events: Red Bull aligns its brand with activities that reinforce its identity:

- Sponsoring extreme sports events (e.g., Red Bull Flugtag and Red Bull Air Race)
- Partnerships with Formula 1 racing teams and drivers
- Involvement in music festivals and cultural events

Brand Positioning

Red Bull has successfully positioned itself as more than just an energy drink; it is a lifestyle brand associated with adventure, vitality, and pushing boundaries. Key aspects of their positioning include its target audience, unique selling proposition, and brand associations.

Target Audience: Red Bull focuses on young adults aged 18–34 who lead active lifestyles and seek energy boosts for their various activities.

This audience includes:

- College students
- Young professionals
- Sports enthusiasts
- Adrenaline junkies

Unique Selling Proposition: Red Bull differentiates itself by offering not just an energy drink, but an entire lifestyle and experience.

Their positioning emphasizes:

- **Performance Enhancement:** Both physical and mental.
- **Adventure and Excitement:** Association with extreme sports and daring feats.
- **Premium Quality:** Justifying a higher price point compared to competitors.

Brand Associations: Red Bull has cultivated strong associations with:

- Extreme sports and adventure
- High-energy activities and events
- Innovation and pushing boundaries
- Youth culture and trendsetting

Summary

By consistently applying these elements across all aspects of their marketing and operations, Red Bull has created a powerful and distinctive brand that resonates deeply with its target audience. This comprehensive brand strategy has been instrumental in Red Bull's success, allowing them to dominate the energy drink market and expand their influence into various lifestyle sectors.

Watch the following videos to learn more:

“How Red Bull Makes Money” [8:03 min] by Athletic Interest⁹



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: How Red Bull makes money (<https://youtu.be/cBRNQMoITPw?si=OsZ31e7uUti4-J55>)



“How Red Bull Got Us Hooked on Energy” [6:08 min] by Bloomberg Originals¹⁰



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: How Red Bull got us hooked on energy (https://youtu.be/vo5c8_pk8L0?si=xPFeuzM1-Kak-S1z)



“Brand Master Academy: Brand Storytelling Strategy [Red Bull Example & Case Study]” [8:10 min] by Brand Master Academy¹¹



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: *Brand Master Academy: Brand storytelling strategy [Red Bull example & case study]* (<https://youtu.be/iqdTawJQN8w?si=xE66d5HrxqZgmIr6>)



Examples Branding Strategies




Here are some branding strategies with examples.

Branded House

A **branded house** is a single brand name that supports multiple related products or services. This strategy leverages the brand equity of the parent brand across all offerings.

Branded House Examples


| Brand | Strategy | Image |
|-------|----------|-------|
|-------|----------|-------|


| | | |
|--|--|--|
| <p>Apple (https://www.apple.com/ca/)</p> | <p>Offers a range of products like iPhone, iPad, and Mac under the Apple brand, maintaining a consistent brand identity and reputation.</p> |  <p>Figure 11 Apple logo (Yusuf P/ Pexels) Pexels license (https://www.pexels.com/license/)</p> |
| <p>Google (https://about.google/products/#all-products)</p> | <p>Provides various services such as Google Search, Google Maps, and Google Drive, all under the Google brand.</p> |  <p>Figure 12 Google search engine on screen (Sarah Blockside/ Pexels) Pexels license (https://www.pexels.com/license/)</p> |
| <p>Virgin (https://www.virgin.com/virgin-companies)</p> | <p>Uses the Virgin brand across diverse sectors, including airlines (Virgin Atlantic), music (Virgin Records), and telecommunications (Virgin Mobile).</p> |  <p>Figure 13 Virgin Atlantic (Alan Wilson / Wikimedia Commons) CC BY-SA 2.0 (https://creativecommons.org/licenses/by-sa/2.0/deed.en)</p> |

House of Brands

A **house of brands** is a parent company that owns multiple distinct brands, each with its own identity and target market.

House of Brands Examples


| Brand | Strategy | Image |
|--|---|---|
| <p>Unilever (https://www.unilever.ca/brands/)</p> | <p>Owns a variety of brands like Dove, Axe, and Lipton, each with distinct branding and marketing strategies.</p> |  <p>Figure 14 Unilever logo (Deedorm/Wikimedia Commons) CC0 1.0 (https://creativecommons.org/publicdomain/zero/1.0/deed.en)</p> |

| | | |
|--|---|---|
| <p>Marriott International (https://www.marriott.com/marriott-brands/explore-our-brands.mi)</p> | <p>Marriott International is a prime example of a house of brands in the hospitality industry. With over 30 distinct brands, Marriott targets various traveler segments and price points.</p> |  <p>Figure 15 Toronto Marriott Markham (Raysonho/Wikimedia Commons) CC0 1.0 (https://creativecommons.org/publicdomain/zero/1.0/deed.en)</p> |
|--|---|---|

Private Label or Store Branding

Private label or store branding is when retailers create their own branded products, often positioned as lower-cost alternatives to national brands.


Private Label or Store Branding Example

| Brand | Strategy | Image |
|---|--|---|
| <p>Walmart (https://en.wikipedia.org/wiki/List_of_Walmart_brands)</p> | <p>Offers Great Value and Equate as private label brands, providing cost-effective alternatives to national brands</p> |  <p>Figure 16 Walmart logo (Marques Thomas/Unsplash) Unsplash license (https://unsplash.com/license)</p> |

“No Brand” Branding

“No brand” branding is a minimalist approach that emphasizes simplicity and quality without relying on a prominent brand name.

“No Brand” Branding Example

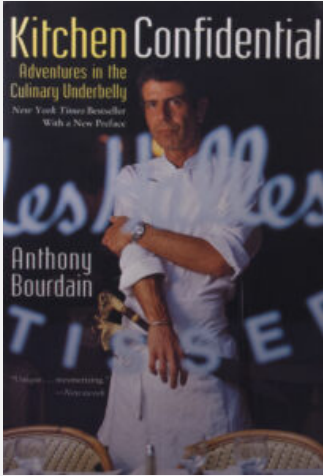

| Brand | Strategy | Image |
|--|---|--|
| <p>Muji (https://www.muji.com/ca/)</p> | <p>A Japanese retailer known for its no-logo, minimalist products that focus on functionality and simplicity.</p> |  <p>Figure 17 Opening of Muji store in Toronto (Andre Williams/Flickr) CC BY-NC-ND 2.0 (https://creativecommons.org/licenses/by-nc-nd/2.0/)</p> |

Personal Branding

Personal branding focused on an individual to build reputation and influence.

Personal Branding Examples

| Brand | Strategy | Image |
|-------|----------|-------|
|-------|----------|-------|

| | | |
|--|---|---|
| <p>Anthony Bourdain (https://en.wikipedia.org/wiki/Anthony_Bourdain)</p> | <p>Known for his travel and culinary exploration shows, Anthony Bourdain's personal brand was built around his unique storytelling style and deep cultural insights. His brand emphasized authenticity and a passion for discovering local cuisines and cultures, making him a respected figure in both the travel and culinary worlds.</p> |  <p>Figure 18 Kitchen Confidential cover page (Thomas Cizauskas/Flickr) CC BY-NC-ND 2.0 (https://creativecommons.org/licenses/by-nc-nd/2.0/)</p> |
| <p>Richard Branson (https://en.wikipedia.org/wiki/Richard_Branson)</p> | <p>As the founder of the Virgin Group, Richard Branson's personal brand is synonymous with adventure and innovation. His ventures in the tourism sector, such as Virgin Atlantic Airways and Virgin Galactic, reflect his adventurous spirit and commitment to pushing boundaries in travel experiences.</p> |  <p>Figure 19 Richard Branson (Dave Malkoff/Flickr) CC BY-NC-SA 2.0 (https://creativecommons.org/licenses/by-nc-sa/2.0/)</p> |

“Designing a Purposeful Personal Brand From Zero to Infinity | Tai Tran | TEDxBerkeley ” [10:07 min] by TEDx Talks¹²



One or more interactive elements has been excluded from this version of the text. You can view them online here: [#oembed-4](https://marketingmap.pressbooks.tru.ca/?p=198#oembed-4) (#oembed-4)

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: *Designing a purposeful personal brand from zero to infinity* | Tai Tran | TEDxBerkeley (https://youtu.be/Alqt7pIbp_o?si=e3Vr6oSsWUumnLLK)



“Powerful Personal Branding | Ann Bastianelli | TEDxWabashCollege” [22:22 min] by TEDx Talks¹³



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: *Powerful personal branding* | Ann Bastianelli | TEDxWabashCollege (<https://youtu.be/hcr3MshYe3g?si=T3w4ttSIsPgJujfD>)



Organizational Branding

Organizational branding focused on an organization to build reputation and influence.

The Global RepTrak 100 (<https://www.reptrak.com/globalreptrak/>) is an annual report produced by The RepTrak Company that ranks the world’s most reputable companies. The top five most reputable companies for 2024 are:


1. LEGO Group

2. Mercedes-Benz Group
3. Rolex
4. Sony
5. Canon

Place Branding

Place branding strategies aimed at promoting geographic locations to attract tourists, residents, or businesses.

Place Branding Example

| Brand | Strategy | Image |
|---|--|--|
| <p>Las Vegas (https://www.visitlasvegas.com/)</p> | <p>Known for its vibrant nightlife and entertainment, with the famous tagline “What Happens in Vegas, Stays in Vegas.”</p> |  <p>Figure 20 Las Vegas sign (Las VegasGuy/Wikimedia Commons) CC BY-SA 4.0 (https://creativecommons.org/licenses/by-sa/4.0/deed.en)</p> |

Visit The Place Brand Observer’s website (<https://placebrandobserver.com/place-branding-examples/>)¹⁴ for place branding case studies and examples around the world

Co-Branding

Co-branding is when two or more brands collaborate to create a joint product or marketing campaign.

Co-Branding Example


| Brand |
|-------|
|-------|

GoPro + Red Bull (<https://gopro.com/en/ca/news/gopro-and-red-bull-form-exclusive-global-partnership?srsid=AfmBOortkjuCM38c7yiQ3IsBJnqFJK44-bHecmPaQkxpMwLQEWLaNCYE>)

Licensing

A licensing brand allows another company to use its name or logo in exchange for a fee or royalty.

Licensing Example

| Brand | Strategy | Image |
|------------------------------|---|--|
| Monopoly + McDonald's | McDonald's uses the Monopoly brand for its promotional games. |  <p>Figure 22 McDonald's Monopoly 2010 collaboration (Arana mi/Flickr) CC BY 2.0 (https://creativecommons.org/licenses/by/2.0/)</p> |

Brand Extensions

Brand extensions involve using an existing brand name to launch new products in different categories. Brand extensions include Apple’s expansion from computers to smartphones and wearables.

Brand Line Extensions

Brand line extensions involve using an existing brand name to launch variations of existing products, such as Coca-Cola offering Diet Coke.

Legal Protection of a Brand

Legal protection of a brand is necessary to maintain its identity, reputation, and market position. It involves securing intellectual property rights, such as trademarks and copyrights, to prevent unauthorized use, infringement, and counterfeiting. This protection is essential for safeguarding the brand’s uniqueness and ensuring that consumers can trust the quality and authenticity associated with it.

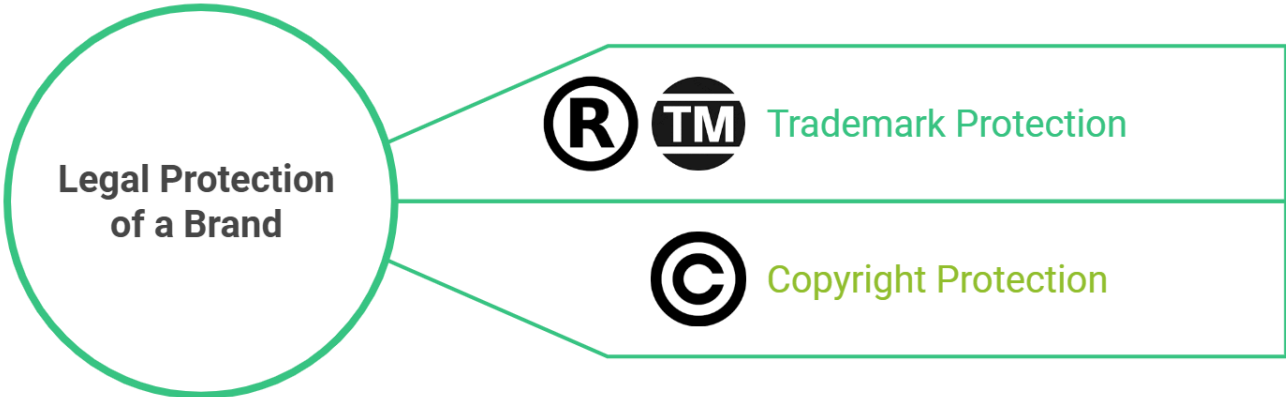


Figure 23 Legal protection of a brand (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Trademark Protection: A **trademark** is a distinctive sign, symbol, word, or phrase that identifies and distinguishes the source of a product or service. Trademark registration is essential for protecting a brand’s identity and preventing others from using similar marks that could confuse consumers.

Copyright Protection: **Copyright** provides protection against unauthorized reproduction of creative works, such as drawings, writings, audiovisual productions, and more. It ensures that creators have control over how their works are used and can benefit financially from their creations.

Generic Brands

Can a brand become too successful?

A brand can potentially become “too successful” in certain ways and become “generic.” This phenomenon is known as “genericide” or “trademark genericization.” This refers to a brand that has become so commonplace and widely used that its name becomes synonymous with the product category itself.

Brands become generic due to:

- **Widespread Use:** When a brand becomes extremely popular and widely used, people may start using the brand name to refer to the entire product category.
- **Lack of Alternatives:** If a brand dominates a market with few competitors, its name may become the default term for that type of product.
- **Cultural Integration:** The brand name becomes so ingrained in everyday language that people use it generically without thinking about the specific brand.

Examples Brands that Became Generic



Figure 24 Band-Aids (Tara Winstead/Pexels) Pexels license (<https://www.pexels.com/license/>)

- **Aspirin (Bayer):** Originally a trademarked name for acetylsalicylic acid pain relievers, “Aspirin” became a

generic term in some jurisdictions.

- **Band-Aid (Johnson & Johnson):** The adhesive bandage brand owned by Johnson & Johnson has become the generic term for any type of adhesive bandage.
- **Google (Google):** The search engine giant's name has become a verb, with people often saying they will "google" something to refer to searching for information online, even if they are not using the Google search engine.
- **Wine Cooler (Seagram):** Originally a trademarked name for a type of alcoholic beverage, "Wine Cooler" has become a generic term.
- **Pilates (Joseph Pilates):** The term "Pilates" was once trademarked but has become a generic name for a form of physical exercise.
- **Trampoline (Griswold-Nissen Trampoline Company):** Once a trademarked name for a type of springboard, "Trampoline" is now universally used to describe such devices.

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New Product Development

New product development¹ (NPD) is a deliberate process an organization uses to transform an idea for a new product into a product that is ready to be sold in the marketplace.

This process is important for organizations for several key reasons:

- **Meeting Changing Needs:** New product development helps organizations address changes in customer preferences and market demands, ensuring their offerings remain relevant.
- **Staying Competitive:** By introducing new products, companies can stand out from competitors and attract new customers.
- **Driving Growth:** Launching new products creates opportunities for increased sales and revenue, supporting the organization's long-term success.
- **Adapting to Trends:** It enables organizations to take advantage of new technologies, materials, or cultural shifts, keeping them aligned with current market trends.

Stages of NPD

Many models have been developed to explain the NPD process. The key activities or stages involved in the NPD process are as follows:

1. **Idea Generation:** This initial stage involves brainstorming and gathering ideas for new products. Ideas can be sourced from market research, customer feedback, emerging trends, and internal brainstorming sessions. The goal is to generate a pool of ideas that have the potential to meet consumer needs and provide value in the market.
2. **Idea Evaluation:** Once a list of potential ideas is generated, they must be evaluated for feasibility, profitability, and market potential. This involves assessing factors such as production costs, market demand, competition, and potential risks. Only the most promising ideas move forward to the development stage.
3. **Concept Development and Testing:** In this stage, the selected ideas are developed into detailed product concepts. These concepts are then tested with target consumers to gather feedback and validate the product's appeal and functionality. This helps refine the product concept and ensure it aligns with consumer expectations.
4. **Business Analysis:** A thorough business analysis is conducted to assess the financial viability of the new product. This includes estimating costs, revenues, and profitability, as well as evaluating the product's impact on the company's overall business strategy.
5. **Product Development:** The product is developed into a prototype or a working model. This stage involves designing, engineering, and testing the product to ensure it meets quality standards and functions as intended. Iterative testing and refinement are crucial to address any issues before full-scale production.
6. **Market Testing:** Before a full-scale launch, the product is introduced to a limited market to test its performance and gather additional consumer feedback. This stage helps identify any last-minute adjustments needed to optimize the product and marketing strategy.
7. **Commercialization:** The final stage involves launching the product to the broader market. This includes developing a go-to-market strategy, which encompasses marketing, distribution, and sales plans. Effective marketing and promotion are essential to drive initial sales.

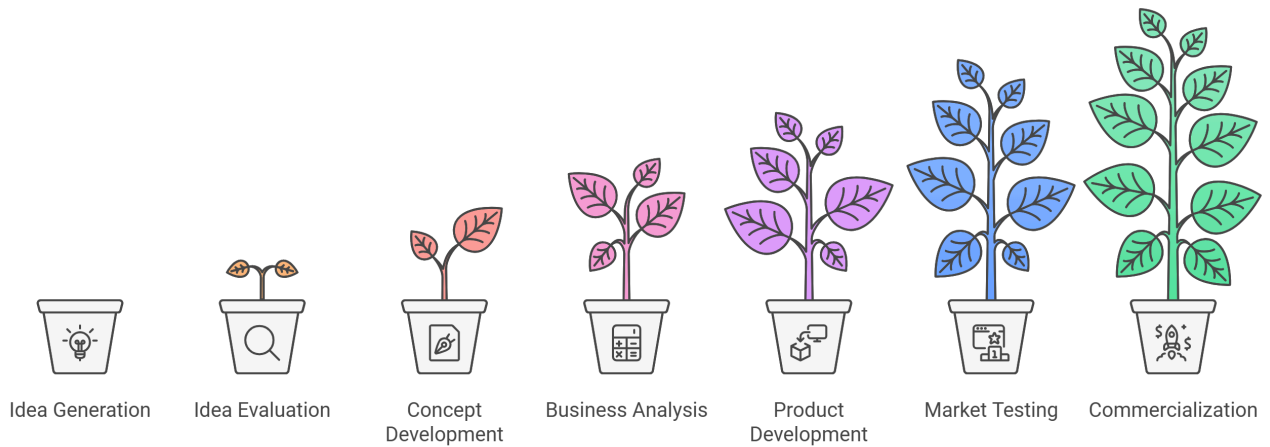


Figure 1 Stages of new product development (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Recent Models and Frameworks to Support NPD

In recent years, several models and frameworks have emerged to support new product development.

Lean Startup Methodology²

Lean startup methodology focuses on developing a minimum viable product (MVP) to quickly test and validate ideas in the market, minimizing waste and optimizing resources.

By launching a basic version of a product, companies can gather customer feedback and iterate rapidly, ensuring the final product aligns with market needs.

Design Thinking³⁴

Design thinking is a human-centered approach that emphasizes empathy, ideation, and experimentation. It involves understanding user needs, defining problems, brainstorming solutions, prototyping, and testing.

This framework helps teams create innovative solutions that are both user-friendly and technically feasible, enhancing the overall product development process.

Business Model Canvas⁵

The business model canvas is a strategic tool that outlines a company's value proposition, infrastructure, customers, and finances. It helps visualize and develop new business models.

By mapping out key components of a business model, companies can identify opportunities and challenges, ensuring alignment with product development efforts.

Digital and AI-Driven Innovation⁶

The integration of digital technologies and artificial intelligence (AI) in product development is becoming increasingly prevalent. AI can enhance data analysis, automate processes, and improve decision-making.

Companies use AI to gather insights, optimize designs, and personalize products, leading to more efficient and innovative product development.



Figure 2 Initiative idea (Tung Lam/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Stages of New Product Adoption

Consumers are continually exposed to new products. The new product adoption process describes the stages that consumers go through when they first encounter and eventually adopt a new product.

The process is typically divided into five stages:

1. **Awareness:** At this stage, the consumer becomes aware of the new product but lacks detailed information about it.
2. **Interest:** Once aware, the consumer shows interest in the product and begins to seek out more information.
3. **Evaluation:** During the evaluation stage, consumers consider whether the product meets their needs and assess its value compared to alternatives. They may seek reviews, testimonials, and comparisons to help them make

informed decisions.

4. **Trial:** Consumers decide to try the product, often through free trials, demos, or initial purchases.
5. **Adoption/Rejection:** After the trial, consumers decide whether to adopt the product as a regular part of their lives or reject it. Successful adoption occurs when consumers are convinced of the product's value and integrate it into their routines.

This process is not always linear. Consumers may move back and forth between stages.

Stages of New Product Adoption

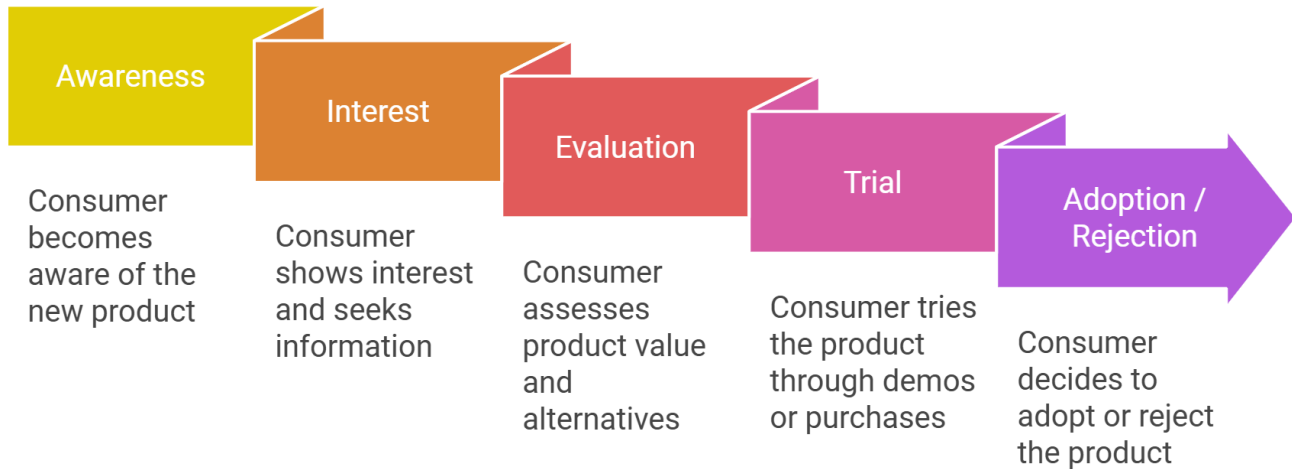


Figure 3 Stages of new product adoption (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

In addition, the adoption process is influenced by several factors, including:

- **Perceived Usefulness:** The extent to which the product is seen as beneficial in solving a problem or fulfilling a need.
- **Ease of Use:** How easy it is for consumers to understand and use the product.
- **Social Influence:** Recommendations and opinions from peers, influencers, and experts.
- **Trialability:** The ability to test the product before committing to a purchase.
- **Compatibility:** How well the product fits with existing habits, values, and needs.

Example Recreation Product Adoption: A Non-Linear Journey

Consider a new mountain biking trail navigation app as an example of how product adoption can be a dynamic, non-linear process.

Scenario: The Mountain Biker's Adoption Journey

Sarah, an avid mountain biker, encounters the trail navigation app through different stages that do not follow a strict linear progression:

1. **Initial Awareness and Interest:** Sarah first learns about the app through a social media post from a mountain biking influencer. This triggers her initial interest, but she does not immediately download the app.
2. **Evaluation and Hesitation:** During a local mountain biking club meetup, Sarah hears mixed reviews about the app. Some members praise its features, while others mention technical complexities. This creates a back-and-forth in her adoption process.
3. **Trialability and Compatibility:** The app offers a free 7-day trial, which addresses her concerns about trialability. However, Sarah initially finds the interface somewhat complex, which challenges the ease-of-use factor.
4. **Social Influence and Re-Evaluation:** After watching tutorial videos and getting recommendations from her most trusted cycling friend, Sarah decides to give the app another chance. This demonstrates how social influence can re-engage potential adopters.
5. **Activation and Ongoing Adoption:** During a weekend mountain biking trip, Sarah discovers the app's unique features that solve her navigation challenges. She experiences the "aha moment" of product value, moving from hesitation to active adoption.

Key Adoption Factors in This Scenario

The Mountain Biker's Adoption Journey: Key Adoption Factors

| Factor | Impact on Adoption |
|----------------------|---|
| Perceived Usefulness | High – Solves trail navigation challenges |
| Ease of Use | Initially low, improved with learning |
| Social Influence | Significant – Club members and influencer recommendations |
| Trialability | Positive – Free trial reduced commitment risk |
| Compatibility | Moderate – Fits mountain biking lifestyle |

Insights for Recreation Product Developers

The scenario illustrates that product adoption is rarely a straight path. Consumers like Sarah may:

- Move between adoption stages
- Require multiple touchpoints
- Need social validation
- Seek ease of use and clear value proposition

By understanding these nuanced adoption dynamics, recreation and tourism product developers can create more engaging and user-centric experiences

Product Adoption Curve

The speed of the adoption process is also dependent on the type of consumer. The **product adoption curve**, also

known as the **innovation adoption curve**, is a model that describes how different segments of the population adopt new products or technologies over time. This model was first introduced by Everett M. Rogers in his book “Diffusion of Innovations.”⁷

The curve is often depicted as a bell-shaped graph and is divided into five distinct **adopter categories**:

1. **Innovators:** Innovators are the first to adopt new products. They are risk-takers, tech enthusiasts, and are often driven by a passion for innovation. This group represents about 2.5% of the market. Innovators help create buzz and provide early feedback, which is crucial for refining the product.
2. **Early Adopters:** Early adopters are opinion leaders and influencers who embrace new technologies and ideas quickly. They are more concerned about their reputation as being ahead of the curve and represent about 13.5% of the market. Early adopters help spread the word about the product and validate its value proposition to the broader market.
3. **Early Majority:** The early majority are pragmatic consumers who adopt new products once they have been proven and are widely accepted. They represent about 34% of the market. This group is critical for achieving mass market penetration, as they provide the volume needed for mainstream success.
4. **Late Majority:** The late majority are skeptical and cautious consumers who adopt new products only after the majority of the market has accepted them. They also represent about 34% of the market. Their adoption is often driven by necessity or social pressure, and they require assurance of the product’s reliability and value.
5. **Laggards:** Laggards are the last to adopt new products. They are typically resistant to change and prefer traditional methods. This group represents about 16% of the market. Laggards adopt products only when they become the standard or when they have no other choice.

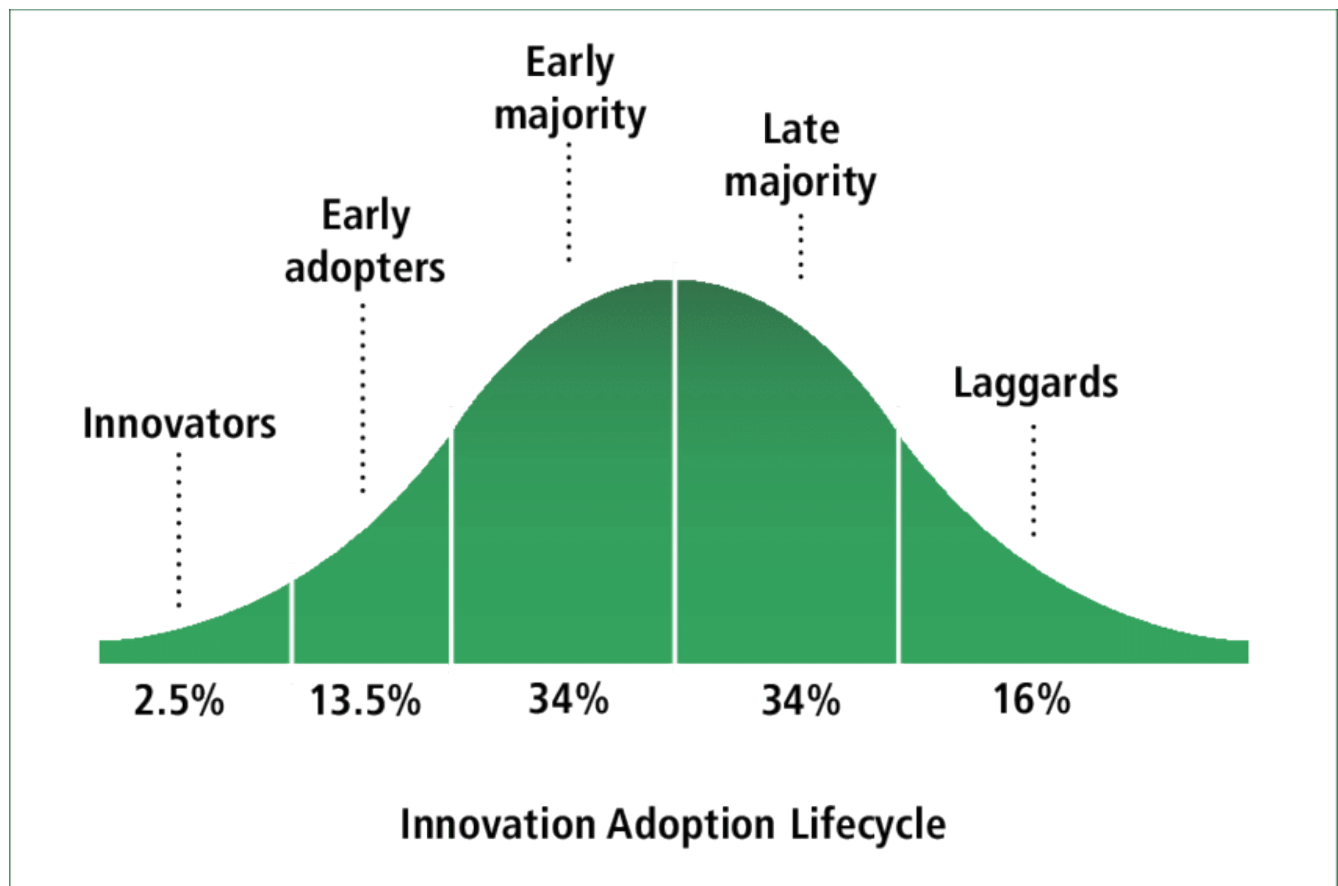


Figure 4 Product adoption curve (NicePNG.com) NicePNG.com Copyright Policy & Terms of Service (<https://www.nicepng.com/ourterm/>)

Importance of the Product Adoption Curve

Understanding the product adoption curve helps marketers tailor strategies to target each segment effectively. For example, marketing efforts for innovators and early adopters might focus on highlighting cutting-edge features and exclusivity, while strategies for the early and late majority might emphasize reliability and social proof. By aligning marketing and product development strategies with the adoption curve, companies can optimize product launches and drive successful adoption across all consumer segments.

Example Adventure Tourism



Figure 5 People hiking (Guduru Ajay bhargav/Pexels) Pexels license (<https://www.pexels.com/license/>)

Innovators (2.5%):

- Extreme sports enthusiasts seeking untested experiences
- First to try new adventure destinations or activities
- **Marketing Focus:** Emphasize novelty and exclusivity of cutting-edge adventures.

Early Adopters (13.5%):

- Adventure bloggers and social media influencers
- Seek unique experiences to share with followers
- **Marketing Focus:** Offer exclusive previews and behind-the-scenes access.

Early Majority (34%):

- Experienced travelers looking for new but proven adventures
- Influenced by positive reviews and recommendations
- **Marketing Focus:** Highlight safety features and testimonials from early adopters.

Late Majority (34%):

- More cautious travelers interested in popular adventure activities
- Prefer established destinations and well-reviewed experiences
- **Marketing Focus:** Emphasize widespread popularity and value for money.

Laggards (16%):

- Traditional tourists who eventually try adventure activities
- Motivated by FOMO (Fear of Missing Out) or family pressure
- **Marketing Focus:** Stress ease of participation and family-friendly aspects.

Example Fitness Technology



Figure 6 Virtual reality fitness (RDNE Stock project/Pexels) Pexels license (<https://www.pexels.com/license/>)

Innovators:

- Tech-savvy fitness enthusiasts
- First to adopt new wearable devices or virtual reality fitness experiences
- **Marketing Focus:** Highlight cutting-edge features and integration with other technologies.

Early Adopters:

- Fitness influencers and personal trainers
- Quick to incorporate new tech into their routines and client recommendations
- **Marketing Focus:** Offer exclusive trials and partnership opportunities.

Early Majority:

- Regular gym-goers looking to enhance their workouts

- Influenced by positive reviews and visible results
- **Marketing Focus:** Emphasize proven benefits and user-friendly interfaces.

Late Majority:

- Casual exercisers who adopt fitness tech after it becomes mainstream
- Motivated by peer pressure or health concerns
- **Marketing Focus:** Stress ease of use and compatibility with popular fitness apps.

Laggards:

- Traditional exercisers who prefer low-tech methods
- Eventually adopt basic fitness tracking features
- **Marketing Focus:** Highlight simplicity and long-term health benefits.

Stages of Life: The Product Life Cycle

The **product life cycle** (PLC) is a concept in marketing that outlines the stages a product goes through, from its introduction to its eventual withdrawal from the market. Understanding these stages helps businesses make informed decisions about marketing strategies, pricing, and product management.

The product life cycle typically consists of four main stages:

1. Introduction
2. Growth
3. Maturity
4. Decline

1. Introduction

The introduction stage is when a product is launched. Marketing efforts are high to build awareness and encourage trial. Sales grow slowly, and costs are high due to initial marketing and distribution expenses.

Example Introduction Stage (1-3 years)

Virtual Reality (VR) Travel Experiences⁸⁹

Timeline: 2022 to 2024

- Major travel companies and tech firms introduced immersive VR travel experiences.
- Marketing efforts focused on educating consumers about the benefits of virtual exploration.
- High initial costs due to investments in VR technology and content creation.
- Early adopters, typically tech-savvy travelers and those with limited mobility, were the primary target market.

2. Growth

The growth stage is when the product gains acceptance, sales increase rapidly, and profitability begins to rise. Companies may enhance product features and expand distribution to capture more market share. Competition often starts to increase during this phase.

Example Growth Stage (3-5 years)

Sustainable Luxury Eco-Resorts¹⁰¹¹

Timeline: 2020 to 2024

- Luxury hotel chains expanded their eco-friendly resort offerings to capture the growing sustainable travel market.
- Sales increased as the concept gained popularity among environmentally conscious travelers and those seeking unique experiences.
- Marketing emphasized sustainability credentials and immersive nature experiences.
- Resorts began differentiating themselves through innovative eco-technologies and conservation

programs.

3. Maturity

The maturity stage is when sales growth slows as the product reaches peak market penetration. The market becomes saturated, and competition is intense. Businesses focus on differentiating their product and retaining market share, often through pricing strategies and product improvements.

Example Maturity Stage (5-10 years)

Airbnb and Short-Term Rentals¹²¹³

Timeline: 2015 to 2024

- Growth rates have slowed compared to the rapid expansion of the early 2010s.
- Intense competition among various short-term rental platforms and traditional accommodation providers.
- Focus on product differentiation through unique experiences, loyalty programs, and business travel offerings.
- Pricing strategies to maintain market share, such as dynamic pricing and long-term stay discounts.
- Efforts to expand into new markets and services (e.g., experiences, luxury rentals) to sustain growth.

4. Decline

The decline stage is when sales and profits begin to fall as the product loses consumer interest, often due to market saturation or the introduction of superior alternatives. Companies may reduce marketing efforts and eventually phase out the product.

Example Decline Stage (variable, can be 5 years)

Traditional Travel Agencies¹⁴¹⁵¹⁶

Timeline: Late 1990s to present

- Decreasing sales and profitability as consumers shifted to online booking.
- Reduced marketing expenditure for traditional agency services.
- Consolidation in the industry, with many agencies closing or merging.
- Adaptation strategies, such as focusing on niche markets or high-end, personalized travel planning services.

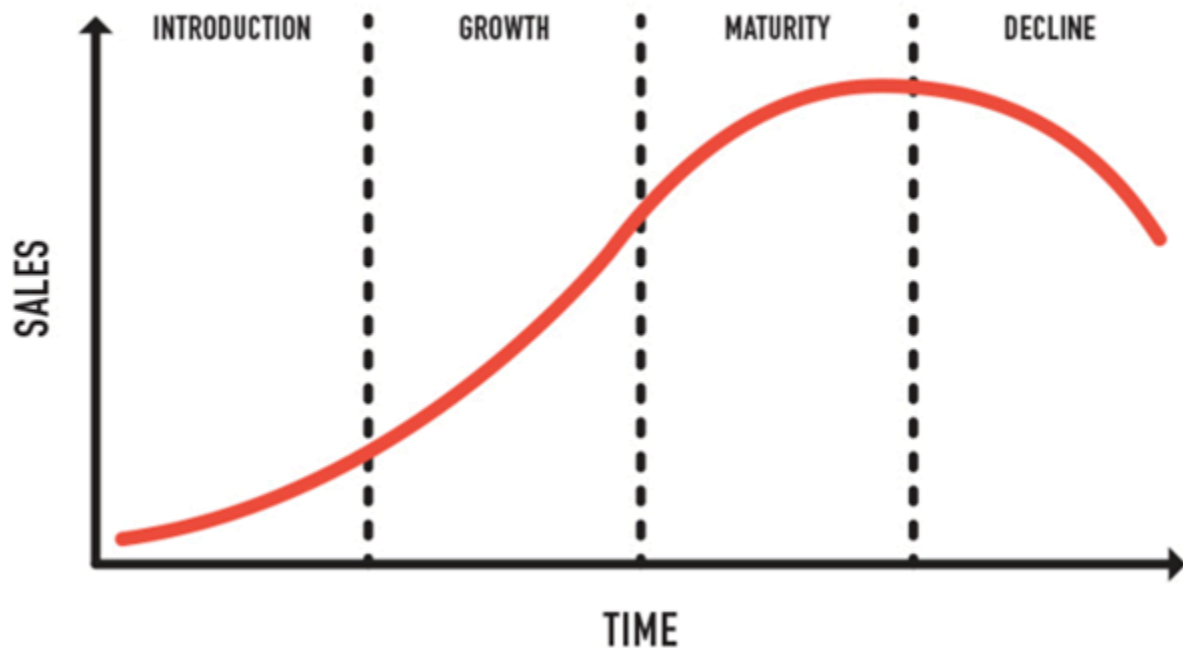


Figure 7 The product life cycle (Tres West/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

Applications in Tourism

The product life cycle has been adapted and applied to tourism using the following models.

The Tourist Area Life Cycle Model

Richard W. Butler adapted the product life cycle (PLC) model to tourism by developing the tourism area life cycle (TALC) model¹⁷. This model outlines the stages of development and change that tourist destinations undergo over time. Here is an overview of Butler's adaptation:

Stages of the TALC

1. **Exploration:** A small number of tourists visit the destination, attracted by its natural or cultural features. There is minimal impact on the local environment and community, and tourism has little economic significance.
2. **Involvement:** Local residents begin to provide services and facilities for tourists, such as guesthouses and restaurants. The destination starts to gain recognition, and the tourism season may develop.
3. **Development:** The destination experiences a rapid increase in tourist numbers, often exceeding the local population during peak periods. Infrastructure and facilities expand, often with investment from external organizations. The local community may begin to experience changes they do not approve of.
4. **Consolidation:** Tourism growth slows, but the destination remains popular. The local economy becomes heavily dependent on tourism, and major franchises may establish a presence. Some local opposition to tourism may arise.
5. **Stagnation:** Visitor numbers peak, and the destination's carrying capacity may be exceeded, leading to environmental, social, and economic issues. The destination may lose its original appeal and become less fashionable.
6. **Post-Stagnation (Rejuvenation or Decline):** After stagnation, several scenarios are possible:
 - **Rejuvenation:** Successful redevelopment or new attractions lead to renewed growth.
 - **Stabilization:** Modifications stabilize tourism without significant growth.
 - **Decline:** Continued overuse or lack of investment leads to a decrease in tourist numbers, potentially resulting in the destination exiting the tourism market.

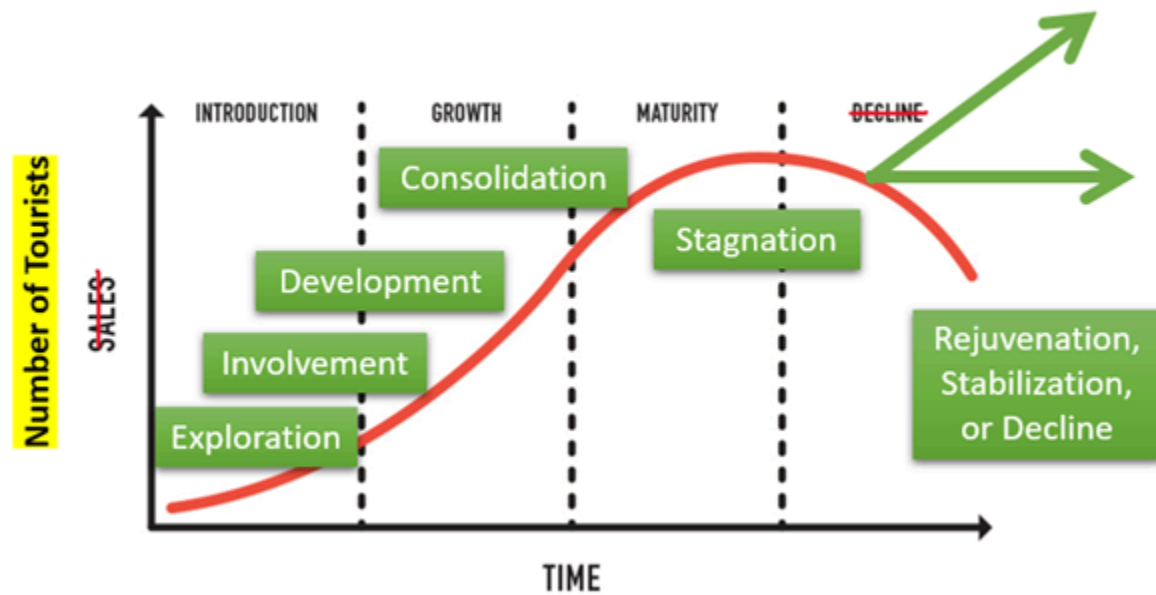


Figure 8 The tourist area life cycle model (Adapted from Tres West/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

Butler's TALC model has been influential in tourism studies, providing a framework for understanding the lifecycle of tourist destinations and guiding strategic planning for sustainable tourism development.

Plog's Tourist Typology

As we learned in Chapter 3 (#part-mapping-the-market-segmentation-targeting-and-positioning), when examining segmentation approaches, Stanley Plog developed a typology that classifies (segments) tourists along a spectrum from psychocentric (or dependable) to allocentric (or venturer)¹⁸¹⁹:

- **Psychocentrics (Dependables):** Prefer familiar destinations, packaged tours, and tourist-oriented facilities. They are less adventurous and seek safety and structure in their travels.
- **Allocentrics (Venturers):** Seek new experiences, are adventurous, confident, and prefer non-touristy destinations. They enjoy immersing themselves in local cultures.
- **Mid-centrics:** The largest group, falling in the middle of the spectrum. They have characteristics of both psychocentrics and allocentrics.

Similarities to Rogers' Model

Like Rogers' adoption curve, Plog's model follows a bell-shaped distribution:

- Psychocentrics and Allocentrics each represent about 2.5-4% of the population
- Near-psychocentrics and Near-allocentrics each represent about 16%
- Mid-centrics represent the majority at about 62-64%

This distribution is similar to Rogers' innovators, early adopters, early/late majority, and laggards.

Application to Destination Lifecycle

Plog theorized that destinations evolve over time, attracting different types of tourists as they develop:

1. New, undiscovered destinations attract allocentrics
2. As word spreads, near-allocentrics and mid-centrics visit
3. Mass tourism develops, attracting near-psychocentrics
4. Finally, mostly psychocentrics visit as the destination becomes commercialized

This lifecycle concept aligns with the product lifecycle and Butler's Tourism Area Life Cycle model.

Criticism

While widely taught, Plog's model has faced some criticisms:

- It may oversimplify tourist motivations and behaviours.
- Actual travel patterns do not always match predicted psychographic profiles.
- The model assumes destinations inevitably progress through stages.

Despite these limitations, Plog's model remains influential in tourism research and marketing for understanding different tourist segments and destination development patterns.

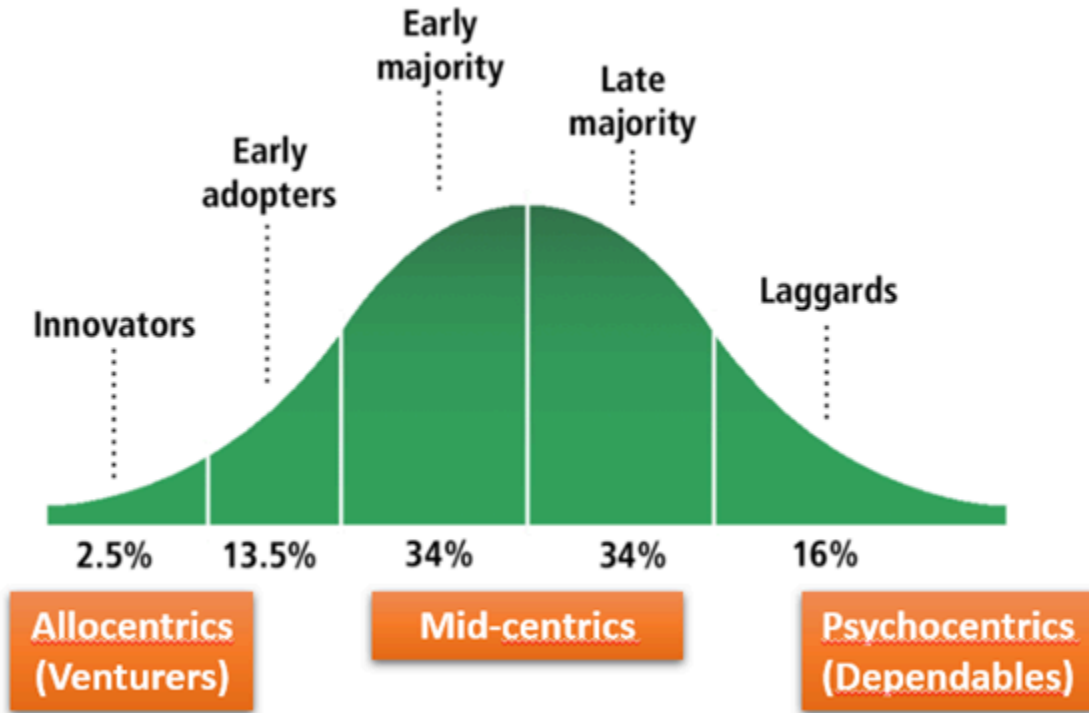


Figure 9 Plog's tourist typology (Adapted from NicePNG.com) NicePNG.com Copyright Policy & Terms of Service (<https://www.nicepng.com/ourterm/>)

Why Are These Theories Important for Tourism?

Collectively, Plog's, Rogers', and Butler's theories provide a comprehensive framework for understanding how destinations evolve, how different types of tourists engage with them, and how new ideas in tourism spread through populations. Their interconnected concepts offer valuable insights for tourism marketing, destination management, and predicting future trends in tourism.

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Packaging

Packaging is often the first point of contact between a brand and its consumers, making it a vital component of the product offering. It influences consumer perceptions and can significantly impact brand loyalty and profitability.



Figure 1 Packaging (The Bag N Box Man LTD/Flickr) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)

Functions of Packaging

Packaging has the following functions:

1. **Protection:** Packaging safeguards the product from damage during transportation, storage, and handling. It ensures that the product reaches the consumer in perfect condition, maintaining its quality and usability.
2. **Promotion:** Packaging acts as a marketing tool by attracting consumer attention and conveying brand messages. It differentiates the product from competitors and can influence purchasing decisions through visual appeal and brand storytelling.
3. **Information:** Packaging provides essential information about the product, such as ingredients, usage instructions, and safety warnings. This information helps consumers make informed decisions and ensures compliance with regulatory requirements.
4. **Convenience:** Well-designed packaging enhances the consumer experience by offering ease of use, storage, and disposal. Features like resealable closures or ergonomic designs can add significant value to the product.

5. **Sustainability:** Increasingly, packaging also serves an environmental function by incorporating sustainable materials and designs that reduce waste and promote recycling.

Design Elements of Packaging

When designing packaging, the following elements are considered:

- **Visual Design:** The use of colors, typography, and imagery in packaging design plays a crucial role in attracting consumers and conveying brand identity. A thoughtfully designed package can communicate a brand's values and differentiate it on the shelf.
- **Material Choice:** The choice of materials affects the packaging's durability, sustainability, and cost. Brands are increasingly opting for eco-friendly materials to enhance their environmental credentials and appeal to environmentally conscious consumers.
- **Structural Design:** The shape and functionality of the packaging can improve product usability and appeal. Innovative structural designs can make a product stand out and enhance consumer interaction.

Examples Packaging in the Food and Beverage Sector

Recent practices in food and beverage packaging in the restaurant sector demonstrate a focus on sustainability, innovation, and customer experience. Here are some notable examples¹²:

Compostable Packaging: Many quick-service restaurants are shifting towards plant-based materials such as bagasse for cups, bowls, and containers. These materials break down in composting facilities, producing nutrient-rich compost.

Smart Packaging: Restaurants are incorporating QR codes on packaging to provide customers with additional information on nutrition, ingredients, and promotional content. For example, Domino's pizza boxes feature QR codes that lead to online games and special offers, enhancing customer engagement.

Edible Packaging: Some innovative restaurants are experimenting with edible packaging to eliminate waste. For instance, a soup takeaway restaurant in Poland serves vegan food in edible containers, aligning with their target audience's values.

Insulated Packaging: Domino's HeatWave bags use patented technology to keep pizzas hot and crispy during delivery, ensuring optimal food quality upon arrival.

Recyclable Materials: Fast-food chains are increasingly using paper-based packaging for items like straws and burger wrappers, as these are more easily recyclable than traditional plastic alternatives.

Reusable Containers: Starbucks has implemented a reusable cup program, encouraging customers to bring their own cups for a discount and selling stylish, reusable cups in their stores.

These practices reflect the sector's efforts to balance sustainability, functionality, and customer satisfaction in food and beverage packaging.

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Notes

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Service and Experience Products

Service and experience products are distinct categories within the broader spectrum of consumer offerings, each with unique characteristics and implications for businesses and consumers.

Service Definition

A service can be defined as follows:

- “A service is a time-perishable, intangible experience performed for a customer acting in the role of a co-producer.”¹
- “Services are deeds, processes, and performances.”²

Examples Services

Service examples include:

- Professional services, such as consulting or legal advice
- Personal services, such as hairdressing or spa treatments
- Hospitality services, such as hotel accommodation and dining

Service Characteristics

Services marketing differs from product marketing due to the intangible nature of services, inseparability of production and consumption, perishability, and variability.

- **Intangibility:** Services are intangible, meaning they cannot be touched or owned. This distinguishes them from physical products, which are tangible items that can be seen and touched.
- **Inseparability:** Services are typically produced and consumed simultaneously, meaning they cannot be separated from their providers. For example, a haircut or a massage is both delivered and received at the same time.
- **Variability:** The quality of services can vary depending on who provides them, as well as when, where, and how they are provided. This variability can be a challenge for maintaining consistent service quality.
- **Perishability:** Services cannot be stored for later use or sale. Once a service is performed, it cannot be repeated in the same way, which can lead to challenges in managing supply and demand.

Characteristics of Services

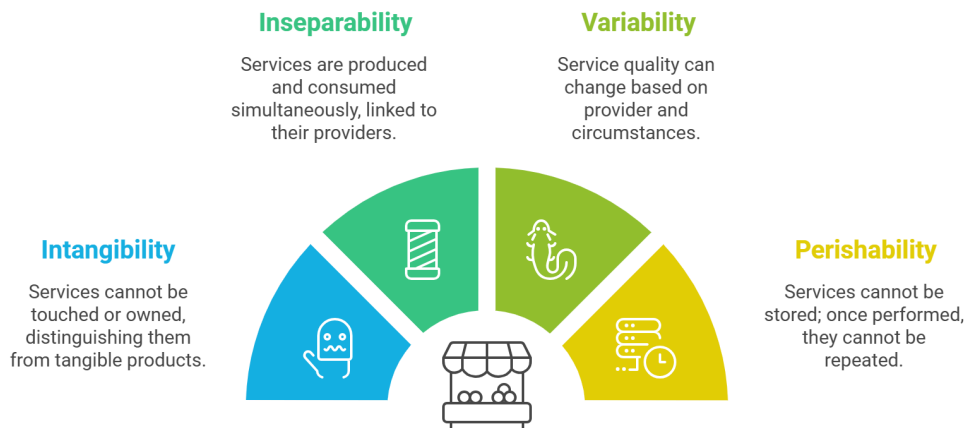


Figure 1 Characteristics of services (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

As illustrated in the figure below, the characteristics of service products vary in intensity from product to product, ranging from low for pure tangible goods to high for pure intangible services.



Figure 2 Characteristics that distinguish goods from services (Lumen Learning/Principles of Marketing) CC BY 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

Important Role of Services

Services play an important role in modern economies, contributing significantly to economic growth, employment, and overall prosperity. This importance is particularly evident in developed countries, where the service sector often accounts for the largest share of economic activity.

Economic Contribution

The service sector encompasses a wide range of industries, including:

- Tourism and hospitality
- Financial services
- Healthcare
- Education
- Information technology
- Professional services (e.g., legal, consulting)
- Retail and wholesale trade

According to recent data, 79.55% of Canada's workforce was employed in the service sector in 2022³. This figure demonstrates the significant role that services play in the Canadian economy and labour market.

Evolution of Economies From Commodities to Experiences

Economies have evolved from commodities to experiences causing a significant shift in how economic value is perceived and created. This progression is well-documented in the concept of the “experience economy,” introduced by B. Joseph Pine II and James H. Gilmore in the late 1990s⁴. Here is an overview of this evolution:

“The Progression of Economic Value” [3:43 min] by Strategic Horizons LLP⁵



One or more interactive elements has been excluded from this version of the text. You can view them online here:
[#https://marketingmap.pressbooks.tru.ca/?p=204#oembed-1 \(#oembed-1\)](https://marketingmap.pressbooks.tru.ca/?p=204#oembed-1)

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video:
The progression of economic value (<https://youtu.be/9TqHluioAAI?si=R3f5GqKblsufwK0r>)



In summary, economic value progresses as follows:

1. **Commodities:** At the most basic level, commodities are raw materials extracted from the earth, such as grains, minerals, and other natural resources. These are fungible and typically sold based on market prices, with little differentiation between sources.
2. **Goods:** As economies industrialized, the focus shifted to manufacturing goods. These are tangible products

created from commodities and sold to consumers. Goods offer more differentiation than commodities, as they can be branded and designed to meet specific consumer needs.

3. **Services:** With further economic development, services became the primary focus. Services are intangible and involve activities performed for the benefit of consumers, such as banking, healthcare, and education. They offer greater customization and personal interaction compared to goods.
4. **Experiences:** Pine and Gilmore argue that experiences are a distinct economic offering, different from services. Experiences are memorable events that engage consumers on an emotional, physical, intellectual, or even spiritual level. The value of experiences lies in their ability to create lasting memories and personal engagement, such as attending a concert or visiting a theme park.

Emergence of the Experience Economy

The transition to an experience economy reflects a broader cultural shift where consumers increasingly seek meaningful and memorable interactions rather than merely purchasing goods or services.

This shift has been driven by several factors:

- **Consumer Preferences:** As societies become more affluent, there is a growing desire for experiences over material possessions. Consumers are willing to spend more on activities that provide personal fulfillment and unique memories.
- **Business Adaptation:** Companies have adapted by designing and marketing experiences that cater to these evolving consumer preferences. This includes creating immersive environments and personalized interactions that enhance the overall consumer experience.
- **Technological Advancements:** Technology has enabled new forms of experiences, such as virtual reality and interactive digital platforms, which further enhance consumer engagement and satisfaction.

Experience Products

Experience products represent the evolution of services. As economies and consumer preferences have evolved, businesses have shifted their focus from merely delivering services to creating engaging and memorable experiences.

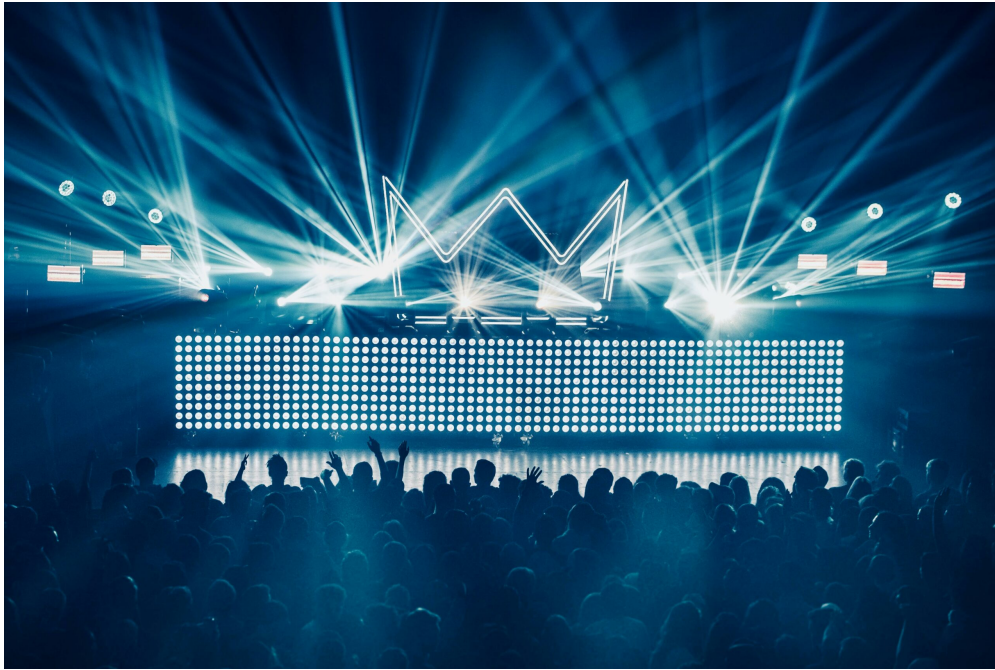


Figure 3 Club experience (Wendy Wei/Pexels) Pexels license (<https://www.pexels.com/license/>)

Experience products extend the characteristics of services by building upon the foundational elements of service offerings and enhancing them with additional layers of engagement, personalization, and emotional connection. Here are some examples to illustrate how experience products build upon the foundational elements of services.

Intangibility and Emotional Engagement: While services are intangible, experience products take this further by creating memorable interactions that evoke emotions.

Example: Attending a live concert or a theater performance involves not just the service of entertainment but an emotional journey that leaves a lasting impression.

Inseparability and Co-Creation: Experience products often involve the consumer as an active participant, enhancing the inseparability characteristic of services.

Example: Escape rooms or adventure tours require consumer participation to shape the outcome, making each experience unique and personalized.

Variability and Personalization: Experience products embrace variability by offering tailored interactions that cater to individual preferences.

Example: Personalized dining experiences at themed restaurants or customized travel itineraries offer unique value to each consumer, enhancing satisfaction and engagement.

Perishability and Memorability: Like services, experience products cannot be stored for future use. However, they focus on creating lasting memories and emotional connections.

Example: A visit to an immersive art installation or a virtual reality experience provides a unique, time-bound interaction that remains memorable long after the event.

Services Marketing Models

Several models have been developed over the years to address the unique characteristics and challenges of service products. Here is a closer look at some of these models.

The 8 Ps of Services Marketing

The unique characteristics and challenges of services have led to the expansion of the traditional 4Ps (product, price, place, promotion) by incorporating four additional Ps specific to services marketing: **people, process, physical evidence, and performance**⁶.

1. **People:** The people involved in delivering the service are crucial, as they directly impact the customer experience. This includes employees who provide the service and interact with customers, highlighting the importance of training and customer service skills.
2. **Process:** The process refers to the procedures and flow of activities involved in delivering the service. Efficient and effective processes ensure a consistent service experience and can be a key differentiator in service quality.
3. **Physical Evidence:** Since services are intangible, physical evidence provides tangible cues that help customers evaluate the service. This can include the physical environment where the service is delivered, branding, and any tangible items associated with the service. The importance of the physical environment on the service process has led to the development of the “Servicescape” concept (see the box below).
4. **Performance:** This involves measuring and evaluating the effectiveness of marketing strategies and service delivery. Performance metrics can include customer satisfaction, service quality, and return on investment, helping businesses refine their approach and improve service delivery.

The “Servicescape”

Servicescape is a model developed by Mary Jo Bitner⁷ to emphasize the impact of the physical environment on the service process. It aims to explain how the physical surroundings influence customer and employee behaviors during service interactions.

The Servicescape is composed of several elements that contribute to the overall service experience:

- **Ambient Conditions:** These include background characteristics such as temperature, lighting, noise, music, and scent. These factors can significantly influence the mood and comfort level of customers and employees.
- **Spatial Layout and Functionality:** This involves the arrangement of furnishings, equipment, and spaces, which affects the ease with which customers and employees can move and interact within the environment. A well-designed layout can facilitate efficient service delivery and enhance customer satisfaction.
- **Signs, Symbols, and Artifacts:** These elements include signage, decor, and personal artifacts that communicate information and create a certain atmosphere. They help customers navigate the space and understand the service process.



Figure 4 Vieux Port de Montréal (Jeangagnon/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

Lovelock's Categories of Services

Christopher Lovelock⁸ developed a classification framework for services based on two key dimensions:

1. **The Nature of the Service Act:** Tangible and intangible actions.
2. **The Direct Recipient of the Service:** People and things.

Based on these dimensions, Lovelock identified four broad categories of services:

1. **People Processing:** Tangible actions directed at people's bodies.

Examples: Healthcare, passenger transportation, restaurants, and hair salons.

2. **Possession Processing:** Tangible actions directed at goods and other physical possessions.

Examples: Freight transportation, repair and maintenance, laundry services, and pet care.

3. **Mental Stimulus Processing:** Intangible actions directed at people's minds.

Examples: Education, broadcasting, information services, and theatres.

4. **Information Processing:** Intangible actions directed at intangible assets.

Examples: Banking, legal services, accounting, insurance, and research)

This classification helps understand the nature of different services and their key characteristics. It provides insights into how services can be designed, delivered and marketed based on whether they involve tangible or intangible actions and whether they are directed at people or things.

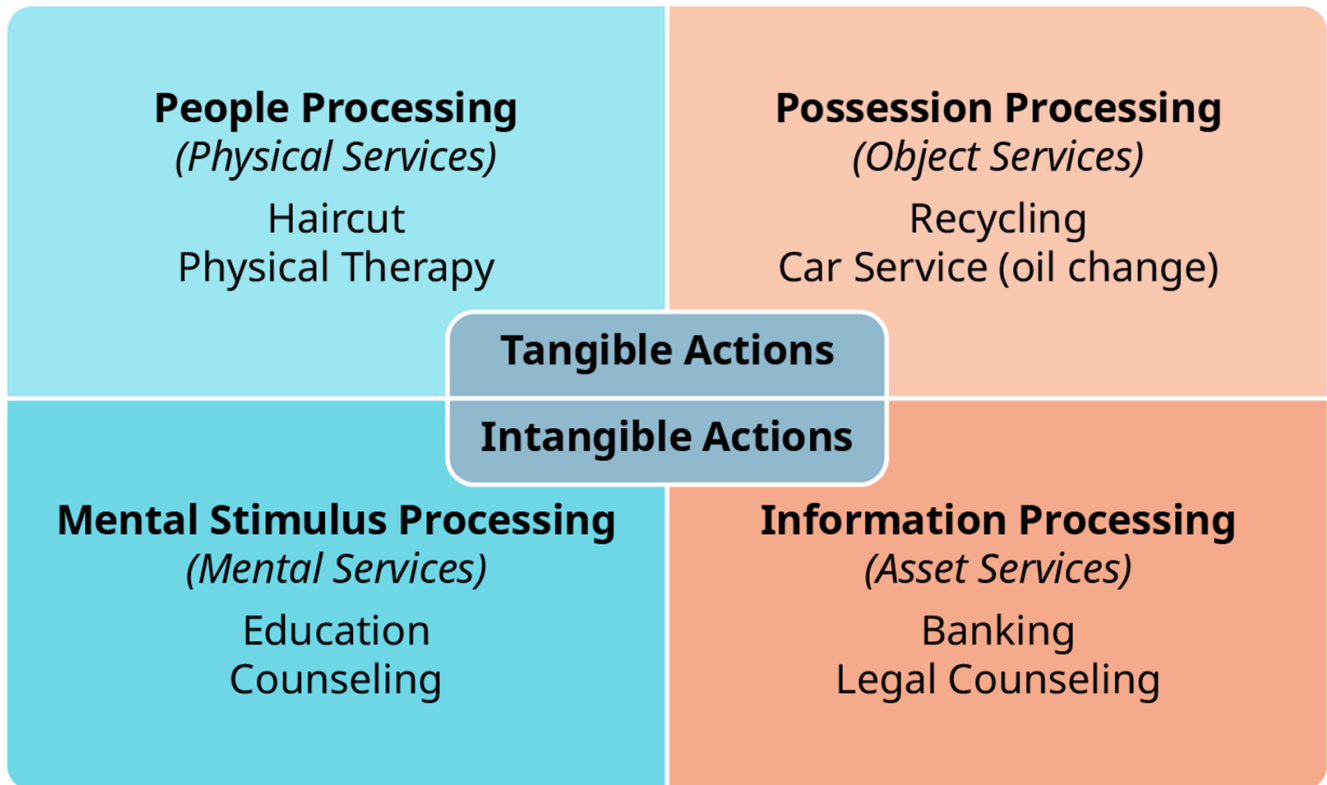


Figure 5 Lovelock's categories of service (Rice University & OpenStax/Principles of Marketing) CC BY 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

The framework is useful for service managers to analyze their offerings, identify similarities with other service industries, and develop appropriate strategies for service design, delivery, and customer interactions.

Services Marketing Triangle

The **services marketing triangle** is a strategic framework developed to illustrate the relationships between key actors involved in delivering a service. The key authors associated with this framework are Christopher Lovelock and Jochen Wirtz⁹.



Figure 6 Service marketing triangle (by author using Canva) Canva content license (<https://www.canva.com/policies/content-license-agreement/>)

Key Components:

1. The company (or service provider)
2. Employees
3. Customers

Types of Marketing in the Triangle:

1. **External Marketing:** Between the company and customers.
2. **Internal Marketing:** Between the company and employees.
3. **Interactive Marketing:** Between employees and customers.

Main Concepts:

- The triangle emphasizes the importance of people in service delivery and marketing.
- It is based on the idea that service businesses revolve around making and keeping promises to customers.
- Each side of the triangle represents a different type of marketing activity crucial for service success.

Functions:

- **External Marketing:** Making promises to customers through advertising, pricing, etc.
- **Internal Marketing:** Enabling employees to deliver on promises through training, motivation, etc.
- **Interactive Marketing:** Delivering on promises during service encounters between employees and customers.

Service Profit Chain

The **service profit chain**¹⁰ is another model developed to link employee satisfaction with increased profits. This model establishes relationships between profitability, customer loyalty, and employee satisfaction in service organizations. Developed by researchers at Harvard University, this model provides insights into how service companies can drive growth and profitability.

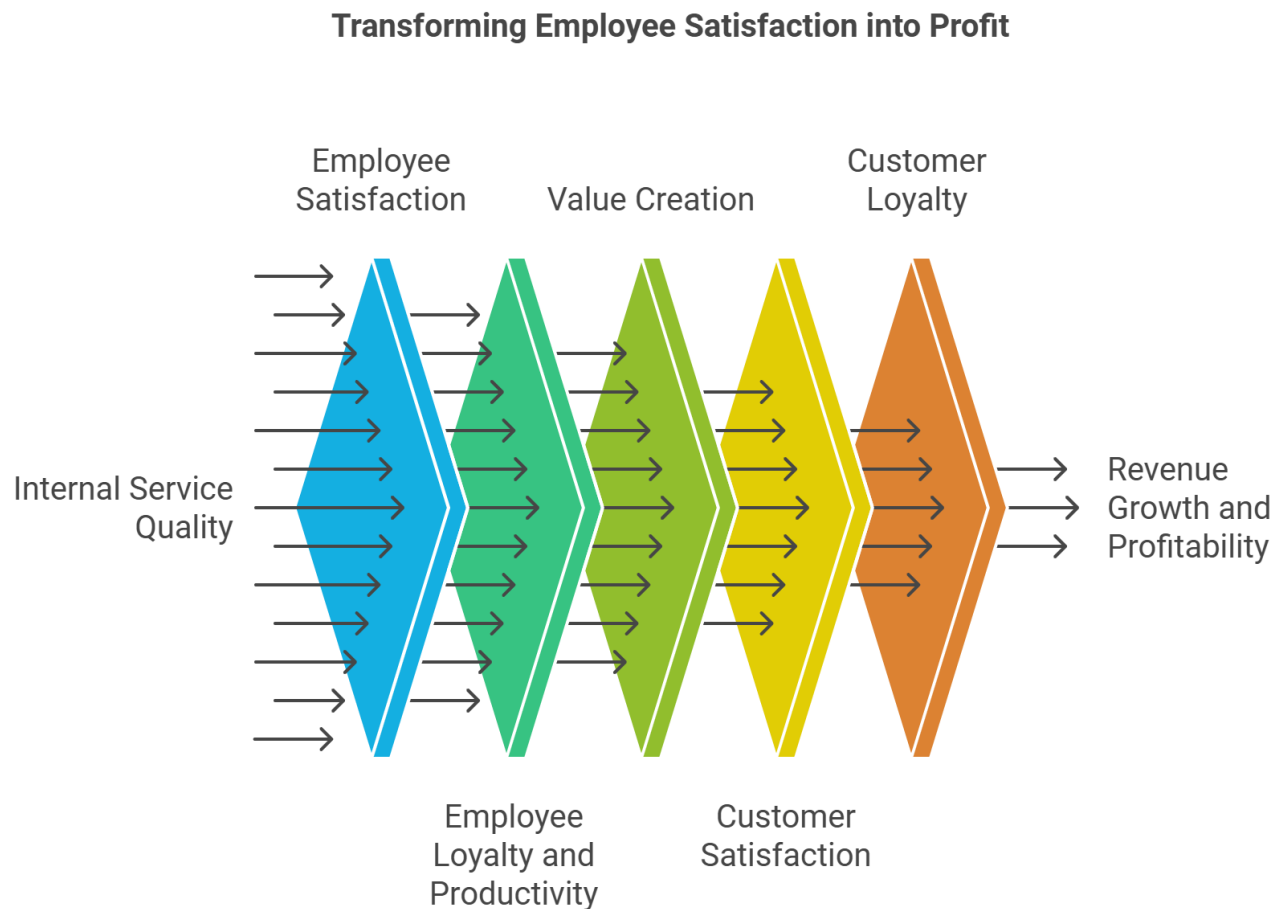


Figure 7 The service profit chain (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Key Components:

- **Internal Service Quality:** This refers to the support and resources provided to frontline employees by the organization. It includes factors like workplace design, job design, employee selection and development, employee rewards and recognition, and tools for serving customers.
- **Employee Satisfaction:** When internal service quality is high, it leads to employee satisfaction. Satisfied employees are more likely to be engaged and committed to their work.
- **Employee Loyalty and Productivity:** Satisfied employees tend to be more loyal to the organization and more productive in their roles. This increased loyalty and productivity create value for customers.
- **Value Creation:** Loyal and productive employees are better equipped to deliver high-quality services that create value for customers.
- **Customer Satisfaction:** When customers receive valuable services, they are more likely to be satisfied with their experience.

- **Customer Loyalty:** Satisfied customers often become loyal customers, leading to repeat business and positive word-of-mouth recommendations.
- **Revenue Growth and Profitability:** Customer loyalty ultimately drives revenue growth and profitability for the organization

Remember: profit is not the goal; it is the result.

Summary:

- Happy employees result in happy customers.
- Happy customers mean repeat business and spreading the word about your organization.
- Repeat (and new) business means profit and growth for the organization.

Gap Model of Service Quality

The **gap model of service quality**¹¹ is a framework that helps identify and analyze gaps between customer expectations and the actual service delivered by an organization. This model was developed by Parasuraman, Zeithaml, and Berry in the 1980s.

It consists of five key gaps:

1. **Knowledge Gap (Gap 1):** This is the difference between customer expectations and management's perceptions of those expectations. It occurs when companies do not accurately understand what customers want or need.
2. **Policy Gap (Gap 2):** Also known as the standards gap, this represents the difference between management's understanding of customer expectations and the translation of that understanding into service quality specifications and standards.
3. **Delivery Gap (Gap 3):** This gap arises between the established service quality specifications and the actual service delivered. It often results from issues in implementation, such as inadequate resources or poor training.
4. **Communication Gap (Gap 4):** This represents the difference between the service delivered and what is communicated to customers about the service. It often occurs when companies overpromise or fail to inform customers about behind-the-scenes efforts.
5. **Customer Gap (Gap 5):** This is the overall gap between customer expectations and perceptions of the service actually received. It is essentially the sum of the other four gaps

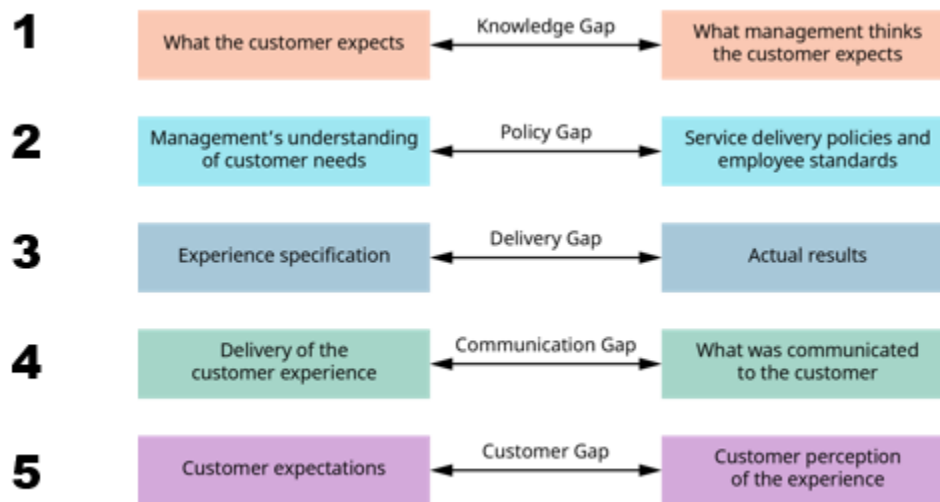


Figure 8 Gap model of service quality (Adapted from Rice University & OpenStax/Principles of Marketing) CC BY 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

The gap model provides a structured approach to identifying sources of service quality issues. It helps organizations understand the complex nature of service delivery and customer satisfaction. It guides companies in developing strategies to close these gaps and improve overall service quality.

The RATER Framework of Service Quality

The **RATER framework** of service quality, developed by Zeithaml, Parasuraman, and Berry¹², is a refined version of their earlier SERVQUAL model for measuring service quality.

This framework focuses on five key dimensions that customers generally consider important when evaluating service quality:

1. **R – Reliability:** The organization's capability to provide accurate, dependable, and on-time service.
2. **A – Assurance:** The degree to which the organization inspires trust in its customers.
3. **T – Tangibles:** Factors such as the physical appearance of both the physical facility and employees.
4. **E – Empathy:** Focusing on customers attentively to ensure that they receive caring and distinguished service.
5. **R – Responsiveness:** A service staff's desire to treat customers with respect and provide satisfactory and quick service, with an emphasis on promptness and willingness.

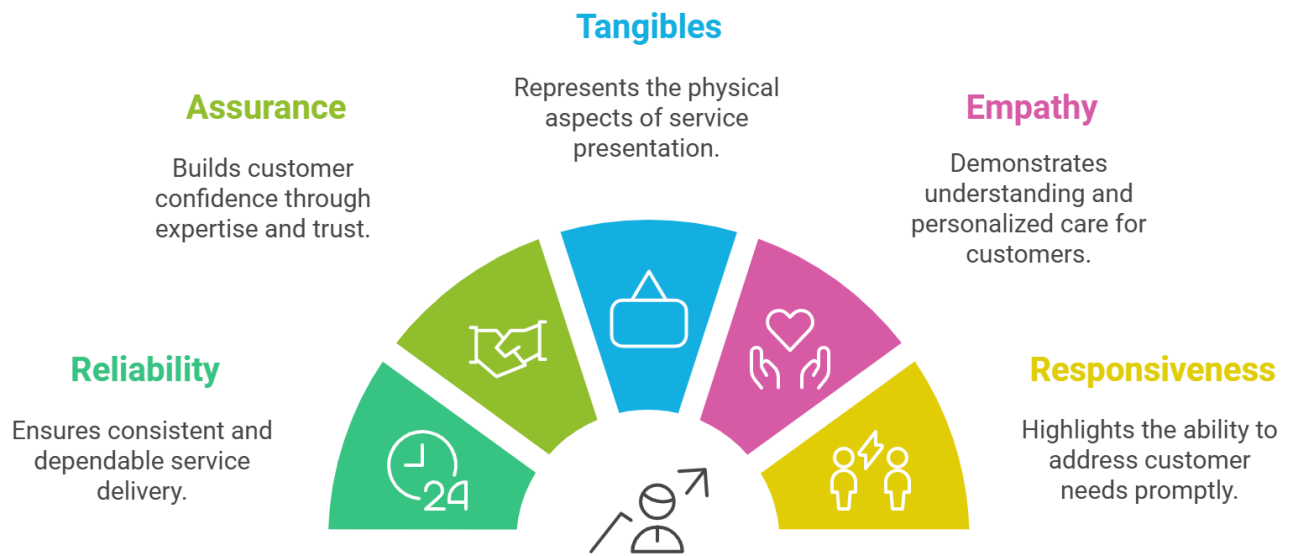


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Example Great Hospitality

“The Secret Ingredients of Great Hospitality | Will Guidara | TED” [13:53 min] by TED¹³



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: The Secret Ingredients of Great Hospitality | Will Guidara | TED (<https://youtu.be/bwcyXcOpWVs?si=u89rPdDQtTsQO4Hs>)



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Customer Experience Management

Customer experience management (CEM)¹ refers to the strategies and practices that a company employs to design and deliver positive interactions with its customers across all touchpoints throughout the customer journey². It involves understanding customer needs, preferences, and behaviours, and using those insights to create personalized, seamless experiences that meet or exceed customer expectations. The goal of CEM is to foster customer satisfaction, loyalty, and advocacy by ensuring every interaction with the brand – whether through the website, social media, customer service, or in-person – is consistently positive and aligned with the company's brand values and customer-centric approach.



Figure 1 Customer experience journey (by author using Canva Magic Studio) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Services marketing heavily relies on creating memorable customer experiences and building long-term relationships with customers. This chapter includes sections on customer journey mapping, experience design, and relationship marketing tactics tailored to the tourism and hospitality contexts.

Service Management Strategies

Managing services effectively requires a strategic approach to ensure differentiation, quality, and customer satisfaction. Below are key strategies used to manage services across various dimensions.

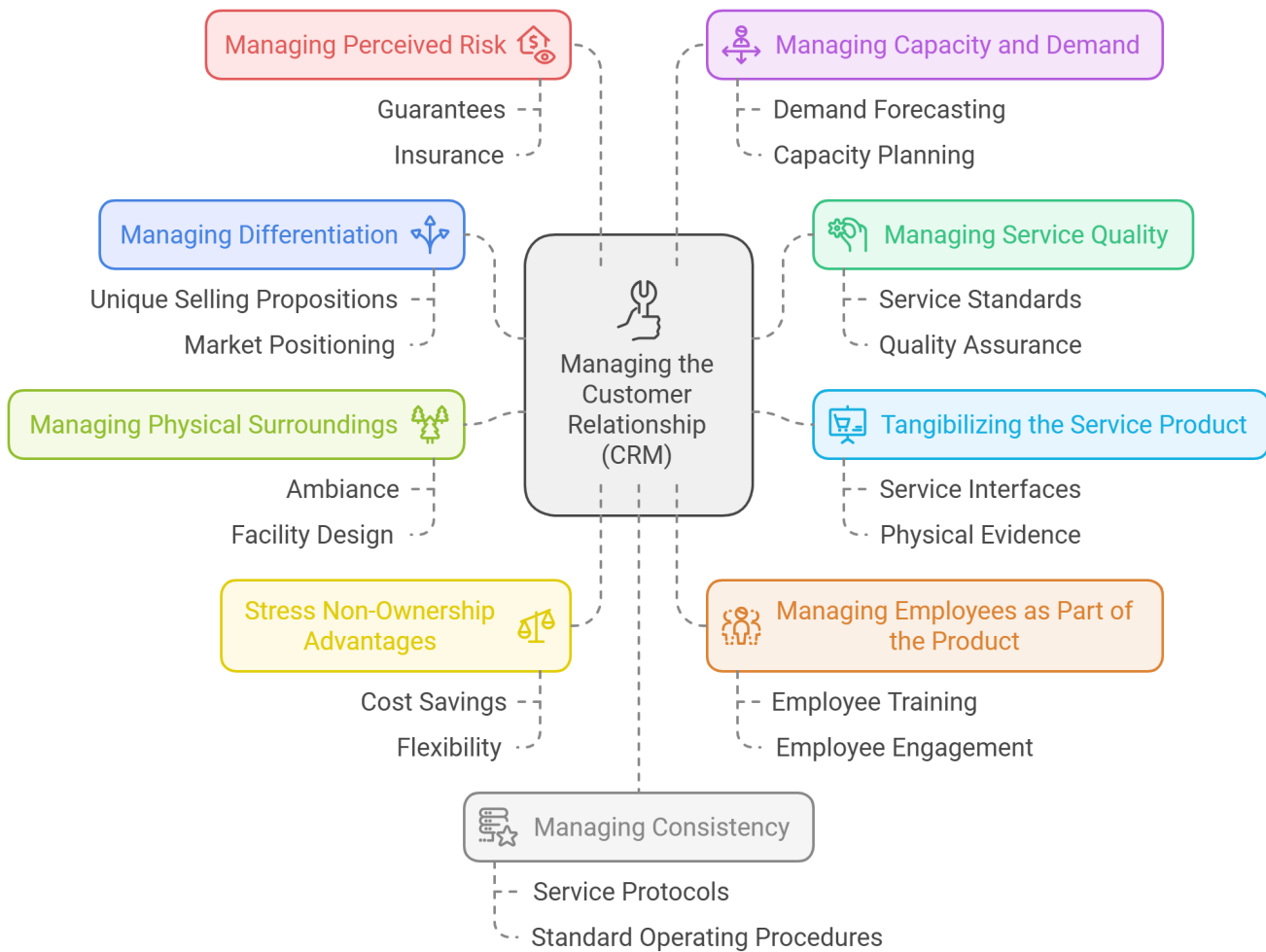


Figure 2 Strategies to manage services (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Managing Differentiation:

- **Unique Service Features:** Differentiate services by offering unique features or benefits that competitors do not provide. This can include personalized customer experiences or exclusive service offerings.
- **Branding:** Strong branding can help differentiate services in the minds of consumers, making them more recognizable and preferred over competitors.

Managing Service Quality:

- **Quality Assurance Programs:** Implement robust quality assurance programs to monitor and maintain high service standards. Regular training and feedback loops can help ensure consistent service delivery.
- **Customer Feedback:** Use customer feedback to continuously improve service quality. This involves gathering insights through surveys, reviews, and direct interactions to identify areas for enhancement.

“Tangibilizing” the Service Product:

- **Physical Evidence:** Enhance the tangibility of services by focusing on physical evidence such as the appearance of facilities, equipment, and employee presentation. This helps convey quality and builds customer trust.
- **Service Environment (Servicescape):** Design the physical environment to positively influence customer

perceptions and experiences. Elements like layout, decor, and ambient conditions play a crucial role in shaping customer impressions.

Managing the Physical Surroundings:

- **Servicescape Management:** Strategically manage the physical surroundings where services are delivered to enhance customer experience. This includes optimizing layout, signage, and environmental conditions to facilitate a positive interaction.

Stressing Advantages of Non-Ownership:

- **Service Models:** Highlight the benefits of non-ownership models such as subscriptions or rentals. Emphasize flexibility, cost savings, and access to the latest offerings without the burden of ownership.

Managing Employees as Part of the Product:

- **Employee Training and Empowerment:** Equip employees with the skills and authority needed to deliver exceptional service. Empowered employees can enhance customer interactions and contribute significantly to service quality.
- **Employee Satisfaction:** Foster a positive work environment to boost employee satisfaction, which directly impacts service delivery and customer satisfaction.

Managing Perceived Risk:

- **Transparent Communication:** Provide clear and accurate information about services to reduce perceived risk among customers. Transparency about service features, costs, and potential outcomes builds trust.
- **Guarantees and Warranties:** Offer guarantees or warranties to reassure customers about their service choices. This reduces uncertainty and encourages purchase decisions.

Managing Capacity and Demand:

- **Dynamic Pricing:** Use dynamic pricing strategies to balance demand and capacity effectively. Adjust prices based on demand fluctuations to optimize resource utilization.
- **Service Portfolio Management:** Regularly assess and adjust the service portfolio to align with market demand and organizational capacity.

Managing Consistency:

- **Standardized Procedures:** Develop standardized procedures for service delivery to ensure consistency across different locations and touchpoints.
- **Quality Control Systems:** Implement systems that monitor service delivery processes to maintain consistent quality levels.

Managing Customer Relationship (CRM):

- **CRM Systems:** Use CRM systems to manage customer interactions effectively. These systems help track customer preferences, history, and feedback, enabling personalized service delivery.
- **Omni-channel Integration:** Ensure seamless integration across various customer interaction channels (e.g., online, in-store) for a unified experience.

Example The Ritz-Carlton

This luxury hotel chain is renowned for its exceptional customer service and hospitality, which are achieved through several strategic approaches³⁴:

Managing Differentiation:

Personalized Experiences: The Ritz-Carlton differentiates itself by offering highly personalized guest experiences. They use customer data to anticipate needs and preferences, ensuring each stay feels unique and tailored.

Managing Service Quality:

Empowerment of Employees: Employees at the Ritz-Carlton are empowered to spend up to \$2,000 to resolve any guest issue without managerial approval. This empowerment leads to swift problem resolution and exceptional service quality.

“Tangibilizing” the Service Product:

Luxury Amenities and Facilities: The physical environment of the Ritz-Carlton, including its luxurious amenities and elegant decor, helps tangibilize the intangible aspects of hospitality, reinforcing the brand’s premium positioning.

Managing the Physical Surroundings:

Servicescape Design: The hotel’s design and ambiance are meticulously crafted to provide a luxurious and comfortable atmosphere, enhancing the overall guest experience.

Stressing Advantages of Non-Ownership:

Membership Programs: Through exclusive membership programs, guests can enjoy the benefits of luxury hospitality without the commitment of ownership, such as access to exclusive events and experiences.

Managing Employees as Part of the Product:

Comprehensive Training Programs: Employees undergo extensive training to ensure they embody the brand’s values and deliver consistent service excellence. This includes regular workshops and feedback sessions.

Managing Perceived Risk:

Reputation and Guarantees: The strong reputation of the Ritz-Carlton reduces perceived risk for customers. Additionally, their satisfaction guarantees assure guests of a high-quality experience.

Managing Capacity and Demand:

Dynamic Pricing Models: The Ritz-Carlton employs dynamic pricing strategies to manage room availability and maximize revenue during peak demand periods.

Managing Consistency:

Standardized Service Protocols: Consistent service delivery is ensured through standardized protocols across all locations, maintaining the brand's high standards globally.

Managing Customer Relationship (CRM):

Advanced CRM Systems: The Ritz-Carlton utilizes sophisticated CRM systems to track guest preferences and history, enabling personalized interactions and fostering long-term relationships with customers.

“15 Things You Didn’t Know About The RITZ CARLTON” [12:42 min] by Alux.com⁵

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: 15 Things You Didn’t Know About The RITZ CARLTON (<https://youtu.be/3xJRnQVToo4?si=BVIMpS441Q7knJCu>)



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5. Alux.com. (2020, March 26). *15 things you didn't know about the Ritz Carlton* [Video]. YouTube. <https://youtu.be/3xJRnQVToo4?si=BVlMpS441Q7knJCu> (<https://youtu.be/3xJRnQVToo4?si=BVlMpS441Q7knJCu>)

Summary

This chapter provided an in-depth exploration of products, with a particular focus on the service sectors such as tourism and hospitality.

Key Takeaways

1. **Understanding Products:** Products are bundles of attributes designed to satisfy consumer needs and wants. They can be classified using models like levels of a product (core, tangible, augmented, and promised) and types of consumer products (convenience, shopping, specialty, and unsought).
2. **Branding:** Effective branding involves creating a strong identity that resonates emotionally with consumers, leveraging visual elements and consistent messaging to build loyalty.
3. **New Product Development (NPD):** The NPD process helps transform creative ideas into market-ready offerings. Several models and frameworks have emerged to support successful NPD.
4. **Packaging:** Beyond functionality, packaging serves as a powerful marketing tool that communicates brand values and influences purchasing decisions.
5. **Service Marketing Frameworks:** The 8 Ps of services marketing, servicescape model, Lovelock's categories of services, and other frameworks help manage the unique challenges of service delivery.
6. **Service Quality Management:** Tools like the services marketing triangle, service profit chain, gap model, and RATER framework provide structured approaches to assessing and enhancing service quality.
7. **Customer Experience Management (CEM):** CEM enhances service quality by ensuring consistent and positive interactions with the brand across all touchpoints.
8. **Strategic Integration:** Combining product understanding, branding strategies, new product development insights, packaging techniques, services marketing frameworks, and CEM principles leads to comprehensive marketing strategies that align with organizational goals in competitive sectors like tourism and hospitality.

Exercises Check Your Understanding

Exercise 1: Product Levels Analysis

Scenario: You are launching a new rock-climbing gym in Vancouver.

Task: Using the levels of a product framework, analyze this service product offering.

Recommended Answer:

- **Core Product:** Physical fitness, challenge, and personal achievement.
- **Tangible Product:** Climbing walls, safety equipment, change rooms, and training areas.
- **Augmented Product:** Expert instruction, belay certification courses, climbing community events, and a mobile app for booking.
- **Promised Product:** Improved strength and confidence, social connections with fellow climbers, and an urban adventure experience.

Exercise 2: Service and Experience Products

Scenario: Refer to the rock-climbing gym in Exercise 1.

Task: Analyze its service offering using the four characteristics of services (intangibility, inseparability, variability, and perishability) and propose solutions for each challenge.

Recommended Answer:

Exercise 2 Answers

| Characteristic & Challenge | Solution |
|---|--|
| Intangibility: Difficulty showcasing the climbing experience | Create virtual tours, post videos of climbers, offer free trial sessions |
| Inseparability: Service quality depends on instructor presence | Implement rigorous staff training, maintain consistent service standards |
| Variability: Different instructor styles and skill levels | Standardize teaching methods, develop detailed instruction manuals |
| Perishability: Unused capacity during off-peak hours | Dynamic pricing, special off-peak programs, membership incentives |

Exercise 3: Types of Consumer Products

Task: Classify each of the following tourism products according to the types of consumer products model:

- a. Airport coffee
- b. Luxury cruise package
- c. Custom-designed private tour
- d. Travel insurance

Recommended Answer:

- a. **Convenience Product:** Low involvement, readily available.
- b. **Shopping Product:** Requires comparison and evaluation.
- c. **Specialty Product:** Unique, high involvement.
- d. **Unsought Product:** Purchased only when need arises.

Exercise 4: Brand Elements

Task: Analyze the brand elements for Parks Canada, identifying three visual design elements and three intangible elements that contribute to their brand strength.

Recommended Answer:

- **Visual Design Elements:**
 - Iconic beaver logo representing Canadian heritage
 - Green and white color scheme reflecting nature and environmental stewardship
 - Consistent signage and wayfinding design across all national parks
- **Intangible Elements:**
 - Reputation for conservation and environmental protection
 - Emotional connection to Canadian wilderness and natural heritage
 - Trust in safety and quality of park maintenance and services

Exercise 5: Branding Strategy

Task: Identify whether each scenario represents a “branded house” or “house of brands” strategy:

- a. Marriott’s portfolio of hotel brands
- b. Virgin Group’s diverse businesses
- c. Four Seasons Hotels and Resorts

Recommended Answer:

- a. **House of Brands:** Multiple distinct brands under Marriott International.
- b. **Branded House:** Virgin name used across different industries.
- c. **Branded House:** Single brand name across all properties.

Exercise 6: Customer Experience Management

Scenario: You manage a large community recreation centre.

Task: Using the RATER framework, develop a strategy to enhance customer experience across all touchpoints.

Recommended Answer:

1. **Reliability:**
 - Consistent class schedules
 - Well-maintained equipment
 - Regular facility cleaning

- Dependable instructor attendance

2. Assurance:

- Certified fitness instructors
- Clear safety protocols
- Professional staff training
- Regular equipment inspections

3. Tangibles:

- Modern fitness equipment
- Clean, well-lit spaces
- Clear wayfinding signage
- Professional staff uniforms

4. Empathy:

- Personalized fitness consultations
- Adaptive programming for different abilities
- Special consideration for seniors
- Family-friendly policies

5. Responsiveness:

- Quick response to member feedback
- Efficient class registration system
- Prompt equipment maintenance
- Flexible scheduling options

Exercise 7: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 7: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-5-summary/#h5p-7>)





An interactive H5P element has been excluded from this version of the text. You can view it online here:
<https://marketingmap.pressbooks.tru.ca/?p=208#h5p-7>
(<https://marketingmap.pressbooks.tru.ca/?p=208#h5p-7>)

Glossary of Key Terms

Adopter Categories: Classifications of consumers based on when they adopt new products, including innovators, early adopters, early majority, late majority, and laggards.

Augmented Product: Additional services and benefits that enhance the product's value, such as warranties, customer service, and delivery options.

Brand: A distinctive feature like a name, term, design, or symbol that identifies goods or services and represents a company's reputation as perceived by the public.

Brand Awareness: The extent to which consumers are familiar with and recognize a brand, increasing the likelihood of consumers choosing the brand over competitors.

Brand Equity: The value a brand adds to a product or service beyond its functional attributes, derived from consumer perceptions, experiences, and associations.

Brand Image: The perception of attributes that consumers have of a brand, such as quality, reliability, and uniqueness.

Brand Loyalty: The tendency of consumers to consistently choose a specific brand over others, contributing to stable sales and brand advocacy.

Branded House: A branding strategy where a company uses a single master brand across all its products and services.

Convenience Products: Low-cost, frequently purchased items that require minimal effort for consumers to acquire.

Copyright: A type of intellectual property that provides legal protection, granting creators exclusive rights to their original works, such as literature, music, art, software, logos, and marketing materials.

Core Product: The fundamental benefit or value that the consumer receives from the product, addressing the primary need or problem the product solves.

Customer Experience Management (CEM): The process of improving service quality and customer satisfaction through cohesive brand interactions.

Gap Model of Service Quality: A framework that identifies gaps between customer expectations and perceptions of service quality.

House of Brands: A branding strategy where a company maintains separate and distinct brands for different products or services.

Inseparability: A characteristic of services where production and consumption occur simultaneously.

Intangibility: A characteristic of services where they cannot be seen, touched, or physically experienced before purchase.

Levels of a Product: A framework to understand the different layers of value a product offers to customers, including core, tangible, augmented, and promised benefits.

Perishability: A characteristic of services where they cannot be stored for later use.

Product: Anything that can be offered to a market that might satisfy a need, want, or demand — encompassing physical goods, services, experiences, and ideas.

Product Adoption Curve: A model showing how different consumer groups adopt new products over time.

Promised Product: The long-term benefits and experiences associated with the product, including brand reputation and customer satisfaction.

RATER Framework: A tool for measuring service quality through Reliability, Assurance, Tangibles, Empathy, and Responsiveness.

Service Profit Chain: A model linking employee satisfaction to customer satisfaction and ultimately to profitability.

Services Marketing Triangle: A framework showing the relationships between company, employees, and customers in service delivery.

Shopping Products: Products purchased less frequently that involve more planning and comparison.

Specialty Products: Unique items that consumers specifically seek out and are willing to make a special effort to purchase.

Tangible Product: The physical attributes and features of the product that can be seen, touched, or measured.

Trademark: Is a type of intellectual property providing legal protection for brand names, symbols, and other distinctive brand elements. It includes any word, name, symbol, or design to distinguish the goods or services of one organization from those of others.

Types of Consumer Products: Classification of products based on consumer buying behavior, including convenience, shopping, specialty, and unsought products.

Unsought Products: Products that consumers do not actively seek out until a specific need arises.

Variability: A characteristic of services where quality can vary depending on who provides them, when, and where.

CHAPTER VI

SETTING THE PRICE

Learning Outcomes

Pricing is a pivotal element of the marketing mix, serving as the only component that directly generates revenue.

In this chapter, we learn about the complexities of pricing, exploring its role as a strategic tool that influences profitability, market share, and consumer perceptions. Setting the “right price” involves balancing internal factors such as costs and marketing objectives with external considerations like market demand, competition, and economic conditions. Through this lens, we examine various pricing strategies and their applications across industries, with a particular focus on the tourism, hospitality, and leisure sectors.

After reading this chapter, you should be able to:

- Define price and explain its significance in the marketing mix.
- Identify and analyze internal and external factors influencing pricing decisions.
- Compare and contrast different pricing approaches and strategies.
- Evaluate the psychological aspects of pricing and their impact on consumer behavior.
- Assess the legal and ethical considerations in pricing practices.
- Apply pricing concepts to real-world scenarios.

Opening Thoughts

“Price is what you pay. Value is what you get.” – Warren Buffett

The \$25,000 Taco: A Lesson in Value Perception

In 2017, the Grand Velas Los Cabos resort in Mexico introduced what became known as the world’s most expensive taco¹. Priced at \$25,000, this extraordinary creation featured premium ingredients including Kobe beef, Almas Beluga caviar, and black truffle brie cheese, served on a gold-flaked corn tortilla. The taco was served in the resort’s Frida restaurant, accompanied by an exotic salsa made with Morita chili peppers and Ley 925 ultra-premium tequila.

While few customers actually purchase this ultra-luxury item, its mere existence serves a strategic purpose. The \$25,000 taco creates a powerful anchor price that makes the resort's other premium offerings seem remarkably reasonable by comparison. This case illustrates how pricing strategies extend far beyond simple cost calculations to influence customer perceptions and behaviors.

Through this chapter, we will explore the complex art and science of pricing, examining how businesses across the hospitality and tourism sector use various pricing strategies to create value, drive revenue, and shape customer perceptions.

“I Ate The World’s Most Expensive Taco” [9:36 min] by Nick DiGiovanni²



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: I Ate The World’s Most Expensive Taco (<https://youtu.be/BDgi4UuMzml?si=QBNW1HfvuttCzzQT>)



Chapter Topics

- What is Price? (#chapter-what-is-price)
- Factors Influencing Pricing Decisions (#chapter-factors-influencing-pricing-decisions)
- Pricing Approaches and Strategies (#chapter-pricing-approaches-and-strategies)
- Pricing Strategy Analysis (#chapter-pricing-strategy-analysis)

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2. Nick DiGiovanni. (2022). *I ate the world's most expensive taco* [Video]. YouTube. <https://youtu.be/BDgi4UuMzml?si=QBNW1HfvuttCzzQT> (<https://youtu.be/BDgi4UuMzml?si=QBNW1HfvuttCzzQT>)

What is Price?

Price is the amount of money charged for a product or service. It represents the value that consumers are willing to exchange for the benefits of owning or using a product or service.

Price is the only marketing mix element that produces revenue.

Determining the right price for a product is a critical decision that impacts a company's profitability, market share, and competitive positioning. The question of what constitutes the "right price" is important because it directly influences consumer behaviour, brand perception, and the overall success of a product in the marketplace. Setting the right price involves balancing several factors, including production costs, market demand, competitive pricing, and perceived value to the customer.

What is the right price? We explore this question and possible answers in the sections that follow...



Figure 1 The Price is Right
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Factors Influencing Pricing Decisions

Pricing decisions are influenced by a variety of factors, both internal and external, that organizations must consider to set effective and competitive prices. The following is an overview of the key factors affecting pricing decisions.

Internal Factors Affecting Price

Internal factors significantly influence pricing decisions and include considerations such as marketing objectives, marketing mix strategy, and cost structures. Below are the key internal factors that affect pricing.

Production Costs

Production costs are the costs associated with producing goods or delivering services, including both variable and fixed costs, and set the lower limit for pricing.

Variable costs are costs that change with production volume, such as raw materials and labor. Prices must be set above variable costs to ensure each sale contributes to covering fixed costs.

Fixed costs are stable expenses like rent and salaries that do not vary with production levels. Pricing strategies must account for recovering these costs over time.

Companies must ensure that prices cover these types of costs to achieve profitability.

Marketing Objectives

Pricing strategies must be aligned with an organization's broader marketing objectives, such as maximizing current profit, increasing market share, or positioning as a premium brand.

Examples Marketing Objectives

Survive the Recession: A company may set lower prices to maintain sales volume and cash flow during economic downturns.

Maximize Current Profit: Prices may be set at a level that maximizes immediate profits, often through premium pricing strategies.

Increase Market Share: Competitive pricing may be used to attract more customers and expand market presence.

Lead the Market in Quality: Higher prices can signal superior quality and establish a brand as a market leader.

Marketing Mix Strategy

Price must be coordinated with other elements of the marketing mix — including product features, distribution channels, and promotional strategies — to create a cohesive brand offering.

Examples Marketing Mix Strategy

Product Design: The price should reflect the product's design and quality. A premium product may justify a higher price point.

Distribution Channels: Pricing can vary depending on the distribution strategy. For example, exclusive distribution might support higher pricing.

Promotional Activities: Discounts or promotional pricing can be used to boost sales or introduce new products.

Product Lifecycle Stage

The stage of the product in its lifecycle (introduction, growth, maturity, and decline) can influence pricing strategies. For example, introductory pricing may be lower to attract early adopters.

External Factors Affecting Price

Several external factors can significantly influence pricing decisions for products and services. Here are the key external factors that affect pricing.

Market and Demand

The state of the market sets the upper limits for pricing. High demand can allow for higher prices, while low demand may require price reductions to attract buyers.

Price Elasticity of Demand

Price elasticity of demand is a measure of how sensitive consumers are to changes in price for a particular product. It tells us how much the demand for a product changes when its price changes.

Calculating Price Elasticity of Demand

Price elasticity of demand measures how the quantity demanded of a product changes in response to a change in its price. This is the ratio of the percentage change in the quantity demanded to the percentage change in price.

$$\text{Price Elasticity of Demand (PED)} = \frac{\% \text{ change in quantity}}{\% \text{ change in price}}$$

Figure 1 Price elasticity of demand formula (by author) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Types of Demand Elasticity

There are two types of demand elasticity a product can be:

- **Elastic Demand:** If a small change in price leads to a large change in quantity demanded, the product is considered elastic. This typically occurs with non-essential or luxury items where substitutes are readily available (PED is greater than 1).
- **Inelastic Demand:** If a change in price leads to a small change in quantity demanded, the product is considered inelastic. This is common with essential goods that have fewer substitutes, like gasoline or prescription medications (PED is smaller than 1).

Factors Influencing Demand Elasticity

Certain factors influence demand elasticity including:

- **Availability of Substitutes:** Products with many alternatives tend to have more elastic demand.
- **Necessity vs. Luxury:** Essential items typically have more inelastic demand compared to luxury items.
- **Time Frame:** Demand often becomes more elastic over time as consumers can adjust their behavior.
- **Proportion of Income:** Items that consume a larger portion of income tend to have more elastic demand.
- **Brand Loyalty:** Strong brand loyalty can make demand more inelastic.

Elastic demand: elasticity > 1

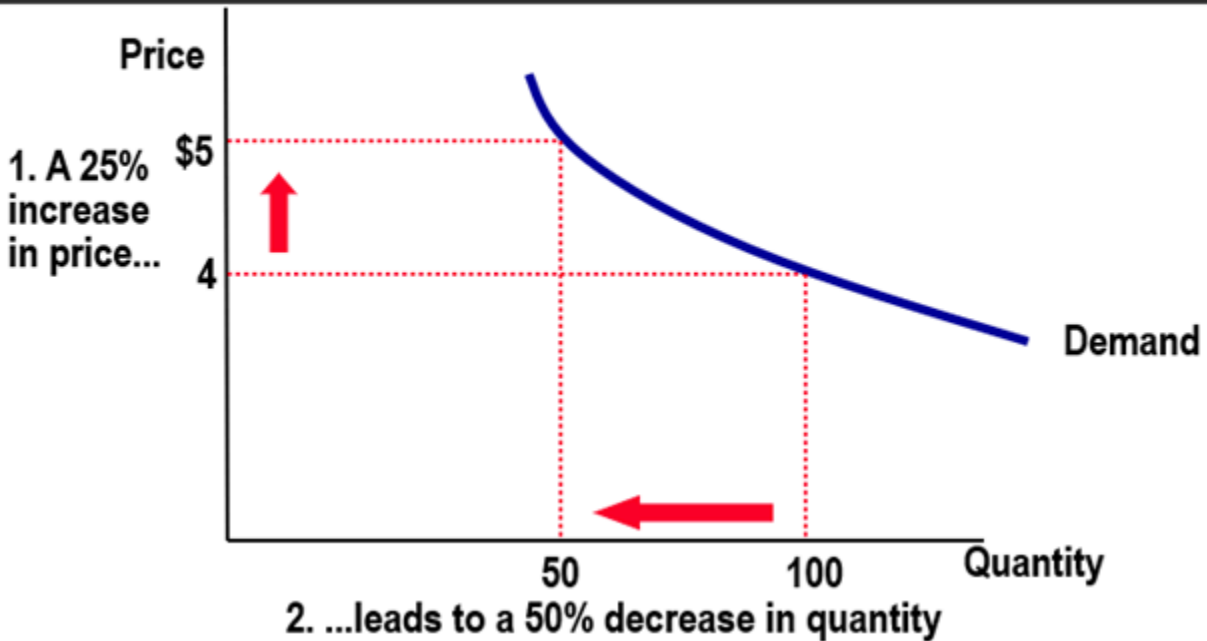


Figure 2 Elastic demand (by author) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Inelastic demand: elasticity < 1

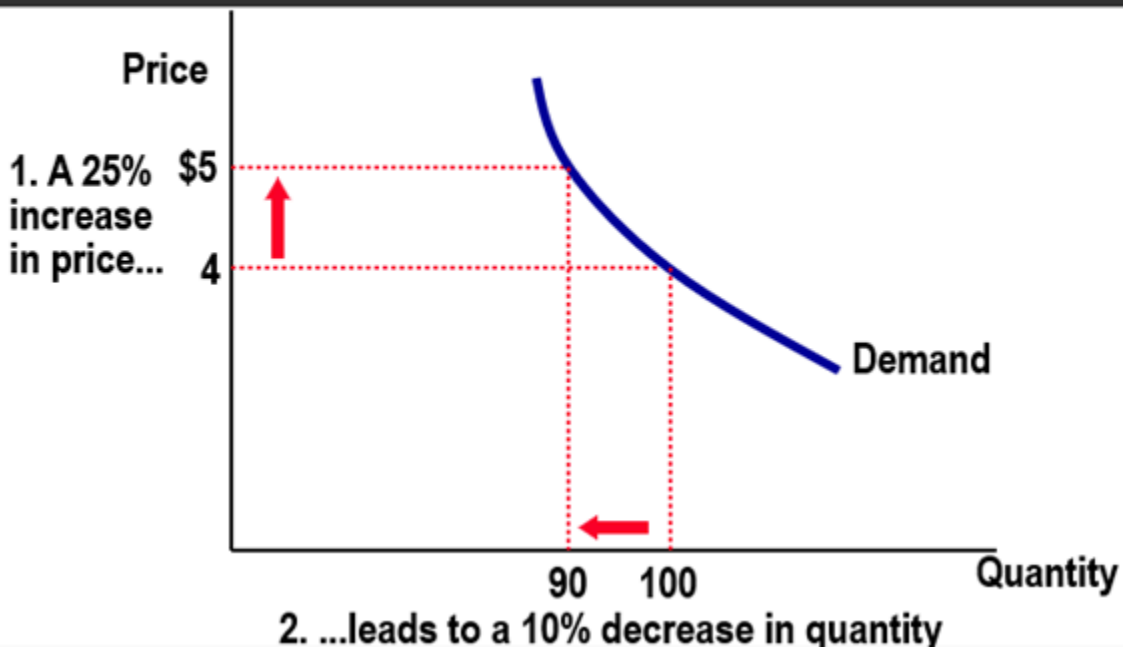


Figure 3 Inelastic demand (by author) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Examples Price Elasticity of Demand

Consider a popular beach resort during peak summer season. Even if they raise their prices significantly, they might not see a big drop in bookings because people have limited alternatives (few substitutes) and are willing to pay more for their summer vacation. This would be an example of relatively inelastic demand.



Figure 4 Beach chairs (Colon Freld/Pexels) Pexels license (<https://www.pexels.com/license/>)

Now, think about a budget airline offering flights to various destinations. If they slightly increase their prices, they might see a substantial decrease in bookings as price-sensitive travelers opt for competitors (many substitutes) or choose not to travel. This would be an example of elastic demand.



Figure 5 An airplane on a runway (Matt Key/Pexels) Pexels license (<https://www.pexels.com/license/>)

Consumer Perception of Price and Value

Consumers' perception of a product's value influences their willingness to pay. A higher perceived value can justify a higher price point.

Competitors' Prices and Offers

The prices set by competitors can heavily influence a company's pricing strategy. Businesses often adjust their prices to remain competitive, either by matching or differentiating from competitors' prices.

Economic Environment

Economic conditions — such as inflation rates, unemployment levels, and consumer spending habits — impact pricing strategies. In economic downturns, consumers may become more price-sensitive, necessitating price adjustments.

Government Regulations

Laws and regulations, including taxes and tariffs, can affect production costs and pricing decisions. Compliance with legal requirements is essential when setting prices.

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Pricing Approaches and Strategies

Pricing approaches can be broadly categorized into three main strategies: profit-oriented, competitor-oriented, and customer-oriented pricing. Each approach focuses on different factors to determine the optimal price for products or services.

Profit-Oriented Pricing

Profit-oriented pricing is a strategy that aims to maximize a company's profits by focusing on the financial aspects of the business and its products. This approach is based on a simple principle: the price of a product or service should be set higher than the total cost of producing and selling it, ensuring that the company makes a profit on each sale.

The core idea behind profit-oriented pricing is the equation:

$$\text{Profit} = \text{Revenue} - \text{Cost}$$

Companies using this strategy calculate their costs carefully and then add their desired profit margin to determine the selling price.

While this method ensures profitability on paper, it has some limitations. Customers generally do not care about a company's costs, competitors may be able to undercut prices, and this approach can limit pricing flexibility in response to market changes.

Margin and Markup Pricing

Margin and markup pricing are two common approaches within profit-oriented pricing strategies. Both methods are used to determine selling prices based on costs, but they calculate the profit differently.

Margin Pricing

Margin pricing focuses on the profit as a percentage of the selling price. It is calculated using this formula:

$$\text{Margin} = (\text{Selling Price} - \text{Cost}) / \text{Selling Price}$$

The margin is expressed as a percentage of the selling price. To set a price using the margin method:

$$\text{Selling Price} = \text{Cost} / (1 - \text{Desired Margin Percentage})$$

Markup Pricing

Markup pricing, on the other hand, calculates the profit as a percentage of the cost. The formula for markup is:

$$\text{Markup} = (\text{Selling Price} - \text{Cost}) / \text{Cost}$$

To set a price using the markup method:

$$\text{Selling Price} = \text{Cost}(\text{Cost} \times \text{Desired Markup Percentage})$$

Key Differences

The key differences between margin and markup pricing are:

1. **Base for Calculation:** Margin uses the selling price as its base, while markup uses the cost.
2. **Resulting Percentages:** For the same profit amount, the markup percentage will always be higher than the margin percentage.
3. **Ease of Use:** Markup is often easier to calculate quickly, especially for businesses with varying costs.

Industry Application

Both methods are used in a wide range of sectors, but margin is often preferred for financial reporting and analysis because it directly relates to profitability ratios. Markup might be used more frequently in quick pricing decisions, especially in retail settings.

Example Margin and Markup Pricing

Let's say a hotel room costs \$80 to maintain and operate per night, and the desired profit is \$40.

Using Margin:

$$\text{Selling Price} = \$120$$

$$\text{Margin} = (\$120 - \$80) / \$120 = 33.33\%$$

Using Markup:

$$\text{Selling Price} = \$120$$

$$\text{Markup} = (\$120 - \$80) / \$80 = 50\%$$

As you can see, the same \$40 profit results in different percentages depending on whether you use margin or markup.

Competitor-Oriented Pricing

Competitor-oriented pricing is a strategy where a company sets its prices primarily based on what competitors are charging. This approach requires a thorough understanding of the market and competitors' offerings. There are three main ways to implement this strategy: matching, pricing above, or pricing below the competition.

Examples Competitor-Oriented Pricing

Matching Competitor Prices: When a company matches competitor prices, they are essentially saying, "We're just as good as our competitors." However, this approach requires competing on other parts of the marketing mix (product, place, promotion) to differentiate the offering.

Example: A beach resort matches its competitors' room rates but offers superior customer service and unique amenities to stand out.

Pricing Above Competition: Pricing above the competition can be effective, but it requires a clear advantage on some non-price element of the marketing mix. This could be superior quality, unique features, or strong brand reputation.

Example: A luxury eco-lodge charges higher rates than nearby accommodations, justifying the premium with its sustainable practices, exclusive location, and high-end amenities.

Pricing Below Competition: Pricing below the competition aims to increase sales volume with lower profit margins. This strategy is effective if a significant segment of the market is price-sensitive and the organization's cost structure is lower than competitors'.

Example: A budget airline offers lower fares than full-service carriers, attracting price-sensitive travelers and compensating for lower margins with higher volume and reduced services.

The Risk: Price War

The major risk of competing primarily on price is the potential for a **price war**. This occurs when competitors continually lower their prices to undercut each other, potentially leading to unsustainable pricing levels and reduced profitability for all involved.

Customer-Oriented Pricing

Customer-oriented pricing is a strategy that focuses on the customer's perspective rather than solely on costs or competitors. This approach recognizes that price is "what you think your product is worth to that customer at that time." It is based on understanding the customer's perceived value of the product or service and their willingness to pay.

Perceived Value and Willingness to Pay

Perceived value is the worth that a customer assigns to a product or service based on its perceived benefits and costs. This can vary greatly from customer to customer and even for the same customer at different times.

Willingness to pay is the maximum amount a customer is prepared to pay for a product or service. It is directly related to perceived value but also influenced by factors like budget constraints and alternatives available.

In tourism, hospitality, and leisure sectors, perceived value can be affected by factors such as:

- Quality of service
- Uniqueness of the experience
- Convenience
- Brand reputation
- Timing (e.g., peak vs. off-peak seasons)

Customer-oriented pricing aims to answer two critical questions:

- What is the highest price I can charge and still make the sale?
- Am I willing to sell at that price?

Examples Customer-Oriented Pricing

Example 1: A beachfront hotel might charge higher rates during summer when customers perceive greater value in a beach vacation and are willing to pay more.

Example 2: A theme park might offer discounted evening tickets, recognizing that some customers perceive less value in a shorter visit but are willing to pay a reduced price.

Example 3: Perceived value and willingness to pay in different contexts. A common product that exemplifies significant price variation based on context is bottled water. While typically inexpensive in most retail settings, bottled water can become extremely costly in certain situations.



Figure 1 A water bottle (Dmitriy/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Price Variation in Bottled Water

Standard Retail Price: In grocery stores, convenience stores, or supermarkets, bottled water is generally affordable for most consumers. A standard 500ml bottle of water might cost anywhere from \$1.00 to \$2.00, depending on the brand and location.

High-Price Contexts: However, the price of bottled water can skyrocket in specific environments:

1. **Airports:** After passing through security, bottled water prices often increase dramatically. A single bottle might cost \$5 or more.
2. **Hotels:** Mini-bar or room service water can be priced at a premium, sometimes reaching \$5-\$10 per bottle.
3. **Concerts and Sporting Events:** Venues often charge inflated prices for bottled water, sometimes \$4-\$6 per bottle.

Price Variation Factors: The stark price difference is primarily due to:

- Captive markets
- Convenience premiums
- Exploitation of necessity in certain contexts

This pricing strategy, known as situational pricing or price discrimination, allows sellers to maximize profits based on consumers' willingness to pay in different situations.

Segmented Pricing

Offer the right product to the right customer at the right time for the right price.

Customer-oriented pricing recognizes that different customers have varying perceptions of value and willingness to pay. This is then translated into a **segmented pricing** strategy, where different prices are charged to different customer segments for essentially the same product or service.

How is this possible?

Criteria for Effective Price Segmentation

To effectively use price segmentation, the following criteria must be met:

1. Different groups (segments) of consumers must value the product differently:

- There should be clear differences in the perceived value of the product or service among different segments. This perception gap allows for price differentiation and justifies charging different prices to different segments. Different segments should respond differently to various marketing mix elements, especially price. The same product can have different values at different times, allowing for temporal price discrimination. Pricing can vary based on how much or how often a customer buys. If all segments react the same way to price changes, there's no benefit in segmenting.

2. Each segment must be identifiable and dealt with separately, with no crossover between segments (create fences between segments):

- The segments must be clearly distinguishable from each other. You should be able to identify which segment a customer belongs to based on observable characteristics or behaviors.

3. One segment cannot sell their purchase to another segment (arbitrage):

- It should be difficult or impossible for customers in lower-priced segments to resell to those in higher-priced segments. This maintains the integrity of your segmentation strategy.

Example Segmented Pricing in Movie Theatres



Figure 2 Movie theatre (Frank Rietsch/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

The same movie is shown to everyone, but prices differ for matinee vs. evening shows, weekdays vs. weekends, and different age groups or student status. The core product (the movie) is identical, but various factors justify the price differences, and customers generally accept this as a fair practice.

Evolution of Segmented Pricing¹²³

Segmented pricing has since evolved through the following stages:

1. Yield management

2. Revenue management
3. Dynamic pricing

Yield Management (1970s)

Yield management emerged in the airline industry in the 1970s and was later adopted by hotels and other sectors in the tourism industry.

Key Features:

- Focused on maximizing revenue for perishable inventory (e.g., airline seats and hotel rooms)
- Used historical data to predict demand and adjust prices accordingly
- Implemented different price tiers based on factors like booking time, season, or customer segment

Example Yield Management

In the early 1970s, airlines began experimenting with “fenced” pricing strategies to maximize revenue and fill more seats on flights. A notable example of this was:

Discounted Advance Booking

Airlines offered discounts to passengers who booked their flights more than 21 days in advance⁴. This strategy allowed airlines to:

- Sell additional seats that might otherwise have gone empty.
- Attract price-sensitive customers who were willing to commit early.
- Maintain higher prices for last-minute bookings, often from business travelers.

Revenue Management (1980s–1990s)

Revenue management evolved from yield management, expanding its scope and sophistication.

Key Features:

- Broader focus on overall revenue optimization, not just yield
- Incorporated more data points and advanced forecasting techniques
- Began to consider the total customer value, including ancillary revenues

Examples Revenue Management⁵

Marriott International

Marriott was among the first hotel chains to adapt airline-style revenue management to the hospitality industry in the late 1980s. Their approach included:

- Variable pricing for rooms based on demand
- Forecasting occupancy rates to optimize pricing
- Implementing stay restrictions (e.g., minimum night stays during peak periods)

National Car Rental

National Car Rental began implementing revenue management techniques in the late 1980s, focusing on:

- Dynamic pricing based on vehicle availability
- Optimizing fleet allocation across different locations
- Implementing length-of-rental restrictions during high-demand periods

Dynamic Pricing (Today)

Dynamic pricing is the modern evolution of yield management, enhanced by advanced technology and real-time data analysis.

Key Features:

- Prices change in real-time based on current market conditions, demand, and other factors
- Utilizes big data, AI, and machine learning to make pricing decisions
- Considers a wider range of factors including competitor prices, weather, events, and even individual customer behaviour.

Examples Dynamic Pricing

Dynamic pricing has become increasingly sophisticated and widespread in recent years. Here are some notable recent examples⁶.

Uber's Surge Pricing

Uber continues to refine its dynamic pricing model, known as surge pricing:

- Adjusts ride fares in real-time based on factors like demand, traffic conditions, and driver availability.
- Uses AI algorithms to predict demand fluctuations and optimize pricing.



Figure 3 Uber logo (Ivan Radic/Flickr) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)

Amazon's AI-Driven Pricing

Amazon has further advanced its dynamic pricing strategy:

- Changes product prices millions of times daily using AI algorithms.
- Considers factors such as competitor pricing, demand, and consumer behaviour.



Figure 4 Amazon logo (Dia/Flickr) CC BY-NC-ND 2.0 (<https://creativecommons.org/licenses/by-nc-nd/2.0/>)

Airbnb's Smart Pricing

Airbnb offers hosts a dynamic pricing tool called "Smart Pricing":

- Automatically adjusts listing prices based on factors like location, booking dates, property size, and local demand.
- Hosts using price recommendations within 5% of the suggested range are nearly four times more likely to get booked.



Figure 5 Airbnb logo (Ivan Radic/Flickr) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)

Delta Airlines

Delta Airlines incorporates AI to refine its pricing strategies:

- Analyzes historical data and market trends to optimize ticket prices.
- Adjusts prices based on factors such as demand, seasonality, and competitor pricing.



Figure 6 Delta airplane (Jeffrey S.S./Pexels) Pexels license (<https://www.pexels.com/license/>)

The Evolution

1. **Segmented Pricing:** Laid the foundation by recognizing different customer segments.
2. **Yield Management:** Introduced time-based pricing and demand forecasting.
3. **Revenue Management:** Expanded to consider total customer value and more sophisticated forecasting.
4. **Dynamic Pricing:** Incorporates real-time data and advanced analytics for more precise and responsive pricing.



Figure 7 Big data analytics (Gabriel Lasso/Flickr) Public domain (https://en.wikipedia.org/wiki/Public_domain)

Impact on the Tourism, Hospitality, and Leisure Sectors

This evolution has allowed for more sophisticated pricing strategies that can:

- Maximize revenue and occupancy rates
- Respond quickly to changes in demand
- Offer personalized pricing to individual customers
- Balance supply and demand more effectively

However, it also presents challenges:

- Requires significant technological investment
- Can be complex to implement and manage
- May raise concerns about fairness and transparency among customers

“How Do Airlines Price Tickets? | CNBC Explains” [5:55 min] by CNBC International⁷



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How Do Airlines Price Tickets? | CNBC Explains (https://youtu.be/EhhLXZB3kRw?si=E3w0NhL_hzx9hFcp)



“Retailers Adopt ‘Dynamic Pricing’ [2:01 min] by CBS New York⁸



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Pricing Strategy Analysis

We will now examine examples of pricing strategies in different contexts.

Pricing Strategies for New Products

When introducing a new product companies can choose from several pricing strategies. The three main strategies are:

1. Market skimming pricing
2. Market penetration pricing
3. Prestige pricing

Market Skimming Pricing

Market skimming pricing involves setting a high initial price for a new product and gradually lowering it over time. This strategy is often used for innovative or highly anticipated products.

Key Points:

- Used when the market is price insensitive
- Maximizes profits from early adopters
- Takes advantage of customers' willingness to pay high prices for novelty or exclusivity

Example Market Skimming Pricing

A luxury resort might use skimming pricing when launching a new, state-of-the-art spa facility, initially charging premium rates to attract high-end clientele before gradually offering more accessible pricing options.

Market Penetration Pricing

Penetration pricing involves setting a low initial price to quickly gain market share and discourage competitors from entering the market.

Key points:

- Aims to attract a large customer base rapidly
- Can help establish brand loyalty before competitors enter the market

Example Market Penetration Pricing

A new budget airline might use penetration pricing to establish itself in a competitive market, offering significantly lower fares than established carriers to attract cost-conscious travelers.

Prestige Pricing

Prestige pricing is a strategy where businesses intentionally set high prices for their products or services to create a perception of superior quality, exclusivity, and luxury. This approach leverages consumer psychology, capitalizing on the tendency to associate higher prices with better value and status.

Key Points:

- Often used for high-end or luxury products
- Price itself becomes a selling point, signaling quality or exclusivity

Examples Prestige Pricing

Brands like Louis Vuitton, Rolex, and Chanel use prestige pricing to position their products as symbols of luxury, craftsmanship, and exclusivity.

Tour operators offering bespoke (custom) travel experiences, such as private safaris or luxury yacht charters, use prestige pricing to appeal to wealthy travelers looking for rare and unique adventures.

Examples When is Price Skimming Successful?

Price skimming can be particularly effective under certain conditions.

Inelastic Demand: When customers are not very sensitive to price changes.

Example: Exclusive guided tours to newly discovered ancient ruins.

Superior Product: When the product offers unique features or benefits.

Example: A hotel with groundbreaking technology or services not available elsewhere.

Legal Protection: When the product is protected by patents or copyrights.

Example: A theme park with exclusive rights to use certain characters or themes.

Technological Breakthrough: When the product represents a significant advancement.

Example: A resort offering a revolutionary virtual reality experience.

Limited Production: When supply is constrained, either naturally or artificially.

Example: A small, boutique eco-lodge in a remote location.

Customer Segmentation: Price skimming can be part of a strategy to target different customer segments over time.

Example: A new attraction might start with high prices for early adopters, then gradually lower prices to attract a broader audience.

Discounting Strategies

Discounting strategies are ways to offer lower prices to attract customers, clear inventory, or achieve other business goals. These can be temporary or permanent and can be offered to some or all customer segments.

Key Points:

- **Target Market:** Different discounts may appeal to different customer segments.
- **Timing:** The timing of discounts can significantly impact their effectiveness.
- **Profitability:** Ensure that discounts still allow for acceptable profit margins.
- **Brand Image:** Be cautious about excessive discounting, which might harm the brand's perceived value.
- **Competitor Response:** Consider how competitors might react to your discounting strategy.



Figure 1 A sale (Markus Spiske/Unsplash) Unsplash content license (<https://unsplash.com/license>)

Examples Discounting Strategies

Quantity Discounts: These are price reductions offered to customers who buy in large quantities.

Example: A tour operator might offer a discount to travel agencies that book a certain number of tours per year.

Seasonal Discounts: These are price reductions offered during off-peak periods to stimulate demand.

Example: A ski resort offering lower rates during the summer months or a beach hotel offering discounts during the winter.

Trade Discounts: These are discounts given to intermediaries in the distribution channel, such as travel agents or online booking platforms.

Example: A hotel chain might offer a 10% commission to travel agents who book rooms for their clients.

Trade-in Allowances: While more common in industries like automotive, this concept can be adapted to tourism and hospitality.

Example: A timeshare company might offer a discount to customers who “trade in” their existing timeshare for a new one.

Price Bundling: This involves combining multiple products or services into a package deal at a lower price than if bought separately.

Example: A “city break” package that includes hotel accommodation, airport transfers, and tickets to local attractions at a discounted rate.

Last-Minute Pricing: This involves offering discounts on unsold inventory close to the date of use.

Example: A cruise line offering reduced rates on unsold cabins a week before departure.

Examples Discounting Strategies in Action

Airlines: Offer lower fares for bulk bookings (quantity discount) and during off-peak travel times (seasonal discount).

Hotels: Provide special rates for travel agents (trade discount) and create vacation packages that include meals and activities (price bundling).

Theme Parks: Offer discounted tickets for large groups (quantity discount) and lower prices during weekdays or off-season (seasonal discount).

Cruise Lines: Provide last-minute deals on unsold cabins (last-minute pricing) and offer package deals including flights and excursions (price bundling).

Psychology of Price: Perceived Value Practices

Psychological pricing involves understanding how consumers perceive and respond to different pricing strategies. Perceived value is crucial as customers often make decisions based on their perception of what they are getting for their money.

Let's explore three key practices:

1. Anchoring
2. Charm prices
3. Price bundling

Anchoring

Anchoring is a cognitive bias where consumers rely heavily on the first piece of information offered (the “anchor”) when making decisions.

How It Works:

- Present a higher price first, making subsequent prices seem more reasonable.
- Use a reference price to make the actual price seem more attractive.

Examples Anchoring

A hotel might list a “rack rate” (full price) of \$300 per night, then offer a “special deal” of \$200, making the \$200 seem like a great value.

A cruise line might advertise “Suites from \$1,500 per night,” making their \$500 standard cabins seem more affordable in comparison.

Key Point: The initial price serves as an “anchor” that influences how consumers perceive subsequent prices.

Charm Prices

Charm prices involve setting prices just below a round number.

How It works:

- Use prices ending in 9, 99, or 95 to create the perception of a better deal.
- Consumers tend to round down rather than up when seeing these prices.

Examples Charm Prices

A tour package priced at \$999 instead of \$1,000.

A hotel room rate of \$295 per night instead of \$300.

Key Point: Charm prices can make a product seem significantly cheaper, even if the actual difference is minimal.

Price Bundling

Price bundling involves combining multiple products or services into a single package at a price that is perceived as a better value than buying the items separately.

How It Works:

- Combine complementary products or services.
- Offer a package price that is lower than the sum of individual prices.

Examples Price Bundling

Many resorts offer all-inclusive packages that bundle accommodation, meals, drinks, and activities into one price. This approach simplifies the vacation experience for travelers and often creates a perception of greater value.

Fast food restaurants often offer meal deals that bundle a main dish, side, and drink at a lower price than purchasing items individually. This strategy encourages customers to spend more while perceiving better value.

Key Point: Bundling can increase perceived value and encourage customers to spend more overall.

Examples

Applying Psychological Pricing Practices in Tourism and Hospitality

For a Resort:

- **Anchor:** Display the peak season rate prominently.
- **Charm Price:** Offer an off-season rate of \$299 per night.
- **Bundle:** Create a package including accommodation, spa treatment, and dining.

For an Airline:

- **Anchor:** Show the flexible fare price first.
- **Charm Price:** Offer economy seats at \$199 instead of \$200.
- **Bundle:** Create a package with flight, hotel, and car rental.

For a Theme Park:

- **Anchor:** Highlight the gate price for a single-day ticket.
- **Charm Price:** Offer advance online tickets for \$89 instead of \$90.
- **Bundle:** Create a multi-day pass that includes fast-track options and meal vouchers.

Remember, while these practices can be effective, it is important to use them ethically and ensure that customers always receive fair value for their money.

Which leads us to the final topic in this chapter...

Legal Issues Related to Pricing

While pricing strategies are important for business success, companies must be aware of legal constraints and regulations surrounding pricing practices. Some key legal issues related to **ethical pricing practices** include:

- Price discrimination
- Predatory pricing
- Price fixing
- Deceptive pricing practices
- Tax-inclusive vs. tax-exclusive pricing
- Dynamic pricing and privacy concerns

Price Discrimination

Price discrimination involves charging different prices to different customers for the same product or service. While often legal, it can become problematic if it unfairly targets specific groups.

Key Points:

- Generally legal when based on factors like quantity purchased, time of purchase, or customer segment.
- Can be illegal if based on protected characteristics like race, gender, or nationality.

Examples Price Discrimination

A hotel offering different rates to corporate clients versus leisure travelers is usually legal, but offering different rates based on customers' ethnicity would be illegal.

“Price Discrimination – Good or Bad?” [1:59 min] by StreamLearn¹



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“Exposing Price Discrimination in Online Shopping (Marketplace)” [22:25 min] by CBC News²





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Predatory Pricing

Predatory pricing involves setting prices unreasonably low to drive competitors out of business.

Key Points:

- Illegal in many jurisdictions as it is considered anti-competitive.
- Difficult to prove as it requires demonstrating intent to harm competition.

Example Predatory Pricing

A large hotel chain drastically lowering prices in a specific location to force smaller, independent hotels out of business could be considered predatory pricing.

Price Fixing

Price fixing occurs when competitors agree to set prices at a certain level, which is illegal under competition laws.

Key Points:

- Strictly prohibited in most countries.
- Includes agreements on price ranges, discounts, or other pricing terms.

Example Price Fixing

If several airlines agreed to set minimum fares on certain routes, this would be illegal price fixing.

Deceptive Pricing Practices

Deceptive pricing practices include various ways of misleading consumers about prices. These practices are regulated by consumer protection laws.

Key Points:

- Includes practices like bait-and-switch, hidden fees, or misleading reference pricing.
 - **Bait-and-switch:** Advertising a great deal to get customers in, then pressuring them to buy a more expensive item.
 - **Misleading Reference Pricing:** Showing a fake “original” price to make a sale price look better.

Example Deceptive Pricing Practices

Advertising a low hotel rate but then adding significant mandatory “resort fees” at check-in could be considered deceptive.

Tax-Inclusive vs. Tax-Exclusive Pricing

Tax-inclusive and tax-exclusive pricing occur when different jurisdictions have different rules about whether advertised prices should include taxes.

Key Points:

- In some countries, tax-exclusive pricing is standard (e.g., US and Canada).
- In others, tax-inclusive pricing is required by consumer protection laws.

Example Tax-Inclusive vs. Tax-Exclusive Pricing

A tour package advertised in Europe might need to include all taxes in the displayed price, while in the US, it might not.

Dynamic Pricing and Privacy Concerns

The use of personal data for dynamic pricing raises legal and ethical questions.

Key Points:

- Must comply with data protection laws (e.g., General Data Protection Regulation (GDPR) in Europe).

- Potential for discrimination claims if pricing algorithms produce biased results.

Example Dynamic Pricing and Privacy Concerns

An online travel agency using browsing history to adjust prices could face scrutiny under privacy laws.

Government Oversight and Consumer Protection in Canada

Competition Bureau of Canada (<https://competition-bureau.canada.ca/>): This is a government agency that makes sure businesses compete fairly. They enforce laws that prevent things like price fixing and misleading advertising.

Office of the Privacy Commissioner of Canada (<https://www.priv.gc.ca/en/>): This office makes sure companies follow privacy laws, including how they use customer information for pricing.

Provincial Consumer Protection Acts (BC's version) (<https://www.consumerprotectionbc.ca/about-us/our-laws/>): Each province in Canada has its own set of laws to protect consumers. These laws cover various aspects of how businesses can sell products and set prices.

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Summary

This chapter provided a comprehensive overview of pricing as a marketing mix element, pricing strategies, and their application in sectors such as tourism, hospitality, and leisure.

Key Takeaways

1. Price is a critical element of the marketing mix, representing the value exchange between consumers and businesses.
2. Effective pricing strategies must balance internal factors (e.g., costs and objectives) with external factors (e.g., market demand and competition).
3. The evolution from segmented pricing to dynamic pricing has revolutionized many sectors, allowing for more precise and responsive pricing.
4. Psychological pricing techniques can significantly influence consumer perceptions and behaviour.
5. Legal and ethical considerations play an important role in pricing decisions, with regulations varying across jurisdictions.
6. In the tourism, hospitality, and leisure sectors, pricing strategies must often account for seasonality, perishable inventory, and varying customer segments.
7. Technology, particularly AI and big data analytics, is increasingly central to modern pricing strategies, enabling more sophisticated and personalized approaches.
8. While pricing is a powerful tool for maximizing revenue, it must be balanced with delivering value to customers to ensure long-term success and brand loyalty.

Exercises Check Your Understanding

Exercise 1: Identifying Pricing Strategies

Scenario: A luxury hotel introduces a new suite priced significantly higher than its other rooms to attract affluent customers and create an exclusive image.

Task: Which pricing strategy is the hotel using?

Recommended Answer:

The hotel is using **prestige pricing**, as the high price is designed to signal exclusivity and superior quality.

Exercise 2: Calculating Markup and Margin

Scenario: A restaurant sells a meal for \$25. The cost to prepare the meal is \$15.

Task: Calculate the markup percentage and margin percentage.

Recommended Answer:

Markup Percentage:

$$\text{Markup} = \left[\frac{(\text{Selling Price} - \text{Cost})}{\text{Cost}} \right] \times 100$$

$$\text{Markup} = \left(\frac{25 - 15}{15} \right) \times 100$$

$$\text{Markup} = 66.67\%$$

Margin Percentage:

$$\text{Margin} = \left[\frac{(\text{Selling Price} - \text{Cost})}{\text{Selling Price}} \right] \times 100$$

$$\text{Margin} = \left(\frac{25 - 15}{25} \right) \times 100$$

$$\text{Margin} = 40\%$$

Exercise 3: Price Elasticity of Demand

Scenario: A theme park increases ticket prices from \$50 to \$60, and attendance drops from 10,000 visitors to 8,000 visitors.

Task: Calculate the price elasticity of demand (PED). Is demand elastic or inelastic?

Recommended Answer:

$$\text{PED Formula} = \% \text{ Change in Quantity} \div \% \text{ Change in Price}$$

$$\text{Percentage Change in Quantity} = \left[\frac{(8\,000 - 10\,000)}{10\,000} \right] \times 100$$

$$\text{Percentage Change in Quantity} = -20\%$$

$$\text{Percentage Change in Price} = \left[\frac{60 - 50}{50} \right] \times 100$$

$$\text{Percentage Change in Price} = 20\%$$

PED Calculation:

$$\text{PED} = -20 \div 20 = -1.0$$

Since PED is equal to -1, demand is **unit elastic**, meaning the percentage change in quantity demanded equals the percentage change in price.

Exercise 4: Applying Psychological Pricing

Scenario: A travel agency offers a vacation package priced at \$999 instead of \$1,000.

Task: Which psychological pricing strategy is being used, and why might it be effective?

Recommended Answer:

The strategy used is **charm pricing**, where prices ending in odd numbers (e.g., \$999) create the perception of a better deal. This technique appeals to customers by making the price seem significantly lower, even though the difference is minimal.

Exercise 5: Ethical Pricing Scenario

Scenario: A resort charges different prices for the same room based on customers' location, with domestic travelers paying less than international visitors.

Task: Is this practice ethical or unethical? Justify your answer.

Recommended Answer:

This practice could be considered **unethical** if it constitutes unfair price discrimination based solely on location without justification (e.g., higher costs for international marketing). However, it may be acceptable if it reflects genuine cost differences or market segmentation strategies aimed at affordability for local customers.

Exercise 6: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 6: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-6-summary/#h5p-8>)



An interactive H5P element has been excluded from this version of the text. You can view it online here:
<https://marketingmap.pressbooks.tru.ca/?p=218#h5p-8>
(<https://marketingmap.pressbooks.tru.ca/?p=218#h5p-8>)

Glossary of Key Terms

Anchoring: A psychological pricing technique where a reference price is provided to influence consumers' perception of value, making the actual price seem more attractive.

Charm Prices: A pricing strategy that uses prices ending in odd numbers (e.g., \$199 instead of \$200) to create the perception of a lower cost and better value.

Competitor-Oriented Pricing: A strategy where prices are set based on competitors' pricing, either matching, pricing above, or pricing below competitors.

Customer-Oriented Pricing: A strategy focusing on the customer's perceived value and willingness to pay rather than solely on costs or competitors' prices.

Discounting Strategies: Methods such as seasonal discounts, quantity discounts, and bundling used to attract customers or clear inventory while maintaining profitability.

Dynamic Pricing: Real-time price adjustments based on factors like demand, competition, and customer behavior — often leveraging big data and AI technologies.

Ethical Pricing Practices: Ensuring compliance with laws and ethical standards by avoiding practices like price discrimination, predatory pricing, deceptive pricing, and unfair dynamic pricing mechanisms.

Fixed Costs: Stable expenses like rent and salaries that do not vary with production levels. Pricing strategies must account for recovering these costs over time.

Margin Pricing: A pricing method where profit is expressed as a percentage of the selling price, calculated as: $\text{Margin} = \frac{\text{Selling Price} - \text{Cost}}{\text{Selling Price}}$.

Market Skimming Pricing: A strategy involving high initial prices for new products to maximize profits from early adopters before gradually lowering prices.

Markup Pricing: A pricing method where profit is expressed as a percentage of the cost, calculated as: $\text{Markup} = \frac{\text{Selling Price} - \text{Cost}}{\text{Cost}}$.

Penetration Pricing: A strategy where low initial prices are set to quickly gain market share and discourage competitors from entering the market.

Prestige Pricing: Setting high prices to create a perception of superior quality, exclusivity, or luxury.

Price Bundling: A technique where multiple products or services are sold together at a combined price that is typically lower than if purchased separately, increasing perceived value.

Price Elasticity of Demand: A measure of how sensitive consumers are to price changes. Elastic demand occurs when small price changes lead to significant changes in quantity demanded, while inelastic demand sees little change in demand despite price shifts.

Price War: A competitive situation where businesses continually lower their prices to undercut each other, potentially leading to unsustainable profitability levels.

Profit-Oriented Pricing: A strategy focused on maximizing profits by setting prices above total production and selling costs, often calculated using margin or markup methods.

Psychological Pricing: Techniques that influence consumer perceptions, such as anchoring (using reference prices), charm pricing (e.g., \$199 instead of \$200), and bundling (offering multiple products at a combined price).

Revenue Management: An evolved form of yield management that incorporates broader data points and advanced forecasting techniques to optimize total customer value.

Segmented Pricing: Charging different prices for the same product or service based on customer segments, timing, or purchase volume to maximize revenue.

Variable Costs: Costs that change with production volume, such as raw materials and labor. Prices must be set above these costs to ensure profitability.

Yield Management: A pricing approach used in industries like airlines and hotels to maximize revenue by adjusting prices based on demand forecasts and inventory availability.

NAVIGATING CHANNELS: DISTRIBUTION AND PLACE

Learning Outcomes

In this chapter, we explore the essential concepts of supply chains and distribution channels, illustrating how different intermediaries, strategies, and technologies connect producers with consumers in sectors such as tourism and hospitality. We identify key challenges and learn how to design and manage effective distribution networks that enhance customer experiences, improve operational efficiency, and ultimately drive business growth.

As we navigate through the complexities of tourism supply chains and the evolving landscape of distribution channels, you will gain insights into how organizations adapt to changing consumer behaviours, leverage technological advancements, and build competitive advantages.

By the end of this chapter, you should be able to:

- Understand the key concepts of supply chains and distribution channels.
- Differentiate between supply chains and distribution channels.
- Identify distinct types of distribution channels and intermediaries.
- Discuss the factors that influence channel selection and distribution strategies.
- Recognize the unique characteristics and challenges of tourism supply chains and distribution channels.

Opening Thoughts

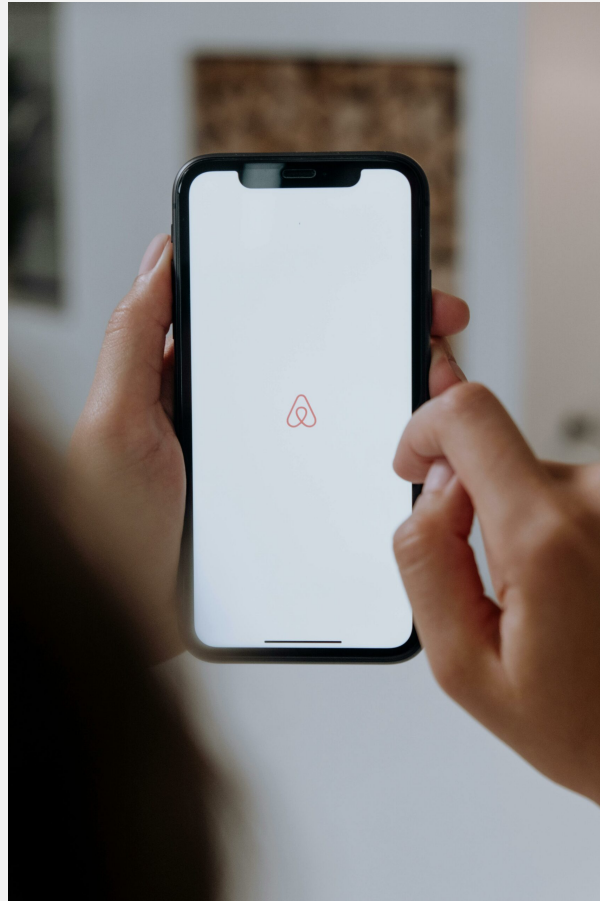


Figure 1 Airbnb app (cottonbro studio/Pexels) Pexels license (<https://www.pexels.com/license/>)

The Airbnb Revolution

When Joe and Maria planned their dream vacation to Vancouver in 1994, they had two main options: book directly with a hotel or go through a travel agent. Fast forward to 2024, and the landscape has dramatically changed. Today, they can instantly compare hundreds of accommodation options, from luxury hotels to unique local experiences, all from their smartphone. This transformation was not just about technology – it fundamentally changed how tourism products reach consumers.

Airbnb exemplifies this shift. The platform has revolutionized tourism distribution by:

- Enabling direct connections between property owners and travelers
- Bypassing traditional intermediaries
- Creating new revenue streams for local communities

- Challenging established online travel agencies

This evolution in distribution channels has reshaped not just how we book travel, but how all tourism sectors operate. As we explore this chapter, we will discover how businesses navigate these complex networks of distribution channels to reach their customers effectively and profitably.

Chapter Topics

- Supply Chains and Distribution Channels (#chapter-supply-chains-and-distribution-channels)
 - Supply Chains and Distribution Channels in Tourism and Hospitality (#chapter-distribution-channels-in-tourism-and-hospitality)
-

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Supply Chains and Distribution Channels

Supply chains and distribution channels are central to how products and services move from producers to consumers¹. Although these concepts are closely linked, they play distinct roles. The supply chain focuses on the entire lifecycle of a product or service, while distribution channels concentrate on delivering the final offering to the customer.



Figure 1 Supply chain word cloud (EpicTop10.com/Flickr) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)

The Supply Chain: A Comprehensive System

A **supply chain** encompasses the entire process of creating and delivering a product or service, from raw materials to the end customer. It is a broader concept that includes all activities, resources, and information involved in production and delivery.

In the context of tourism, key components of a supply chain include:

- Suppliers (e.g., food, linens, and toiletries)
- Service providers (e.g., maintenance and cleaning)
- Technology infrastructure (e.g., booking systems)
- Human resources (e.g., staff recruitment and training).

SUPPLY CHAIN OF PEANUT BUTTER



Figure 2 Supply chain of peanut butter (Elco van Staveren/Flickr) CC BY-SA 2.0 (<https://creativecommons.org/licenses/by-sa/2.0/>)

“Module 1: What is Supply Chain Management? (ASU-WPC-SCM) – ASU’s W. P. Carey School” [8:04 min] by W. P. Carey School of Business²



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(<https://youtu.be/Mi1QBxVjZAw?si=ztTZ9faDI57UzPbt>)



Distribution Channels: The Final Link

Distribution channels are a subset of the supply chain, focusing specifically on how products or services reach the end customer. They represent the pathways and intermediaries involved in making a particular product or service available to consumers. An **intermediary** is an individual or organization that acts as a link between producers or service providers and end consumers in the distribution channel, facilitating the movement of goods or services from the point of production to the point of consumption.

Key Intermediaries in Distribution Channels

There are three key intermediaries in distribution channels:

1. Retailers
2. Wholesalers/distributors
3. Agents/brokers.

Retailers

Retailers sell products or services directly to end consumers. Examples include:

- **Traditional Brick-And-Mortar Stores:** Department stores (e.g., Walmart and Costco) and specialty shops (e.g., Best Buy for electronics and REI for outdoor gear).
- **E-commerce Platforms:** Amazon, Shopify, and eBay.
- **Online Travel Agencies (OTAs):** Expedia and Booking.com.
- **Service Providers:** Restaurants and cafes, hotels and accommodations, and local tour operators selling excursions directly to tourists.
- **Financial Retailers:** Retail banks offering services to individual consumers and insurance companies selling policies directly to customers.

Wholesalers/Distributors

Wholesalers and distributors purchase in bulk from producers and sell to retailers or other businesses. Examples include:

- **Merchant Wholesalers:** Labatt Food Services (food industry), Cardinal Health (healthcare industry), and Ingram Content Group (book industry).
- **Industry-Specific Distributors:** Food and beverage distributors supplying restaurants and hotels, linen and uniform services for hospitality businesses, and technology distributors like Ingram Micro or Tech Data.
- **Travel Wholesalers:** Companies that buy blocks of hotel rooms, airline seats, or cruise cabins to resell.
- **Financial Wholesalers:** Investment banks that underwrite and distribute securities.
- **Supply Chain Intermediaries:** Freight forwarders organizing shipments for companies and trading houses connecting companies for import/export services.

Agents/Brokers

Agents and brokers facilitate transactions without taking ownership of products or services. Examples include:

- **Travel Industry:** Travel agents booking arrangements for clients and corporate travel management companies.
- **Real Estate:** Real estate agents facilitating property transactions and commercial real estate brokers.
- **Financial Services:** Insurance brokers, stockbrokers, and mortgage brokers.
- **Entertainment and Sports:** Talent agents representing actors, artists, and athletes, and literary agents for authors.
- **Business Services:** Advertising agencies creating and managing marketing campaigns, and employment agencies connecting job seekers with employers.
- **Specialized Brokers:** Commodity brokers, business brokers facilitating the buying and selling of businesses, and hotel brokers assisting in the purchase and sale of hotel properties.

Types of Distribution Channels

Distribution channels for consumer products (B2C) generally fall into three categories:

1. **Direct Channels:** Producers sell directly to consumers, such as through their own websites or company-owned outlets.
2. **Indirect Channels:** One or more intermediaries facilitate the transfer from producer to consumer. Indirect channels can be:
 - **One-Level:** Producer → Retailer → Consumer
 - **Two-Level:** Producer → Wholesaler/Distributor → Retailer → Consumer
 - **Three-Level:** Producer → Agent/Broker → Wholesaler → Retailer → Consumer
3. **Hybrid Channels:** A combination of direct and indirect approaches to broaden market reach and flexibility.

MARKETING CHANNELS FOR CONSUMER PRODUCTS

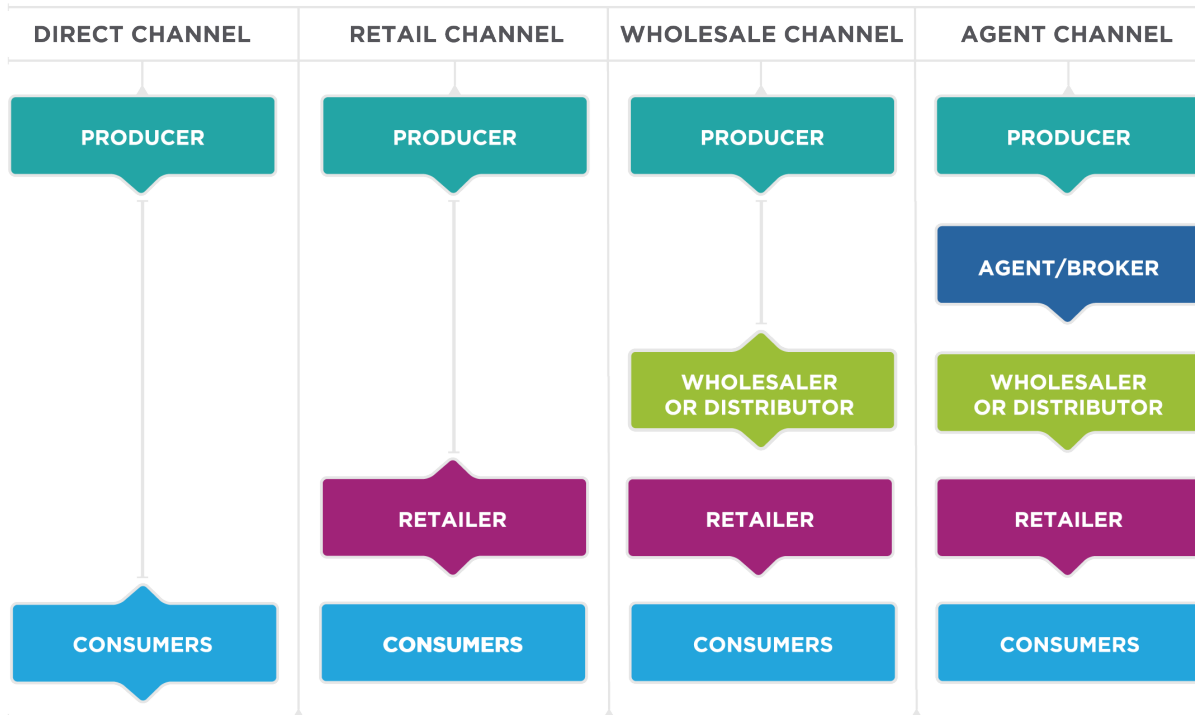


Figure 3 Marketing channels for consumer products (Lumen Learning/Principles of Marketing) CC BY 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

Factors Influencing Channel Selection

When choosing how to distribute products and services, organizations consider:

- **Product Characteristics:** Perishability, complexity, and customization needs.
- **Target Market & Buying Habits:** Consumer preferences and purchase behaviour.
- **Company Resources & Capabilities:** Operational strengths and limitations.
- **Competitive Landscape:** The distribution strategies of industry rivals.
- **Cost Considerations:** Commissions, fees, and maintenance expenses of certain channels.

Distribution Strategies

Businesses can employ different **distribution strategies** based on their goals and market conditions:

1. **Intensive Distribution:** This involves placing products in as many outlets as possible.

Example: A budget hotel chain might list its rooms on numerous online platforms to maximize visibility.

2. **Selective Distribution:** This strategy involves choosing specific intermediaries to sell products.

Example: A luxury eco-lodge might work only with specialized travel agencies that cater to environmentally conscious travelers.

3. **Exclusive Distribution:** This limits product sales to select outlets.

Example: An ultra-luxury resort might only allow bookings through a single high-end travel concierge service.

Effective channel management involves selecting partners, motivating them, evaluating performance, managing conflicts, and adapting to emerging trends, such as omnichannel approaches, direct-to-consumer models, and digital distribution.

The Role of Intermediaries: Pros and Cons

Intermediaries offer various functions that can benefit both businesses and customers. However, their use also comes with potential drawbacks.

Advantages of Intermediaries:

- **Market Access:** Reach new and remote markets.
- **Expertise:** Specialized knowledge of local consumer preferences and market conditions.
- **Cost Efficiency:** Leverage established networks rather than building one from scratch.
- **Risk Sharing:** Distributors can help absorb some market risks.
- **Value-Added Services:** Intermediaries may provide customer support, marketing, or after-sales services.

Disadvantages of Intermediaries:

- **Loss of Control:** Limited influence over how your product is sold and presented.
- **Reduced Profit Margins:** Intermediary fees can erode profits.
- **Potential Conflicts:** Different goals or pricing strategies can create channel friction.
- **Dependency:** Over-reliance on certain intermediaries can make a business vulnerable.
- **Communication Challenges:** Information may become distorted as it passes through multiple parties.

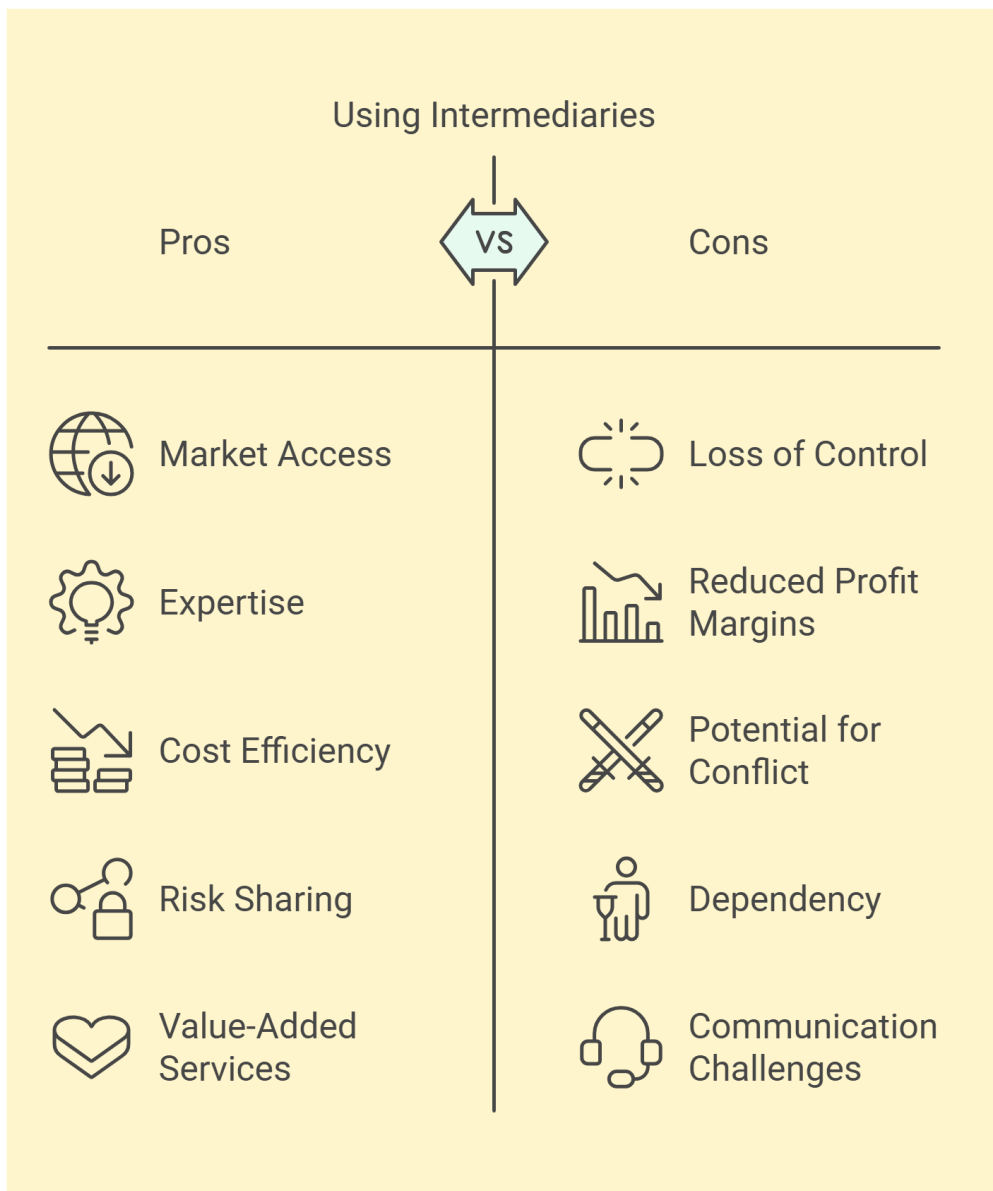


Figure 4 Pros and cons of using intermediaries (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Marketing Distribution Channel (PLACE)

In the context of a particular organization, the distribution channel (or “Place” in the marketing mix) refers to the specific distribution channel configuration(s) used by the organization to make their product(s) available and accessible to potential customers.

Designing a Distribution Channel Strategy

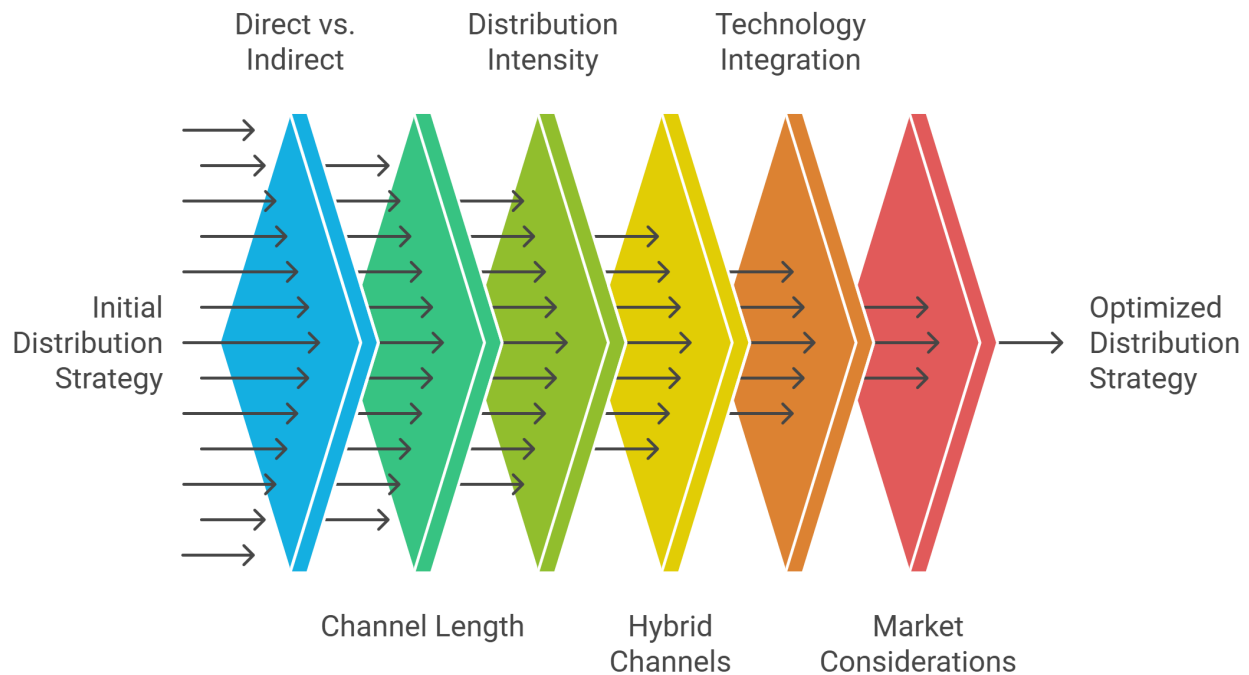


Figure 5 Designing a distribution channel strategy (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

When designing their distribution channel strategy, organizations need to make several key decisions:

1. Direct vs. Indirect Distribution:

- **Direct Distribution:** The organization sells directly to consumers without intermediaries, allowing for greater control over customer experience and branding. For example, companies like Tesla sell vehicles directly through their own showrooms and websites.
- **Indirect Distribution:** This involves intermediaries such as wholesalers, retailers, or agents who facilitate product delivery to consumers. For instance, Coca-Cola uses a network of distributors and retailers to ensure its products are widely available.

2. Channel Length:

- **Short Channels:** These involve fewer intermediaries (e.g., manufacturer → retailer → consumer) and are common in industries like automotive sales.
- **Long Channels:** These include multiple intermediaries (e.g., manufacturer → wholesaler → retailer → consumer), often used for fast-moving consumer goods (FMCG) like packaged foods.

3. Distribution Intensity:

- **Intensive Distribution:** Products are made available at as many locations as possible to maximize reach. This

approach is typical for FMCG brands like Nestlé or Coca-Cola.

- **Selective Distribution:** The organization limits distribution to select outlets that align with its brand and target market, as seen with premium electronics brands like Apple.
 - **Exclusive Distribution:** Products are distributed through a single or very limited number of outlets in a specific region, often used for luxury goods or high-end fashion brands.
4. **Hybrid Channels:** Many companies adopt a hybrid approach by combining direct and indirect channels to enhance flexibility and market reach. For example, a company might sell directly via e-commerce while also using retail partners for physical store presence.
 5. **Technology Integration:** Implementing tools like distribution management systems can improve efficiency by providing real-time insights into inventory levels, shipments, and performance. Companies like Vodafone and Nestlé have successfully used such systems to optimize their supply chains.
 6. **Market Considerations:** Organizations must evaluate factors such as geographic coverage, customer preferences, infrastructure availability, and regulatory requirements when designing their channels.

By carefully considering these aspects, organizations can create a distribution strategy that effectively reaches their target market, maximizes revenue, and aligns with their overall business objectives.

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- **Figure 3:** “Marketing channels for consumer products” (<https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016/chapter/putting-it-together-distribution-channels/>) by Lumen Learning, via Principles of Marketing, is used under a CC BY 4.0 (<https://creativecommons.org/licenses/by/4.0/>) license.
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Notes

1. Chopra, S., & Meindl, P. (2021). *Supply chain management: Strategy, planning, and operation* (8th ed.). Pearson Education.
2. W. P. Carey School of Business. (2010, April 6). *Module 1: What is supply chain management? (ASU-WPC-SCM) - ASU's W. P. Carey school* [Video]. YouTube. <https://youtu.be/Mi1QBxVjZAw?si=ztTZ9faDI57UzPbt> (<https://youtu.be/Mi1QBxVjZAw?si=ztTZ9faDI57UzPbt>)

Supply Chains and Distribution Channels in Tourism and Hospitality

Supply chains, distribution channels, and intermediaries vary across sectors. We now take a closer look at the supply chain and distribution channels in tourism and hospitality.

Example The Tourism Supply Chain: More Than Meets the Eye

Imagine you are planning your dream vacation to Bali. You book a flight, reserve a hotel, and arrange for a local tour. But have you ever thought about how all these services come together seamlessly to create your perfect getaway? Behind the scenes, a network of producers and intermediaries works collaboratively to deliver your experience.



Figure 1 Bali, Indonesia (Aron Visuals/Unsplash) Unsplash license (<https://unsplash.com/license>)

The Supply Chain: A Collaborative Effort

A **tourism supply chain** is like an intricate puzzle where each piece plays a vital role in making your vacation possible. It involves both producers, who create the foundational elements of your trip, and intermediaries, who connect these elements to you as the traveler.

Key players in the tourism supply chain include:

Producers:

- **Suppliers:** These are the businesses providing essential materials and goods, such as fresh seafood for your beachside dinner or the fluffy towels in your hotel room.
- **Service Providers:** These include the hotel staff ensuring your room is clean, the maintenance team keeping your air conditioning running smoothly, and the chefs preparing your meals.

Intermediaries:

- **Travel Agents and Online Booking Platforms:** These intermediaries help you book flights, accommodations, and tours by connecting you with producers.
- **Tour Operators:** They bundle services like transportation, guided tours, and cultural experiences into a cohesive package for your convenience.

Supporting Roles:

- **Technology Providers:** They ensure online booking systems are functional and secure, allowing you to make reservations effortlessly.
- **Human Resources:** They train professionals like your charismatic tour guide, whose knowledge and enthusiasm make your trip unforgettable.

Together, producers and intermediaries collaborate to create a seamless experience that transforms individual services into a memorable vacation.

Tourism supply chains are complex networks of interconnected producers (businesses and activities) that work together to deliver tourism products and experiences to consumers¹. These supply chains encompass a wide range of sectors and services, from transportation and accommodation to attractions and local suppliers. They are often fragmented, involving numerous small and medium-sized enterprises, and are influenced by perishability, seasonality, and interdependence.

Components of the Tourism Supply Chain

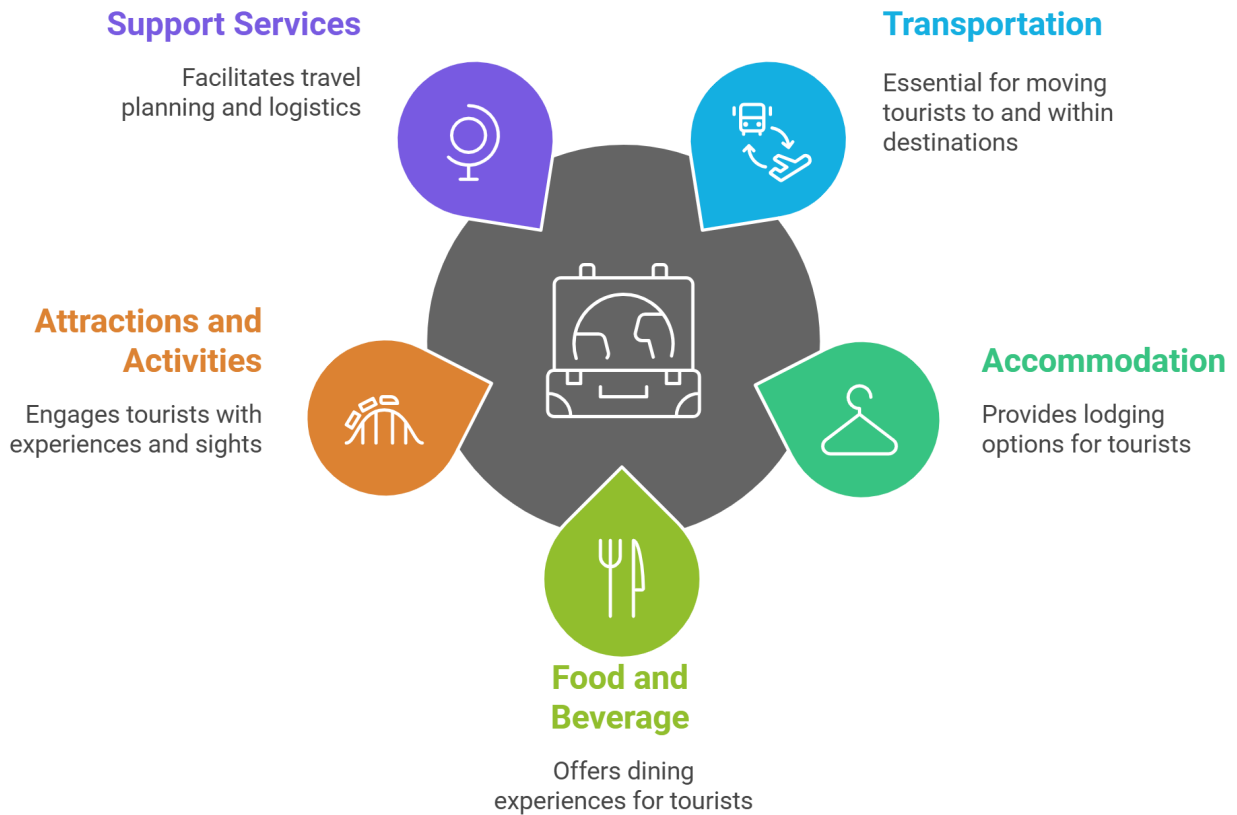


Figure 2 Components of the tourism supply chain (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Tourism Product Producers

Unlike other sectors, tourism products are unique in that they represent the final outputs – experiences such as recreation, education, and relaxation – resulting from a complex production process.

This process involves three key components:

1. **Primary Inputs:** Resources like land, labour, and capital.
2. **Intermediate Inputs:** Facilities such as parks, resorts, and transportation.
3. **Intermediate Outputs:** Services like guided tours and cultural performances.

Stephen Smith, in his 1994 paper *The Tourism Product*², referred to this process as the “tourism production function” (see Figure 3). It highlights how tourism products are created through the collaboration of multiple producers, supported by and connected through intermediaries (support services).

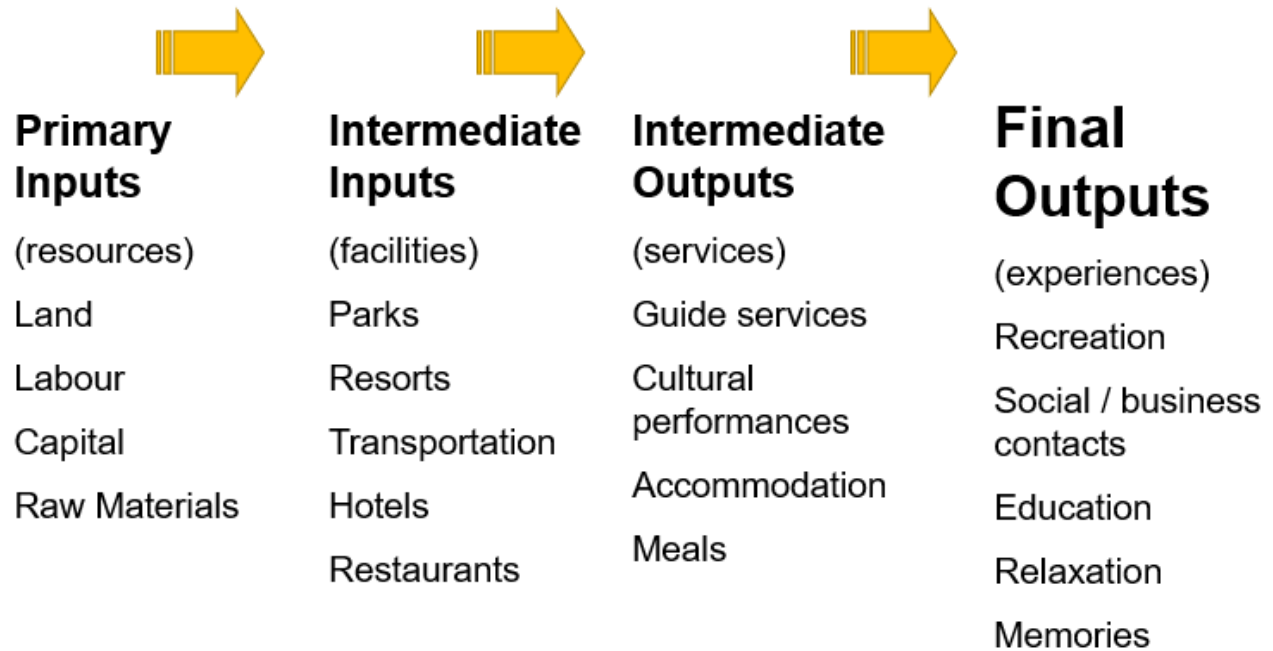


Figure 3 The tourism production function [adapted by author from Smith (1994)] Used under Fair Dealing guidelines (<https://laws-lois.justice.gc.ca/eng/acts/c-42/page-6.html>)

Examples Tourism Product Producers

Accommodation Providers:

- **Hotels:** Ranging from budget to luxury establishments, such as Marriott International, Hilton Hotels & Resorts, and boutique hotels.
- **Resorts:** All-inclusive resorts and destination resorts like Sandals or Club Med.
- **Vacation Rentals:** Property owners who list their homes on platforms like Airbnb or VRBO.
- **Camping and Glamping Sites:** Providers of outdoor accommodation experiences.

Transportation Services:

- **Airlines:** Both major carriers (e.g., Air Canada and United Airlines) and budget airlines (e.g., WestJet and Ryanair).
- **Cruise Lines:** Companies like Royal Caribbean, Carnival Cruise Line, and Norwegian Cruise Line.
- **Rail Services:** Providers of scenic or long-distance train journeys, such as Rocky Mountaineer or Amtrak.
- **Car Rental Companies:** Enterprise, Hertz, and local car rental services.

Food and Beverage Establishments:

- **Restaurants:** From fine dining establishments to casual eateries and fast-food chains.
- **Bars and Nightclubs:** Venues offering drinks and entertainment.
- **Wineries and Breweries:** Producers of alcoholic beverages that often offer tours and tastings.
- **Food Trucks and Street Food Vendors:** Mobile food service providers.

Attractions and Activities:

- **Attractions and Entertainment:**
 - **Theme Parks:** Disney Parks, Universal Studios, and regional amusement parks.
 - **Museums and Art Galleries:** Both public institutions and private collections open to visitors.
 - **Natural Attractions:** National and provincial parks, such as Banff National Park or Niagara Falls.
 - **Cultural and Historical Sites:** Heritage buildings, monuments, and archaeological sites.
- **Tour Operators and Activity Providers:**
 - **Adventure Tour Companies:** Providers of activities like white-water rafting, zip-lining, or skiing.
 - **Guided Tour Operators:** Companies offering city tours, food tours, or specialized excursions.
 - **Ecotourism Providers:** Organizations focusing on sustainable and nature-based experiences.
 - **Cultural Experience Facilitators:** Companies offering immersive local experiences or workshops.
- **Event and Conference Organizers:**
 - **Convention Centres:** Facilities designed to host large-scale events and conferences.
 - **Wedding and Event Planners:** Professionals who create and manage special occasions.
 - **Festival Organizers:** Producers of music festivals, cultural celebrations, and other large events.

Together, tourism product producers form the foundation of the tourism product, creating the experiences and services that attract and serve travelers. They often work in conjunction with intermediaries and other stakeholders to deliver comprehensive tourism products to consumers.

Tourism Intermediaries (Support Services)

Distribution channels in the tourism, hospitality, and services sectors involve several key intermediaries that play crucial roles in connecting service providers with end consumers.

These intermediaries perform specific functions such as:

- Providing information about destinations, accommodations, and activities
- Bundling different travel components into packages
- Handling bookings and reservations for various travel services
- Managing financial transactions between providers and travelers
- Offering customer support before, during, and after the travel experience



Figure 4 Vancouver attractions map (Tripomatic.com/Wikimedia Commons) CC BY-SA 3.0 (https://commons.wikimedia.org/wiki/File:Vancouver_printable_tourist_attractions_map.jpg)

The main types of intermediaries are:

- Retailers
- Online platforms
- Wholesalers
- Agents/brokers
- Distributors
- Destination marketing/management organizations

Retailers

Retailers are businesses that sell products or services directly to end consumers.

Examples Retailers

Local Tour Operators: Often act as retailers by selling excursions and activities directly to tourists.

Hotel Gift Shops: Sell souvenirs, local crafts, and travel essentials to guests.

Airport Duty-Free Stores: Offer luxury goods, alcohol, and cosmetics to travelers.

Online Platforms

E-commerce sites and **online travel agencies (OTAs)** have become increasingly important intermediaries.

Examples Online Platforms

Online Platforms as a New Type of Intermediary

Online platforms often act as intermediaries that sell products or services directly to end consumers, which aligns with the traditional definition of a retailer. However, they also possess unique characteristics that set them apart from conventional brick-and-mortar retailers.

Online Platforms as Retailers:

- **Direct Sales:** Many online platforms, such as online travel agencies (OTAs) like Expedia and Booking.com, sell travel products and services directly to consumers.
- **E-commerce Functionality:** These platforms provide the infrastructure for transactions, including secure payment processing and booking confirmations, similar to traditional retailers.
- **Customer Interface:** They offer a user-friendly interface where consumers can browse, compare, and purchase products or services, much like a physical retail store.

Unique Characteristics:

- **Aggregation:** Unlike traditional retailers, online platforms often aggregate offerings from multiple

suppliers, providing a wider range of choices to consumers.

- **Dynamic Pricing:** Many online platforms use sophisticated algorithms to adjust prices in real-time based on demand, competition, and other factors.
- **User-Generated Content:** These platforms frequently incorporate customer reviews and ratings, which influence purchasing decisions.

Examples in Tourism and Hospitality

Expedia, Booking.com, and Airbnb connect accommodation providers with travelers:

- **Airbnb:** Acts as a retailer by facilitating direct bookings between travelers and accommodation providers.
- **TripAdvisor:** While primarily known for reviews, it also functions as a retailer by allowing direct bookings for tours, activities, and restaurants.
- **OpenTable:** This platform retails restaurant reservations directly to diners.

While online platforms share many characteristics with traditional retailers, they also introduce new dynamics to the retail landscape. Their ability to connect multiple suppliers with consumers, provide extensive information, and offer convenient booking processes has significantly impacted the distribution channels in the tourism and hospitality industries.

Wholesalers

Wholesalers purchase products or services in bulk from producers and sell them to retailers.

Examples Wholesalers

Tour Wholesalers: Buy large blocks of hotel rooms, airline seats, or cruise cabins at discounted rates.

Food Service Distributors: Purchase bulk quantities of ingredients and supplies to sell to restaurants and hotels.

Beverage Wholesalers: Supply alcoholic and non-alcoholic drinks to bars, restaurants, and hotels.

Agents/Brokers

Agents and brokers facilitate sales between producers and consumers without taking ownership of the products.

Examples Agents/Brokers

Travel Agents: Are the most prominent example in the tourism sector as they book travel arrangements for clients.

Corporate Travel Management Companies: Act as specialized agents for business travelers.

Restaurant Brokers: Facilitate the sale and purchase of food service establishments.

Hotel Brokers: Assist in the buying and selling of hotel properties.

Distributors

Distributors in tourism and hospitality sectors act as intermediaries, connecting producers with consumers by aggregating, promoting, and delivering products and services while ensuring accessibility, convenience, and market reach.

Examples Distributors

Global Distribution Systems (GDS): Platforms like Amadeus or Sabre act as intermediaries that connect service providers (e.g., hotels, airlines, and car rental companies) with travel agencies and online travel agencies (OTAs).

Example: A travel agent booking a flight and hotel package for a customer uses a GDS to access real-time availability and pricing across multiple providers.

Food and Beverage Distributors: These distributors supply essential products to restaurants, hotels, and catering companies.

Example: Food distributor might deliver fresh produce, beverages, or specialty ingredients to a resort's kitchen to ensure it can meet guest dining needs.

Linen and Uniform Services: Companies specializing in linen and uniform distribution provide hotels and restaurants with clean textiles such as bed sheets, towels, tablecloths, and staff uniforms.

Example: A hotel might partner with a linen service to ensure a consistent supply of fresh linens for guest rooms while outsourcing the cleaning and maintenance of these items.

Destination Marketing/Management Organizations

A destination marketing/management organization (DMO) is a **facilitating intermediary** in the tourism industry. Unlike traditional intermediaries that directly sell products or services (e.g., travel agents or OTAs), DMOs focus on promoting and coordinating a destination's offerings. They act as **non-transactional intermediaries**, connecting service providers (e.g., hotels, attractions, tour operators) with potential travelers and distribution channels through marketing, branding, and stakeholder collaboration. Their primary role is to enhance the visibility and appeal of a destination rather than directly handling bookings or sales³.

Destination marketing/management organizations (DMOs) differ from other types of intermediaries in several key ways:

Non-Transactional Role: Unlike travel agents, online travel agencies (OTAs), or tour operators, DMOs do not directly sell tourism products or handle bookings. Instead, they focus on promoting the destination and connecting service providers with distribution channels and travelers.

Destination-Centric Focus: DMOs represent and market entire destinations rather than individual tourism products or services. Their goal is to enhance the overall appeal of a location by showcasing its attractions, accommodations, events, and cultural experiences.

Stakeholder Coordination: DMOs act as a central hub, bringing together various stakeholders such as local governments, tourism businesses, community organizations, and residents to align efforts in promoting and managing the destination.

Market Development and Branding: While other intermediaries focus on selling specific services or packages, DMOs are responsible for creating and maintaining the destination's brand image through advertising campaigns, public relations efforts, and participation in trade shows.

Data Collection and Insights: DMOs gather market intelligence on traveler preferences, trends, and competitor destinations to guide local businesses in improving their offerings. Other intermediaries typically focus on transactional data related to bookings or sales.

Long-Term Destination Management: Unlike other intermediaries that prioritize short-term sales, DMOs are involved in sustainable destination development by advocating for infrastructure improvements, environmental conservation, and community engagement.

By focusing on promotion, coordination, and long-term planning rather than direct sales or transactions, DMOs play a unique role as facilitators within the tourism supply chain.

Examples Canadian DMOs

Destination Canada: (<https://www.destinationcanada.com/en>) A national-level DMO that promotes Canada as a premier international tourism destination. It works with industry stakeholders to market Canadian experiences across diverse regions and seasons.

Destination BC: (<https://www.destinationbc.ca/>) British Columbia's provincial DMO, which operates the HelloBC platform to promote the province's attractions, accommodations, and events. It also supports six regional destination marketing organizations (RDMOs) in BC.

Regional DMOs in BC:

- **Tourism Vancouver Island (4VI)** (<https://vancouverisland.travel/>): Promotes tourism on Vancouver Island with a focus on sustainability.
- **Thompson Okanagan Tourism Association (TOTA)** (<https://www.totabc.org/>): Markets the Thompson Okanagan region, known for its wineries and outdoor activities.
- **Kootenay Rockies Tourism** (<https://www.kootenayrockies.com/>): Highlights the region's mountain landscapes and adventure opportunities.

Local DMOs:

- **Destination Vancouver** (<https://www.destinationvancouver.com/>): Focuses on marketing Vancouver as a top urban destination for leisure, business, and events.
- **Tourism Whistler** (<https://www.whistler.com/>): Promotes Whistler as a year-round destination for skiing, biking, and cultural events.
- **Tourism Kamloops** (<https://www.tourismkamloops.com/>): Showcases Kamloops as an outdoor adventure hub and cultural destination.

Challenges in Tourism Supply Chain Management

Tourism supply chain management faces several challenges⁴ due to its unique characteristics, such as fragmentation, seasonality, and perishability. Below are some key challenges and examples⁵.

Examples Challenges in Tourism Supply Chain Management

Coordination: Aligning the interests and operations of diverse stakeholders — such as hotels, airlines, tour operators, and local suppliers — is complex due to conflicting objectives and interdependencies.

Example: Hotels may prioritize maximizing revenue through direct bookings, while tour operators focus on securing lower rates for group packages.

Quality Control: Ensuring consistent quality across all touchpoints of the tourist experience is difficult when multiple providers are involved.

Example: A luxury tour operator must rely on third-party transportation services and accommodations to meet high customer expectations, which can vary in quality.

Risk Management: External factors such as natural disasters, political instability, or pandemics can disrupt the entire supply chain.

Example: During the COVID-19 pandemic, many tourism businesses faced disruptions in supply chains due to lockdowns and reduced international travel.

Sustainability: Balancing economic growth with environmental and social responsibility is an ongoing challenge.

Example: Integrating sustainable practices into supply chains — such as sourcing locally or reducing carbon footprints — requires collaboration among stakeholders and often increases costs.

Distribution Channels in Tourism

Distribution channels in tourism are the pathways that connect travelers with their desired travel experiences. These channels serve as the interface between service providers and consumers, facilitating the purchase of tourism products and services.

Examples Types of Distribution Channels in Tourism

Direct Channels: Direct channels involve a direct transaction between the service provider and the consumer, with no intermediaries involved.

Example: Booking a room directly through a hotel's website or calling a family-run bed and breakfast to make a reservation.

Indirect Channels: Indirect channels involve one or more intermediaries between the service provider and the consumer. These can be categorized based on the number of intermediaries involved:

1. **One-Level:** Involves a single intermediary, such as a local travel agency.
2. **Two-Level:** Includes two intermediaries, such as a travel agency booking through a wholesaler with special hotel deals.
3. **Three-Level:** Adds another layer, like a specialized adventure tour operator working with wholesalers and travel agencies.

Example: Using online travel agencies (OTAs) like Expedia or Booking.com to reserve accommodations.

Hybrid Channels: Hybrid channels combine elements of both direct and indirect distribution, allowing service providers to diversify their reach.

Example: A hotel that accepts direct bookings through its website while also listing rooms on various online platforms.

Significance of Distribution Channels

The choice of distribution channels can significantly impact a tourism business's visibility, reach, and profitability. Each channel type offers distinct advantages:

- **Direct channels** often provide higher profit margins and greater control over the customer experience.
- **Indirect channels** can offer broader market reach and specialized expertise.
- **Hybrid approaches** allow businesses to balance the benefits of both direct and indirect channels.

Example Distribution Channels for a Boutique Hotel



Figure 5 The Great George Hotel (Steve Sutherland/Flickr) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)

A distribution strategy for a boutique hotel like The Great George Hotel (<https://thegreatgeorge.com/>) in Charlottetown, PEI, would focus on leveraging various **distribution channels** to effectively connect with its target market while maintaining operational control and profitability. Here is an example of a tailored distribution chain strategy:

Direct Distribution Channels:

- **Hotel Website with Booking Engine:** The Great George Hotel can prioritize direct bookings through its own website, offering an intuitive and secure booking system. This ensures full control over customer interactions and eliminates third-party commission fees. Exclusive offers, such as discounted rates for direct bookings or personalized packages, can further incentivize this channel.
- **On-Site Reservations:** The hotel can encourage walk-in bookings by maintaining a well-staffed front desk and offering flexible check-in options for last-minute travelers.
- **Partnerships with Local Businesses:** Collaborating with nearby attractions, restaurants, and event

venues to create bundled packages (e.g., a “Stay and Dine” package) allows the hotel to directly reach customers through these partners.

Indirect Distribution Channels:

- **Online Travel Agencies (OTAs):** Listing rooms on platforms like Booking.com, Expedia, and Agoda increases visibility among international and domestic travelers who use these platforms for convenience and price comparison. This channel is particularly useful for reaching guests unfamiliar with the region.
- **Global Distribution Systems (GDS):** Partnering with GDS platforms like Amadeus or Sabre enables travel agents to book rooms for their clients, particularly corporate or group travelers. This expands the hotel's reach into business travel markets.
- **Destination Marketing Organizations (DMOs):** Collaborating with organizations like Discover Charlottetown or Tourism PEI ensures inclusion in destination-wide marketing campaigns and travel itineraries. These DMOs often feature partner hotels on their websites and promotional materials, helping attract visitors planning trips to PEI.
- **Travel Agents:** Partnering with niche travel agencies that specialize in luxury or boutique accommodations allows the hotel to tap into specific customer segments, such as honeymooners or cultural tourists.

Hybrid Channels:

- **Channel Managers:** Utilizing a channel management system ensures seamless integration across all booking platforms (direct website, OTAs, and GDS), synchronizing room availability and pricing to avoid overbookings or inconsistencies.

Distribution Strategy Considerations:

- **Selective Distribution:** Focus on selective channels that align with the hotel's luxury boutique positioning, avoiding mass-market platforms that may dilute the brand image.
- **Performance Monitoring:** Regularly evaluate the performance of each channel based on booking volume, revenue generation, and cost-effectiveness to optimize the distribution mix.
- **Adapting to Trends:** Stay competitive by incorporating emerging distribution technologies such as mobile booking apps or AI-driven personalization tools.

By combining direct channels for profitability and control with indirect channels for broader market reach, The Great George Hotel can effectively manage its distribution strategy while maintaining its reputation as a premier boutique property in Charlottetown.

Examples Distribution Channels for an Adventure Tour Operator



Figure 6 Bungee jumping (Arun Mathew/Pexels) Pexels license (<https://www.pexels.com/license/>)

A distribution strategy for an adventure tour operator offering bungee jumping experiences in Whistler, BC, could include the following channels:

Direct Distribution Channels:

- **Company Website:** The operator can use its website as the primary booking platform, providing detailed information about the bungee jumping experience, safety measures, pricing, and availability. This ensures full control over customer interactions and avoids third-party commissions.
- **On-Site Sales:** Offering direct bookings at the bungee jumping location allows walk-in customers or those already in Whistler to book their experience on the spot.
- **Local Partnerships:** Collaborating with nearby accommodations (e.g., hotels, hostels, or resorts) and restaurants to promote and sell tickets directly to their guests.

Indirect Distribution Channels:

- **Online Travel Agencies (OTAs):** Listing the experience on platforms like Viator, GetYourGuide, or Adrenaline allows the operator to reach a global audience of travelers searching for adventure activities in Whistler.
- **Destination Marketing Organizations (DMOs):** Partnering with organizations like Tourism Whistler or Destination BC ensures inclusion in destination-wide marketing campaigns and itineraries. These DMOs often feature local adventure activities on their websites and promotional materials.
- **Travel Agents and Tour Operators:** Collaborating with travel agencies or larger tour operators that offer adventure packages in Whistler can help attract group bookings or international visitors.
- **Visitor Centers:** Working with local visitor centers in Whistler to sell tickets or promote the experience to tourists seeking adventure activities during their stay.

Hybrid Channels:

- **Channel Management Software:** Using tools like TrekkSoft or Zau to synchronize availability across all channels (website, OTAs, and visitor centres) ensures seamless inventory management and avoids overbookings.

By combining direct channels for control and profitability with indirect channels for broader market reach, this strategy ensures that the bungee jumping operator can effectively attract both local thrill-seekers and international adventure travelers.

Distribution Mix Decisions

When deciding on a distribution mix in tourism, hospitality and leisure sectors, there are several key objectives to consider.

Examples Distribution Mix Objectives

Satisfying Customer Needs: The distribution mix should provide convenient access and booking options that align with target customer preferences and behaviours.

Example: A boutique hotel targets millennial travelers who prefer mobile-friendly booking platforms. To meet their needs, the hotel integrates its booking system with apps like Airbnb and offers instant booking on its website.

Maximizing Profits: The mix should balance reach and sales volume with profitability, considering costs like commissions for each channel.

Example: A luxury resort uses its direct website for bookings to avoid high commission fees charged by OTAs while still listing on OTAs like Booking.com to maintain visibility and capture additional sales.

Achieving Desired Market Coverage: The channels selected should provide adequate coverage of target market segments and geographic regions.

Example: A tour operator offering cultural experiences in Europe partners with local travel agencies in North America and Asia to reach international travelers while also using its website for direct bookings.

Balancing Direct and Indirect Channels: Finding the right mix of direct (e.g. own website) and indirect (e.g. OTAs) channels to optimize control and reach.

Example: An airline sells tickets directly through its website and app but also partners with OTAs like Expedia to reach budget-conscious travelers who compare prices across platforms.

Managing Channel Conflicts: Designing a mix that minimizes conflicts between different distribution partners.

Example: A hotel chain ensures price parity across all channels (direct website, OTAs, and travel agents) to avoid conflicts where one channel undercuts another, creating dissatisfaction among partners.

Optimizing Channel Performance: Selecting channels that perform well in terms of booking volume, revenue generation, and cost-effectiveness.

Example: A ski resort evaluates its distribution channels annually and finds that its partnership with a regional DMO generates the highest volume of bookings during peak season, so it increases investment in that channel.

Aligning With Overall Marketing Strategy: The distribution mix should support broader marketing and branding objectives.

Example: An eco-lodge aligns its distribution mix with its eco-friendly branding by partnering with niche travel platforms that focus on green tourism rather than mass-market OTAs.

Adapting to Market Trends: Incorporating emerging channels and technologies to stay competitive.

Example: A family-owned bed-and-breakfast (B&B) adapts to market trends by integrating with emerging platforms like Google Hotel Ads, which allows potential guests to see real-time availability and prices directly in search results. Additionally, the B&B adopts a chatbot on its website to provide instant responses to inquiries, catering to the growing demand for quick and convenient customer service. These changes help the business remain competitive against larger hotel chains and appeal to tech-savvy travelers⁶.

Managing Inventory Effectively: Ensuring proper allocation and availability across channels to maximize occupancy.

Example: A chain of vacation rentals uses a channel manager system to synchronize availability across multiple platforms – like Airbnb, Vrbo, and its own website – to avoid double bookings.

Gathering Market Intelligence: Using channels that provide valuable data on customer behaviour and market trends.

Example: An adventure tour company uses data from Google Analytics on its website and insights from OTA dashboards to track customer preferences, such as popular travel dates and preferred tour packages.

Enhancing Brand Visibility: Selecting channels that increase brand exposure to target audiences.

Example: A luxury hotel partners with high-profile OTAs like Expedia and niche platforms such as Mr &

Mrs Smith (<https://www.mrandmrsmith.com/>)⁷ to increase its exposure to both mass-market and upscale travelers. Additionally, it collaborates with influencers on Instagram to showcase its unique amenities, further enhancing brand recognition among its target audience.

Supporting Different Customer Segments: Using a mix of channels to cater to various customer types (e.g. leisure, business, groups).

Example: A resort uses multiple channels to cater to diverse customer types: it offers corporate packages through direct sales to businesses for conferences, lists leisure packages on OTAs like Booking.com for individual travelers, and works with group travel agencies to attract family reunions and large tour groups.

The goal is to create a balanced distribution mix that effectively reaches target customers, maximizes revenue and profitability, aligns with overall business strategy, and provides flexibility to adapt to market changes.

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Summary

In this chapter, we explored the foundational concepts of supply chains and distribution channels, their roles in tourism and hospitality, and the strategies used to select and manage them effectively. We examined the importance of intermediaries, considered the pros and cons of their involvement, and looked at real-world examples illustrating various channel configurations in tourism, hospitality and leisure contexts.

By understanding these concepts and strategic considerations, organizations can better design a distribution mix that optimizes customer access, profitability, and overall market presence.

Key Takeaways

1. **Differentiating Supply Chains and Distribution Channels:** Supply chains encompass all activities involved in creating, delivering, and supporting a product or service, while distribution channels specifically focus on how offerings reach the end consumer.
2. **Roles of Intermediaries:** Intermediaries – such as retailers, wholesalers, agents, and online platforms – serve as vital connectors in distribution channels. They provide market access, expertise, and value-added services, though they can also reduce profit margins and limit direct control.
3. **Channel Types and Strategies:** Businesses can choose from direct, indirect, or hybrid channels to distribute their products. The selection of a distribution strategy – intensive, selective, or exclusive – depends on product characteristics, target market preferences, and overall brand positioning.
4. **Tourism Supply Chains and Challenges:** In tourism and hospitality, supply chains are complex and fragmented, involving multiple service providers, suppliers, and support services. Challenges such as perishability, seasonality, and interdependence require careful coordination, quality management, and risk mitigation.
5. **Adapting to Market Conditions and Trends:** Successful distribution strategies involve staying attuned to evolving customer behaviours, technological innovations, and emerging platforms. Balancing direct and indirect channels, integrating digital tools, and partnering with diverse intermediaries can enhance market reach and competitiveness.
6. **Strategic Decision-Making and Performance Management:** Effective channel management involves continuously evaluating partner performance, managing potential conflicts, and using insights and data to refine distribution strategies. A well-chosen and well-managed distribution mix ultimately supports revenue growth, customer satisfaction, and long-term business sustainability.

Exercises

Check Your Understanding

Exercise 1: Distribution Channel Analysis

Task: Identify and describe three different distribution channels a boutique hotel in a popular tourist destination might use to reach potential guests.

Recommended Answer:

- a. **Direct Channel:** The hotel's own website and reservation system, allowing guests to book directly.
 - b. **Online Travel Agencies (OTAs):** Listing rooms on platforms like Booking.com or Expedia to reach a wider audience.
 - c. **Local Tourism Board:** Partnering with the destination's tourism organization to be featured in their promotional materials and booking services.
-

Exercise 2: Supply Chain Components

Task: Name three key components of a tourism supply chain for a guided hiking tour company.

Recommended Answer:

- a. **Equipment Suppliers:** Providing hiking gear, safety equipment, and outdoor clothing.
 - b. **Transportation Providers:** Offering vehicles to transport guests to and from hiking locations.
 - c. **Local Guides:** Knowledgeable individuals who lead the tours and provide expertise on the area.
-

Exercise 3: Distribution Strategy Decision

Scenario: A new eco-resort is deciding between intensive and selective distribution.

Task: Briefly explain which strategy might be more appropriate and why.

Recommended Answer:

Selective distribution would likely be more appropriate for an eco-resort. This strategy allows the resort to choose specific channels that align with its eco-friendly brand image and target market of environmentally conscious travelers. It also helps maintain exclusivity and control over how the property is presented to potential guests.

Exercise 4: Intermediary Roles

Task: Describe the role of a global distribution system (GDS) in the tourism industry.

Recommended Answer:

A global distribution system (GDS) acts as a centralized platform that connects travel service providers (like airlines and hotels) with travel agencies and online booking sites. It allows for real-time inventory management, pricing updates, and reservation capabilities across multiple travel services, streamlining the booking process for both travel agents and consumers.

Exercise 5: Channel Conflict

Identify a potential channel conflict that might arise for a tour operator using both direct and indirect distribution channels and suggest a way to mitigate it.

Recommended Answer:

- **Potential Conflict:** Price discrepancies between direct bookings and those made through travel agents or online platforms.
 - **Mitigation Strategy:** Implement a price parity agreement across all channels to ensure consistent pricing. Alternatively, offer unique packages or value-added services for direct bookings to differentiate them from indirect channels without undercutting partners.
-

Exercise 6: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 6: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-7-summary/#h5p-9>)



An interactive H5P element has been excluded from this version of the text. You can view it online here:
<https://marketingmap.pressbooks.tru.ca/?p=224#h5p-9>
(<https://marketingmap.pressbooks.tru.ca/?p=224#h5p-9>)

Glossary of Key Terms

Agents and Brokers: Agents and brokers facilitate transactions without taking ownership of products or services.

Channel Length: The number of intermediary levels in a distribution channel between the producer and the end consumer.

Direct Channel: A distribution channel where a producer sells directly to the end consumer without any intermediaries.

Distribution Channel: The path through which products or services move from the producer to the end consumer.

Distribution Intensity: The extent to which a product is made available in the market, ranging from intensive (widely available) to selective or exclusive (limited availability).

Distribution Strategy: The overall plan for how a company will make its products or services available to customers.

Hybrid Channel: A distribution approach that combines both direct and indirect channels to reach consumers.

Indirect Channel: A distribution channel that includes one or more intermediaries between the producer and the end consumer.

Intermediary: An individual or organization that acts as a link between producers and consumers in the distribution channel, facilitating the movement of goods or services.

Online Travel Agency (OTA): A digital platform that allows consumers to book travel services such as accommodations, flights, and activities.

Retailer: A business that sells products or services directly to end consumers.

Supply Chain: The network of all individuals, organizations, resources, activities, and technology involved in creating and selling a product, from the supplier to the end customer.

Tourism Supply Chain: The network of tourism organizations engaged in different activities ranging from the supply of tourism components to the delivery of tourism products and services in a tourism destination.

Wholesaler: A business that buys products in bulk from manufacturers and sells them to retailers or other businesses.

CHAPTER VIII

COMMUNICATING THE JOURNEY: PROMOTION AND INTEGRATED MARKETING COMMUNICATION (IMC)

Learning Outcomes

This chapter takes us into the world of promotion and integrated marketing communication (IMC), exploring how organizations can create cohesive and impactful marketing messages across diverse touchpoints.

This chapter examines the key components of the promotion mix, including advertising, public relations, personal selling, sales promotion, direct marketing, and digital marketing. We will investigate how these elements work together to form a comprehensive IMC strategy, enabling organizations to deliver consistent and persuasive messages to their target markets.

Through real-world examples and case studies from sectors such as tourism and hospitality, we will explore the intricacies of developing effective IMC campaigns, considering factors such as product type, buyer readiness, and product life cycle stages. We will also discuss the role of customer relationship management (CRM) systems in supporting IMC efforts and enhancing personalized marketing approaches.

After reading this chapter, you should be able to:

- Define integrated marketing communication (IMC) and explain its importance in delivering a consistent brand message.
- Identify and describe the components of the promotion mix and their roles in marketing strategies.
- Understand the stages of the communication process and how they apply to marketing efforts.
- Analyze how tools like the touch point wheel enhance customer engagement across pre-purchase, purchase, and post-purchase stages.
- Evaluate real-world examples of IMC strategies in the tourism, hospitality, recreation, and services sectors.
- Develop an effective IMC strategy by selecting appropriate promotional tools and aligning them with organizational objectives.

Opening Thoughts

Opening Case: Taylor Swift's Eras Tour – A Marketing Communication Symphony¹²³



Figure 1 Taylor Swift Eras Tour (Ronald Woan/Flickr) CC BY-SA 2.0 (<https://creativecommons.org/licenses/by-sa/2.0/>)

Imagine a concert tour so successful that it crashes ticketing systems, sparks city-wide celebrations, and generates billions in revenue. Taylor Swift's Eras Tour is more than a musical event – it is a masterclass in marketing communications. By blending storytelling, nostalgia, and cutting-edge strategies, Swift and her team have created an immersive experience that captivates fans and sets new standards for customer engagement.

From cryptic social media clues to elaborate stage designs, every element of the tour reflects a seamless integration of marketing tools. Swift's ability to connect personally with fans – through surprise songs, tailored messages, and exclusive events – demonstrates the power of personalized communication. Her use of platforms like TikTok and Instagram amplifies the excitement, turning fans into brand ambassadors who spread the word far and wide.

This case exemplifies the principles of integrated marketing communication (IMC) explored in this chapter. Just as Swift harmonizes her music with visual storytelling and meaningful fan interactions, organizations can develop cohesive promotional strategies that resonate deeply with their audiences. By exploring IMC concepts

such as the promotion mix, communication process, and customer touchpoints, you will learn how campaigns that leave an enduring impression are created – just like Taylor Swift’s groundbreaking Eras Tour.

The last show of the two-year long Eras Tour took place in Vancouver on Sunday December 8, 2024. The following video reviews the end of the first year of this tour

“How Taylor Swift Created an Economic Juggernaut With Her Eras Tour” [6:15 min] by PBS NewsHour⁴



One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://marketingmap.pressbooks.tru.ca/?p=43#oembed-1> (#oembed-1)

We will revisit this case at the end of this chapter...

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: How Taylor Swift Created an Economic Juggernaut With Her Eras Tour (<https://youtu.be/rZJgedd2Fk4?si=1pamjQVdrv22LmLd>)



Chapter Topics

- Promotion and Integrated Marketing Communication (#chapter-promotion-and-integrated-marketing-communication)
- The Promotion Mix (#chapter-the-promotion-mix)
- Developing an Effective Integrated Marketing Communication Strategy (#chapter-developing-an-effective-integrated-marketing-communication-strategy)

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Promotion and Integrated Marketing Communication

Promotion and integrated marketing communication¹ play important roles in the marketing process, enabling organizations to effectively communicate their value proposition to target audiences. This chapter explores how organizations create coherent and coordinated messages across various touchpoints.



Figure 1 Integrated marketing communications (Ron_Hoekstra/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Promotion, a key element of the marketing mix, encompasses all activities that communicate a product or service to the target market. **Integrated marketing communication (IMC)** takes this concept further by unifying all marketing communications tools, corporate messages, and brand messages to deliver a consistent and persuasive message to the target audience.

Marketing Communications Definition

Marketing communications refer to the messages, media, and activities used by an organization to communicate with the market and persuade target audiences to accept its messages and take action accordingly. This includes communication via any or all marketing mix elements (the 4 Ps: product, price, place, and promotion).

Purpose of IMC

The primary goal of IMC is to create a seamless and coordinated message for prospective customers (i.e., **message consistency**). This approach ensures that all communication efforts work together harmoniously to reinforce the brand message and drive desired consumer actions.

The Touch Point Wheel: A Comprehensive View of Customer Interactions

The **touch point wheel**² is a powerful visual tool that helps visualize how IMC strategies revolve around various customer touchpoints throughout their journey with a brand. This wheel represents the array of contact points between a brand and its potential or existing customers, offering opportunities for meaningful communication, interaction, and engagement.



Figure 2 The touchpoint wheel (Izzy Stangl/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

Key Elements of the Touch Point Wheel

The touch point wheel is structured around three primary stages of the customer journey:

1. **Pre-purchase Touchpoints:** These are interactions that occur before a customer makes a purchase decision.

Examples in Tourism and Hospitality:

- Social media posts about a destination
- Travel blog reviews
- Online advertisements for hotels or resorts

2. **Purchase Touchpoints:** These are the points of contact during the actual transaction process.

Examples in Hospitality:

- Booking a hotel room through a website
- Interacting with a travel agent
- Making a reservation at a restaurant

3. **Post-purchase Touchpoints:** These interactions happen after the purchase and can significantly impact customer satisfaction and loyalty.

Examples in Recreation and Services:

- Follow-up emails after a spa treatment
- Customer service interactions following a tour
- Loyalty program communications

Each of these touchpoints presents an opportunity to influence the customer's perception and overall experience with the brand. By strategically managing these interactions, organizations can create a more cohesive and positive customer journey.

Importance in IMC

The touch point wheel emphasizes the need for consistency across all brand interactions. In the context of IMC, this tool helps marketers:

- **Identify Opportunities:** By mapping out all potential touchpoints, marketers can identify new opportunities for engagement and areas that may need improvement.
- **Ensure Consistency:** The wheel helps in visualizing how different marketing efforts connect, ensuring a consistent brand message across all touchpoints.
- **Enhance Customer Experience:** By understanding the full spectrum of interactions, businesses can work towards creating a seamless and positive experience at every stage of the customer journey.

The Communication Process

In the context of marketing communications, the **communication process** provides a structured approach to reaching and engaging target audiences, ensuring that marketing messages are delivered effectively and achieve desired outcomes³.



Figure 3 The marketing communication process (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

The communication process in marketing involves six key steps:

1. **Identifying the Target Audience:** Involves understanding who the message is intended for, including their demographics, psychographics, and behaviours.

Example: A luxury resort might target affluent travelers aged 40-65 seeking exclusive experiences.

2. **Determining the Communication Objective:** Involves deciding what response is sought from the audience. Objectives might include building brand awareness, changing attitudes, or prompting a booking.

Example: A new eco-tourism destination might focus on educating potential visitors about its unique sustainability practices.

3. **Designing the Message:** Involves crafting the content, structure, and format of the message to effectively reach the target audience.

Example: A family-friendly theme park might use vibrant imagery and playful language to appeal to parents and children alike.

4. **Selecting the Communication Channels:** Involves choosing the most appropriate media to deliver the message, such as social media, travel blogs, or in-flight magazines.

Example: A boutique hotel chain might prioritize Instagram and travel influencer partnerships to showcase its unique properties.

5. **Selecting the Message Source:** Involves deciding who will deliver the message, which could be a celebrity endorser, travel expert, or satisfied guest.

Example: An adventure tourism company might choose a renowned explorer to lend credibility and excitement to their expedition offerings.

6. **Measuring the Communication Results:** Involves assessing the effectiveness of the communication effort through various metrics and feedback mechanisms. This could include tracking changes in booking rates, engagement on social media platforms, or guest satisfaction scores.

The AIDA Model

When determining communication objectives, marketers often use the **AIDA model**⁴. This model outlines the stages a consumer goes through in the purchasing process.

AIDA Model Stages with Examples

| Stages | Example: Luxury Hotel |
|---|--|
| A – Attention: Capturing the consumer’s notice. | Use stunning visuals of the hotel’s unique architecture on social media. |
| I – Interest: Generating curiosity about the product or service. | Highlight exclusive amenities and personalized services in targeted ads. |
| D – Desire: Creating a want for the product or service. | Showcase guest experiences and testimonials through influencer partnerships. |
| A – Action: Motivating the consumer to make a purchase. | Offer a limited-time discount for bookings made within a specific period. |

Consumer Journey through AIDA

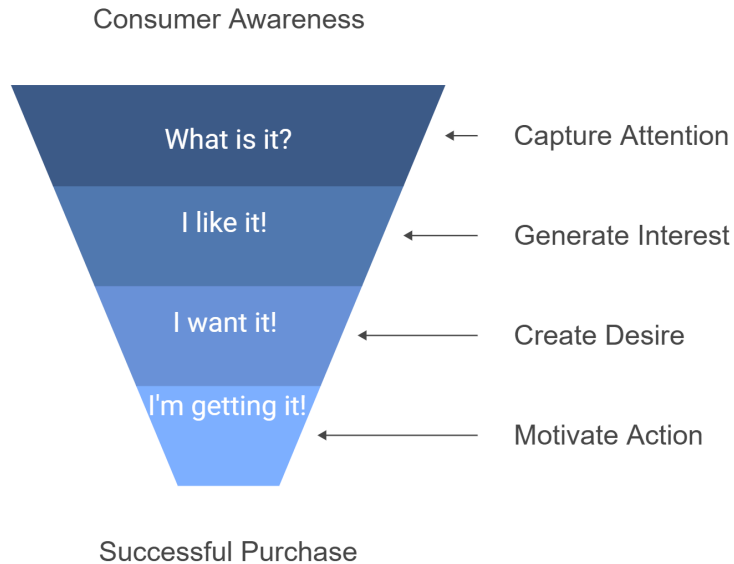


Figure 4 The AIDA model (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Example Campaign Objectives and AIDA Model Stages

AIDA Model: Stages and Typical Campaign Objectives

| AIDA Model Stages | Typical Campaign Objectives |
|--|--|
| Awareness: Build awareness to motivate further action. | <ul style="list-style-type: none"> • Develop brand awareness and recognition. • Increase traffic to physical or virtual stores, websites, or other channels. • Remind customers about a brand, product, service or category. |
| Interest: Generate interest by informing about benefits, shaping perceptions. | <ul style="list-style-type: none"> • Differentiate a product, stressing benefits and features not available from competitors. • Provide more information about the product or the service because information may be correlated with greater likelihood of purchase. • Increase demand for a specific product or a product category; generate enough interest to research further. |

| | |
|---|--|
| <p>Desire: Create desire; move from “liking” to “wanting.”</p> | <ul style="list-style-type: none"> • Build brand equity by increasing customer perceptions of quality, desirability, and other brand attributes. • Stimulate trial, an important step in building new brands and rejuvenating stagnant brands. • Change or influence customer beliefs and attitudes about a brand, product, or category, ideally creating an emotional connection. |
| <p>Action: Take action toward purchasing.</p> | <ul style="list-style-type: none"> • Reduce purchase risk to make prospective customers feel more comfortable buying a new or unfamiliar product or brand. • Encourage repeat purchases in the effort to increase usage and brand loyalty. • Increase sales and/or market share, with the goal of broadening reach within a time period, product category, or segment. |

Media Attributions

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Notes

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The Promotion Mix

Promotion, a fundamental element of the marketing mix (4Ps), includes the strategic tools and approaches organizations use to communicate their value proposition to target audiences. These communication tools collectively form the **promotion mix** – a comprehensive set of elements that work together to create, maintain, and increase demand for products and services.

Components of the Promotion Mix

The promotion mix consists of six key elements that organizations strategically combine to build relationships with their target audiences.

The traditional five elements are:

1. Advertising
2. Public relations
3. Personal selling
4. Sales promotion
5. Direct marketing

Additionally, **digital marketing** has emerged as the sixth vital component, reflecting the evolution of modern communication channels and consumer behaviour patterns.

Components of the Promotion Mix



Figure 1 The components of the promotion mix (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Let's take a closer look at each element...

Advertising

Advertising is a paid, non-personal form of promotion that reaches a large audience through various media channels. It is typically the most visible element of the promotion mix.

Examples Traditional Advertising Media Options

Traditional advertising refers to paid promotional efforts through established mass media channels. Examples include:

- **Television and Radio Ads:** Used to reach large audiences with audio-visual or auditory messages.
- **Print Media:** Includes advertisements in newspapers, magazines, brochures, and posters.
- **Billboards and Outdoor Advertising:** Large-scale ads placed in high-traffic areas to capture attention.

These methods are effective for creating brand awareness and reaching broad audiences but may lack precise targeting compared to digital approaches.



Figure 2 Winter sports ad (McGill Library/Unsplash)
Unsplash license (<https://unsplash.com/license>)

Key Characteristics of Advertising

Advertising has the following key characteristics:

- **Mass Reach:** Ability to communicate with a large audience simultaneously.
- **Controlled Message:** The advertiser has full control over the content, timing, and placement.
- **Various Media Options:** TV, radio, print, outdoor, digital platforms, etc.
- **Brand Building:** Effective for creating and maintaining brand awareness and image.

“21st Century Ad Campaigns: The Top 15” [19 videos, 30:01 min total] by AdAge¹



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<https://marketingmap.pressbooks.tru.ca/?p=228#oembed-1> (#oembed-1)

Objectives of Advertising

Advertising can serve three primary objectives:

1. To inform
2. To persuade
3. To remind

To Inform

Informative advertising focuses on educating the audience about a product, service, or initiative by presenting factual information².

Examples Informative Advertising

Via Rail’s Canada 150 Campaign: Via Rail highlighted its role in connecting Canadians from coast to coast. The campaign used stunning visuals of Canada’s landscapes and emphasized the size of the country and the importance of rail travel in uniting communities, educating audiences about the service’s value and reach.

“Via Rail & Canada 150: All Aboard for the Celebrations!” [0:50 min] by VIA Rail Canada³



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: Via Rail & Canada 150: All Aboard for the Celebrations! (<https://youtu.be/4ZvwjzsM4XE?si=sTtq4UW0SxbFrDGD>)



Heart & Stroke Foundation – “Make Health Last”: This campaign informed Canadians about the importance of healthy living by contrasting two potential realities for their final years – vibrant health versus dependency – encouraging proactive health management.

“Make Health Last – Canadian Heart & Stroke Foundation” [1:00 min] by MullenLowe Global⁴



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To Persuade

Persuasive advertising aims to influence consumer attitudes or behaviors by appealing to emotions, desires, or values.

Examples Persuasive Advertising

Heinz and Ed Sheeran: Heinz partnered with musician Ed Sheeran in a campaign where he praised the brand's ketchup. By leveraging Sheeran's popularity, the ad created a positive emotional association with Heinz.

“Ed's Heinz Ad” [1:19 min] by Heinz⁵



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: Ed's Heinz Ad (https://youtu.be/keOaQm6RpBg?si=04_w-UORWjj-D0le)



WestJet's Christmas Miracle Campaign: WestJet surprised passengers with personalized Christmas gifts based on their wishes, creating an emotional connection with viewers by showcasing joy, gratitude, and the spirit of giving.

“Westjet Christmas Miracle: Real-Time Giving” [5:25 min] by WestJet⁶



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: Westjet Christmas Miracle: Real-Time Giving (https://youtu.be/zIEIvi2MuEk?si=4xVNNWjQIXH_pA5N)



To Remind

Reminder advertising reinforces brand recognition or reminds consumers of a product or service they already know.

Examples Reminder Advertising

Tim Hortons' True Stories Campaign: Tim Hortons shared real-life customer stories that highlighted its role as a comforting presence in Canadians' daily lives. These heartwarming narratives reminded audiences of their emotional connection to the brand.

"Tim Hortons True Stories: Proud Fathers" [1:00 min] by Time Hortons⁷



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to

the video: Tim Hortons True Stories: Proud Fathers (<https://youtu.be/blo7wsEHjLY?si=ZASzHlnEQfVV4f6l>)



Public Relations

Public relations (PR) involves managing the spread of information between an organization and the public. It aims to build and maintain a positive public image and handle or avert negative publicity.

Publicity

“The activity of making certain that someone or something attracts a lot of interest or attention from many people, or the attention received as a result of this activity”⁸

Publicity is a key component of public relations that focuses on generating media coverage and public awareness for a brand, company, individual, or product. It involves the dissemination of information through various media channels with the goal of influencing public opinion and creating visibility.

Example Richard Branson



Figure 3 Richard Branson (dtiet/Flickr) CC BY-NC-ND 2.0 (<https://creativecommons.org/licenses/by-nc-nd/2.0/>)

Richard Branson, the founder of Virgin Group, is widely recognized as a master of public relations⁹.

“How Richard Branson Built His Multibillion Dollar Fortune | Forbes” [2:03 min] by Forbes¹⁰



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to

the video: How Richard Branson Built His Multibillion Dollar Fortune | Forbes (<https://youtu.be/bDLOefC5mT8?si=tQwG6nUqmpPqTkt6>)



“Find a Dream Big Enough to Scare You | Richard Branson On Disruptive Entrepreneurship | MasterClass” [0:40 min] by MasterClass¹¹



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: Find a Dream Big Enough to Scare You | Richard Branson On Disruptive Entrepreneurship | MasterClass (https://youtu.be/epyu-hea20Q?si=UQ_zVF9ZSSTJoovY)



“Richard Branson’s Top Tips for Entrepreneurs” [2:48 min] by Moneywise¹²



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: Richard Branson's Top Tips for Entrepreneurs (https://youtu.be/12lzdEBpW9U?si=ntlpWyKfs7L_2GLm)



Here are the key ways he uses PR effectively:

- **Authenticity and Personal Branding:** Branson prioritizes authenticity in his PR approach. He remains true to his unique persona, showcasing both successes and failures with candor. This genuine approach has helped him build a personal brand that exudes charisma, adventure, and a rebellious spirit.
- **Storytelling and Media Engagement:** Branson understands the power of storytelling in shaping public perception. He uses compelling narratives to transform Virgin from a mere conglomerate into a brand with a soul. Branson is always available for media appearances, recognizing the value of reaching millions through television spots.
- **Bold Publicity Stunts:** Branson is known for his outrageous publicity stunts that generate widespread media coverage. These stunts create long-lasting buzz and keep the Virgin brand visible. Some notable examples include:
 - Driving a tank down Fifth Avenue to introduce Virgin Cola
 - Bungee-jumping off a skyscraper in a tuxedo
 - Dressing as an astronaut for Virgin Galactic press conferences
 - Driving an amphibious car across the English Channel
- **Social Responsibility and Engagement:** Branson's PR strategy emphasizes social responsibility and purpose-driven initiatives. He uses his platform to champion causes like climate change and LGBTQ rights, positioning Virgin as a force for positive change.
- **Leveraging Multiple Channels:** Branson engages his audience through various channels, including social media, his personal blog, and video content. He adapts to new communication mediums to reach a wider audience in fun and convenient ways.

Major PR Activities

Major PR activities include:

- **Media Relations:** Engaging with journalists and influencers to secure positive coverage.
- **Crisis Management:** Preparing for and responding to unexpected events that could damage reputation.

- **Event Planning and Management:** Organizing press trips, familiarization tours, and industry events.
- **Content Creation:** Developing engaging stories, press releases, and multimedia content.
- **Reputation Management:** Monitoring and responding to online reviews and feedback.
- **Community Relations:** Engaging with local communities.
- **Influencer Partnerships:** Collaborating with influencers and bloggers to reach target audiences.

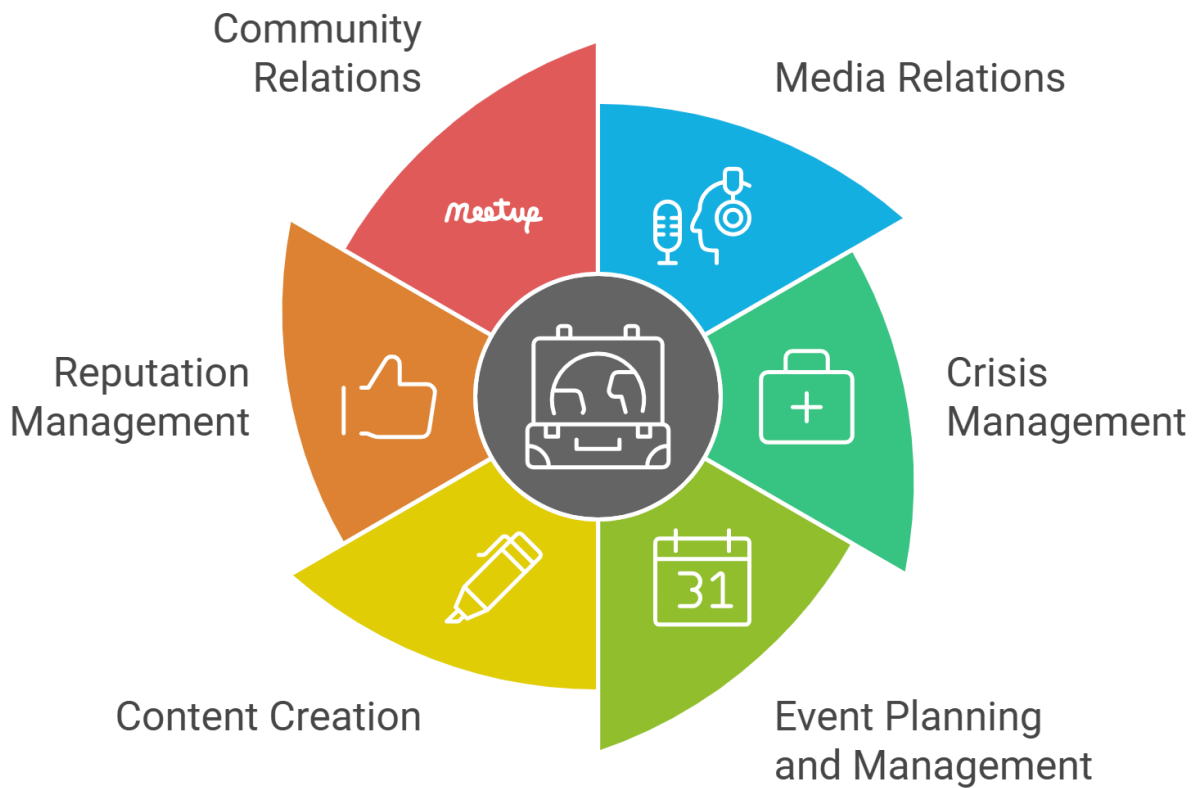


Figure 4 PR activities (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Example

Chipotle Mexican Grill: The 2015 Food Safety Crisis



Figure 5 Chipotle sign (Mjs92984/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

In 2015, Chipotle experienced multiple foodborne illness outbreaks, including E. coli, norovirus, and salmonella, affecting over sixty customers across fourteen states. This crisis resulted in a 13% drop in sales for 2016, marking Chipotle's first annual decline since going public. The outbreaks severely damaged the company's reputation and consumer trust, leading to a 10% drop in stock value and triggering an investigation by the Centers for Disease Control.

Chipotle's Response and PR Strategies¹³¹⁴

To address the crisis and rebuild trust, Chipotle implemented several key strategies:

- **Store Closure and Staff Training:** Chipotle closed all its stores for a day to educate staff on food safety, demonstrating its commitment to addressing the issue.
- **New Food Safety Protocols:** The company implemented comprehensive food safety measures, including:

- DNA-testing ingredients before shipping to restaurants
- Changes to food prep and handling practices
- Offering paid sick leave to prevent ill employees from working
- **Transparent Communication:** Chipotle adopted a policy of accessibility and transparency in its communications. They created a comprehensive food safety plan website and sent a letter from Co-Founder Steven Ells to stockholders.
- **Enhanced Food Safety Program:** Chipotle launched an improved food safety program that included:
 - Microbiological kill steps
 - Stricter testing of produce throughout the supply chain
 - New sanitation procedures
 - Preparing certain items at central kitchens
 - Enhanced standards for food safety inspection
 - An automatic closure policy if an employee or customer vomits in a restaurant
- **Customer Outreach:** To regain customer confidence, Chipotle sent 21 million direct mail offers for free burritos in the weeks following the crisis.

Impact and Lessons Learned

Chipotle's response to the crisis has been recognized as a model for other restaurant chains. By implementing these comprehensive measures, Chipotle not only addressed the immediate crisis but also positioned itself as a leader in food safety within the industry.

The company's experience highlighted the critical importance of prioritizing food safety and quality management in the food service industry. It demonstrated that neglecting these aspects can have severe consequences for businesses, but also that with the right approach, it is possible to recover from such challenges and rebuild trust.

Chipotle's journey through this crisis serves as a valuable lesson in crisis management, emphasizing the importance of swift action, transparent communication, and a commitment to continuous improvement in maintaining public trust and brand reputation.

Example The United Airlines Incident



Figure 6 United Airlines Airbus A320 (JacobAviation/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

This event unfolded on April 9, 2017, when Dr. David Dao, a 69-year-old Vietnamese-American physician, was forcibly removed from an overbooked United Airlines flight at Chicago O'Hare International Airport. The incident gained worldwide attention after passengers recorded and shared videos of Dr. Dao being dragged down the aisle of the aircraft, bloodied and disoriented.¹⁵¹⁶¹⁷

The Incident

On that fateful day, United Airlines needed to accommodate four crew members on the fully booked flight to Louisville. When no passengers volunteered to give up their seats in exchange for compensation, the airline selected four passengers for involuntary removal. Dr. Dao, who insisted he needed to see patients the next day, refused to leave his seat. Subsequently, Chicago Department of Aviation security officers were called to remove him, resulting in a violent confrontation that left Dr. Dao with significant injuries, including a concussion, broken nose, and two lost teeth.

Initial Response and Backlash

United Airlines' initial response to the incident was widely criticized for its lack of empathy and attempt to justify the action:

- **Inadequate Statement:** CEO Oscar Munoz’s first public statement referred to the incident as an “upsetting event” and apologized for “having to re-accommodate these customers,” language perceived as insensitive.
- **Internal Communication:** In an email to employees, Munoz described Dr. Dao as “disruptive and belligerent,” further inflaming public outrage.
- **Social Media Firestorm:** The incident went viral on social media, with users expressing fury and mocking United’s “Fly the Friendly Skies” slogan.

Crisis Management and Recovery

As the crisis escalated, United Airlines shifted its approach:

- **Public Apology:** Munoz issued a more empathetic statement, expressing “deepest apologies” and acknowledging the need for change.
- **Policy Changes:** The airline announced ten policy changes, including increased compensation for voluntary bumping and reduced overbooking.
- **Settlement:** United reached a settlement with Dr. Dao; they were praised for “doing the right thing.”
- **Employee Training:** The company committed to enhancing customer service training for employees.

Lessons Learned

The United Airlines case offers valuable insights for crisis management:

- **Immediate and Empathetic Response:** Organizations must respond quickly with genuine empathy and accountability.
- **Transparent Communication:** Clear, honest communication is crucial to maintaining public trust during a crisis.
- **Social Media Preparedness:** Companies need to be prepared for the rapid spread of information on social platforms.
- **Proactive Policy Changes:** Implementing and communicating concrete changes can help rebuild trust and prevent future incidents.

This incident serves as a stark reminder of the importance of effective crisis management and the potential long-term consequences of mishandling public relations in the age of social media.

Publics in Tourism and Hospitality PR

In tourism and hospitality sectors, public relations involves engaging with a variety of stakeholders or “publics” to build relationships, manage reputations, and ensure mutual benefits. These publics include:

- **Tourists:** The primary audience whose experiences and satisfaction drive the industry.
- **Local Communities:** Residents of tourism destinations who are directly impacted by tourism activities.
- **Government and Policy Makers:** Authorities responsible for regulations, infrastructure, and tourism policies.
- **Media and Journalists:** Key players in shaping public perception through coverage and storytelling.
- **Investors and Shareholders:** Individuals or organizations funding tourism and hospitality projects.
- **Employees:** Staff members who deliver services and create guest experiences.
- **Suppliers:** Businesses providing goods and services essential to the industry.

- **Non-Governmental Organizations (NGOs):** Groups advocating for sustainable practices and community welfare.
- **Industry Associations:** Organizations representing collective interests of tourism and hospitality businesses.
- **Environmental Groups:** Advocates for minimizing tourism's ecological footprint.

Effective public relations strategies consider the needs, interests, and influence of these diverse publics to foster trust, collaboration, and sustainable growth in the sector.

PR Tools for Tourism and Hospitality Sectors

Tourism and hospitality sectors mainly use four PR tools:

1. Media communication and publicity
2. Digital engagement
3. Reputation management
4. Strategic tools

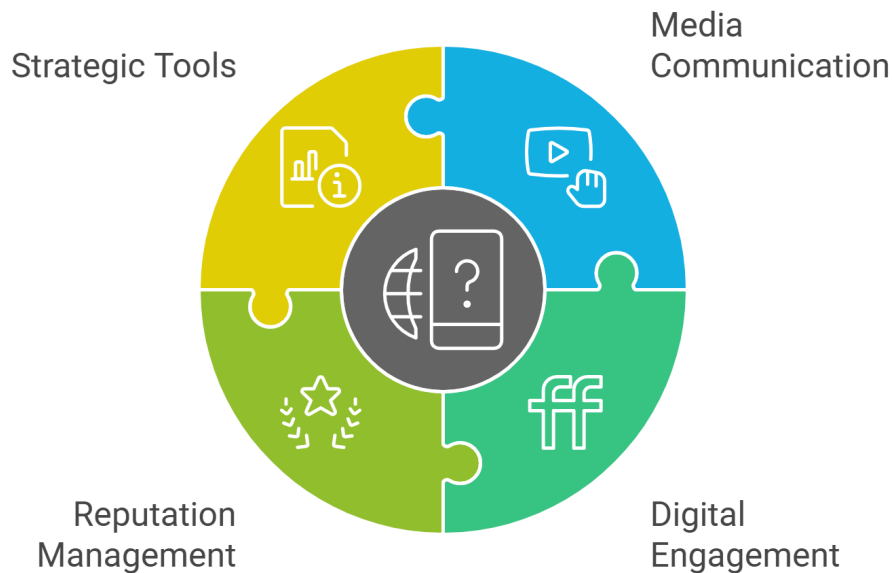


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Media Communication and Publicity

Media communications and publicity includes:

- **Press Releases:** Official statements to generate media coverage for significant news.
- **Digital Newsrooms:** Online repositories for press materials to facilitate media access.
- **Publicity Stunts:** Attention-grabbing events to create buzz and media interest.
- **Media Tours:** Organized visits for journalists to experience and publicize destinations.
- **Press Conferences:** Live events to announce major news and attract media attention.



Figure 8 Media communication (Jecasa_Ltd/Pixabay)
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Digital Engagement

Digital engagement includes:

- **Social Media:** Platforms for direct audience engagement and content amplification.
- **Content Marketing:** Creation and distribution of valuable content to attract media interest.
- **Virtual and Augmented Reality:** Immersive experiences to showcase destinations and generate publicity.
- **Influencer Partnerships:** Collaborations to extend reach and gain third-party endorsements.



Figure 9 Digital engagement (sagararora372/Pixabay) Pixabay content license
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Reputation Management

Reputation management includes:

- **Media Monitoring Tools:** Track mentions and sentiment across channels to inform publicity strategies.

- **Review Management Platforms:** Monitor and respond to guest reviews to maintain positive public image.
- **Crisis Communication Plans:** Prepared strategies for managing unexpected events and mitigating negative publicity.



Figure 10 Reviews (geralt/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Strategic Tools

Strategic tools include:

- **Customer Relationship Management (CRM) Systems:** Manage media and stakeholder interactions for targeted publicity efforts.
- **Data Analytics:** Measure publicity campaign effectiveness and inform future strategies.
- **Brand Ambassadors:** Utilize satisfied customers or employees to generate organic publicity.



Figure 11 Data analytics (wynpnt/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Example Sample PR Strategy



Figure 12 Festival de Nowrouz at Place Des Arts Montréal (abdallah/Flickr) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)

The **Canadian Arts and Culture Festival** has the following PR strategy¹⁸¹⁹²⁰²¹.

Media Relations:

- Craft press releases highlighting unique festival features, participating artists, and cultural significance.
- Organize press conferences to announce headlining acts and special events.
- Arrange media tours of the festival grounds for key journalists and influencers.
- Facilitate exclusive interviews with festival organizers and featured artists.

Digital PR:

- Develop a dedicated festival newsroom on the event website.
- Create and distribute multimedia press kits, including high-resolution images and B-roll footage.
- Implement a social media listening strategy to monitor and engage with online conversations about the

festival.

Community Engagement:

- Partner with local community organizations to promote the festival's cultural impact.
- Organize pre-festival events to generate buzz and foster community involvement.
- Implement a volunteer program, engaging local residents as festival ambassadors.

Thought Leadership:

- Secure speaking opportunities for festival organizers at relevant industry conferences.
- Contribute guest articles to arts and culture publications, positioning the festival as a cultural leader.

Crisis Communication:

- Develop a comprehensive crisis communication plan.
- Train key staff members in crisis response protocols.
- Establish a rapid response team to address any issues during the festival.

Storytelling:

- Create human interest stories about local artists and their connection to the festival.
- Develop a series of behind-the-scenes content showcasing festival preparation.

Measurement and Evaluation:

- Monitor media coverage and sentiment analysis.
- Track social media engagement and share of voice.
- Conduct post-event surveys to gauge attendee satisfaction and media perception.

Personal Selling

Personal selling involves face-to-face interactions between a salesperson and potential customers. It is particularly effective for complex products or services that require detailed explanations or demonstrations.

Key features of personal selling include:

- **Direct Interaction:** Allows for immediate feedback and relationship building.
- **Tailored Approach:** Messages can be customized to individual customer needs.
- **Higher Cost:** More resource-intensive than other promotion methods.
- **Closing Sales:** Effective for guiding customers through the final stages of the buying process.

Examples Personal Selling in Tourism and Hospitality

Personal selling in the tourism and hospitality sectors allows for direct interaction between sales representatives and potential customers. Here are examples of personal selling in both B2B and B2C contexts.

B2B Personal Selling Examples



Figure 13 Business handshake (tungnguyden0905/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Hotel Sales to Corporate Clients: Hotel sales managers often engage in personal selling when targeting corporate clients for long-term contracts. They might:

- Schedule face-to-face meetings with corporate travel managers.
- Provide personalized tours of the hotel facilities.
- Offer tailored packages that meet specific corporate needs.
- Negotiate rates for bulk bookings or extended stays.

Event Venue Marketing: Convention centres and large hotels use personal selling to attract event planners and businesses looking for conference venues. They might:

- Have sales representatives attend trade shows to network with potential clients.
- Offer site visits and personalized presentations of their facilities.
- Customized proposals are created based on the client's specific event requirements.

Tour Operator Partnerships: Tour operators engage in personal selling to establish partnerships with travel agencies. They might:

- Have sales representatives visit travel agencies to showcase their tour packages.
- Provide training sessions on new destinations or products.
- Offer familiarization trips to key agency staff to experience the product firsthand.

B2C Personal Selling Examples

Luxury Travel Consultations: High-end travel agencies often use personal selling techniques for affluent clients. They might:

- Have travel consultants schedule one-on-one meetings with potential clients.
- Create bespoke itineraries based on the client's preferences and budget.
- Offer personalized service throughout the planning and booking process.

Timeshare Presentations: Timeshare companies frequently use personal selling tactics. They might:

- Invite potential buyers to attend presentations at their properties.
- Have sales representatives provide guided tours of the facilities.
- Engage in direct, often persuasive, conversations about the benefits of timeshare ownership.

Resort Activity Sales: At resorts, activity coordinators engage in personal selling to promote various experiences. They might:

- Interact with guests at information desks or around the property.
- Provide detailed explanations of available activities and excursions.
- Offer personalized recommendations based on guests' interests and abilities.



Figure 14 Parasailing water sports (Gaudis99/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Sales Promotion

Sales promotion involves short-term incentives to encourage the purchase or sale of a product or service. These tactics are designed to create immediate sales boosts.

Common types of sales promotions include:

- Discounts and coupons
- Buy-one-get-one-free offers
- Contests and sweepstakes
- Product samples
- **Loyalty programs**



Figure 15 Black Friday (WOKANDAPIX/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Examples Sales Promotion in Tourism and Hospitality

Sales promotion in the tourism and hospitality sectors is used to stimulate short-term demand and encourage immediate action from customers. Here are examples of sales promotion techniques in both B2B and B2C contexts:

B2C Sales Promotion Examples

Discounts and Special Offers:

- **Early Bird Discounts:** Hotels offering reduced rates for bookings made well in advance of the stay date.
- **Last-Minute Deals:** Airlines or hotels providing steep discounts on unsold inventory close to the travel

date.

- **Package Deals:** Resorts bundling accommodation with meals, activities, or spa treatments at a discounted rate.

Loyalty Programs:

- **Airline Frequent Flyer Programs:** Offering points for flights that can be redeemed for free travel or upgrades.
- **Hotel Reward Systems:** Providing free nights, room upgrades, or exclusive amenities for repeat guests.

Contests and Sweepstakes:

- **Social Media Photo Contests:** Encouraging guests to share their vacation photos for a chance to win a free stay.
- **Travel Agencies Running Sweepstakes:** Offering a chance to win a dream vacation with every booking.

Limited-Time Offers:

- **Flash Sales:** Online travel agencies offering significant discounts for a very short period, often 24–48 hours.
- **Seasonal Promotions:** Ski resorts offering discounted lift tickets during off-peak seasons.

B2B Sales Promotion Examples

Volume Discounts:

- **Tour Operators:** Offering travel agencies better commission rates for higher sales volumes.
- **Hotel Chains:** Providing corporate clients with discounted rates based on the number of room nights booked annually.

Trade Show Specials:

- **Destination Marketing Organizations:** Offering exclusive partnership deals to travel agencies during industry trade shows.
- **Technology Providers:** Presenting special pricing on booking engines or property management systems for hotels that sign up during a conference.

Educational Incentives:

- **Airlines:** Providing free familiarization trips to travel agents to experience new routes or upgraded services.
- **Cruise Lines:** Offering online training programs with incentives like onboard credits or free cruises for top-performing travel agents.

Co-op Advertising:

- **Hotels partnering with local attractions:** Offering joint promotional deals to travel agencies, sharing the cost of advertising.

- **Destination Marketing Organizations:** Providing matching funds to tour operators for promoting specific destinations in their marketing materials.

Referral Programs:

- **Event Venues:** Offering commission to hotels or travel agencies for referring corporate clients for conferences or events.
- **Luxury Resorts:** Providing incentives to travel agents for referring high-value clients.

Direct Marketing

Direct marketing involves communicating directly with targeted consumers to generate a response or transaction. This can be done through various channels such as email, mail, phone, or in-person interactions.

Key characteristics of direct marketing include:

- **Personalization:** Messages can be tailored to individual recipients.
- **Measurability:** Results can be easily tracked and analyzed.
- **Targeted Approach:** Focuses on specific segments of customers or prospects.
- **Immediate Call-To-Action:** Often includes a clear, immediate response mechanism.



Figure 16 Direct marketing (geralt/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Examples

Direct Marketing in Tourism and Hospitality

Direct marketing in the tourism and hospitality sectors allows businesses to communicate directly with potential customers. Here are examples of direct marketing in both B2B and B2C contexts:

B2C Direct Marketing Examples

Email Campaigns:

- **Personalized Offers:** Hotels sending tailored promotions to past guests based on their preferences and booking history.
- **Seasonal Promotions:** Airlines emailing special deals for off-peak travel periods to their subscriber list.
- **Virtual Tours:** Resorts providing immersive virtual experiences of their properties through email campaigns.

Direct Mail:

- **Brochures:** Hotels and resorts mailing visually appealing brochures showcasing their amenities and special packages.
- **Postcards:** Tourist attractions sending postcards with promotional offers to local residents.
- **Loyalty Program Updates:** Airlines mailing personalized statements of accumulated points and redemption opportunities.

Targeted Flyers:

- **Local Promotions:** Bed and breakfasts distributing flyers at strategic locations like airports, restaurants, and gas stations.
- **Event-Specific Flyers:** Tourist attractions handing out flyers during local festivals or conventions.

B2B Direct Marketing Examples

Personalized Business Proposals:

- **Customized Packages:** Hotels creating tailored proposals for corporate clients, highlighting specific amenities and services that meet their needs.

Industry-Specific Communications:

- **Trade Show Follow-Ups:** Hotel chains sending personalized emails to contacts made at industry events, offering special rates or services.

Networking Events:

- **Familiarization Trips (Fam Tours):** Airlines or destinations offering complimentary trips to travel agents to experience their products firsthand.

Digital Marketing

Digital marketing encompasses all marketing efforts that use electronic devices or the internet. It is becoming increasingly important in modern marketing strategies.

Key components of digital marketing include:

- **Search Engine Optimization (SEO):** The process of optimizing website content and structure to improve visibility and rankings in organic (unpaid) search engine results, driving more traffic to the site.
- **Content Marketing:** Creating and sharing valuable, relevant content (e.g., blogs, videos, and infographics) to attract and engage a target audience, ultimately driving customer actions.
- **Social Media Marketing:** Using social media platforms to promote products or services, engage with audiences, and build brand awareness through both organic posts and paid advertisements.
- **Email Marketing:** Sending targeted emails to nurture relationships with customers, promote products, or provide updates, often personalized to enhance engagement.
- **Pay-Per-Click Advertising (PPC):** A model where businesses pay a fee each time their ad is clicked, commonly used in search engines and social media platforms for immediate visibility.



Figure 17 Digital marketing (ProdeepAhmeed/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Examples Digital Marketing in Tourism and Hospitality

Digital marketing has become an essential strategy for the tourism and hospitality sectors, allowing businesses to reach and engage with their target audiences effectively. Here are examples of digital marketing in both B2B and B2C contexts.

B2C Digital Marketing Examples

Search Engine Optimization (SEO): Hotels and resorts optimize their websites with relevant keywords to improve organic search rankings. For instance, a boutique hotel in Paris might target phrases like “romantic getaway in Paris” or “luxury accommodation near the Eiffel Tower”.

Social Media Marketing:

- **Instagram Campaigns:** Hotels sharing high-quality photos and videos of their properties, amenities, and local attractions to inspire potential guests.
- **Facebook Advertising:** Targeting specific demographics with tailored ads for vacation packages or special promotions.
- **User-Generated Content:** Encouraging guests to share their experiences using branded hashtags, like Fairmont Hotels' #FairmontMoments campaign.

Email Marketing:

- **Personalized Offers:** Hotels sending tailored promotions to past guests based on their preferences and booking history.
- **Seasonal Campaigns:** Airlines emailing special deals for off-peak travel periods to their subscriber list.

Content Marketing:

- **Travel Blogs:** Four Seasons Magazine publishing aspirational articles like “5 exclusive experiences across Europe” to inspire high-end travelers.
- **Video Content:** Hotels creating virtual tours or showcasing local experiences to engage potential guests.

Mobile Marketing: Optimizing websites and booking processes for mobile devices, recognizing that many travelers use smartphones for research and reservations.

B2B Digital Marketing Examples

LinkedIn Marketing: Hotels and event venues using LinkedIn to connect with corporate travel managers and event planners, sharing content about their facilities and services.

Webinars and Virtual Events: Tourism boards or hotel chains hosting online seminars for travel agents and tour operators to showcase new destinations or properties.

Targeted Email Campaigns: Sending personalized proposals and packages to corporate clients, highlighting specific amenities that meet their needs.

Content Marketing for B2B:

- **White Papers:** Tourism technology providers distributing in-depth reports on industry trends to decision-makers in hospitality companies.
- **Case Studies:** Sharing success stories of how other businesses have benefited from their services.

Digital Advertising: Using platforms like Google Ads to target businesses searching for conference venues or corporate retreat locations.

Examples Digital Marketing Trends

Key Digital Marketing Trends for 2025 and Beyond²²²³²⁴

AI-Driven Personalization and Automation: Artificial intelligence (AI) and machine learning (ML) will revolutionize digital marketing. These technologies will enable:

- Hyper-personalized content and ad campaigns at scale
- Advanced customer behavior analysis and predictive modeling
- AI-powered chatbots and conversational marketing, with 95% of customer interactions expected to occur through AI-driven systems by 2025

Video and Visual Content Dominance: Video marketing, especially short-form content, will continue to lead engagement strategies:

- Platforms like TikTok and YouTube will be crucial for reaching diverse audiences.
- Shoppable video content will grow, with social commerce revenues forecasted to surpass \$1 trillion USD by 2028.

- Visual search optimization will become increasingly important, with over 10 billion visual searches processed monthly by Google Lens.

Evolving Search Landscape: The concept of SEO will expand to “search everywhere optimization”:

- Voice search optimization will be critical, affecting conversational marketing strategies.
- Visual search will require new optimization techniques for images and videos.
- Content discovery will shift to AI-driven platforms and alternative search engines, including social media platforms.

Privacy-Centric and Ethical Marketing: As data privacy concerns grow, digital marketing strategies will adapt:

- Shift towards first-party data collection and transparent data practices
- Increased focus on building trust with consumers through ethical marketing practices
- Emphasis on sustainability and value-based branding to appeal to conscious consumers

Immersive and Interactive Experiences: Digital marketing will increasingly incorporate immersive technologies:

- Augmented reality (AR) and virtual reality (VR) integration in marketing campaigns
- “Phygital” experiences blending physical and digital interactions
- Interactive ad formats, including 360-degree product views and virtual try-ons



Figure 18 3D Castle in a Smartphone (andmeyer67/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

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Developing an Effective Integrated Marketing Communication Strategy

Choosing the right marketing communication methods and tools and deciding how to combine them effectively is a significant challenge for marketers planning a promotional strategy. To address this challenge, marketing managers often use a campaign approach.

Campaign Approach

A **campaign** is a planned, coordinated series of marketing communication efforts built around a single theme or idea and designed to reach a particular goal. This approach helps in organizing and executing various marketing communication activities in a cohesive manner.



Figure 1 Campaign (Walls.io/Pexels) Pexels license (<https://www.pexels.com/license/>)

Key considerations for a successful campaign include:

- **Campaign Objectives:** Clearly defined goals are essential for guiding the campaign's direction. Objectives may include increasing brand awareness, driving bookings, or enhancing customer engagement.
- **Target Audience:** Understanding the preferences, behaviours, and demographics of the audience ensures the

campaign resonates effectively.

- **Message Consistency:** A unified message across all channels reinforces the campaign theme and builds brand recognition.
- **Channel Selection:** Choosing the right mix of communication channels ensures the message reaches the target audience effectively.
- **Measurement and Evaluation:** Tracking metrics such as website traffic, social media engagement, or booking conversions helps assess campaign performance and guide adjustments.

Anatomy of a Successful Campaign

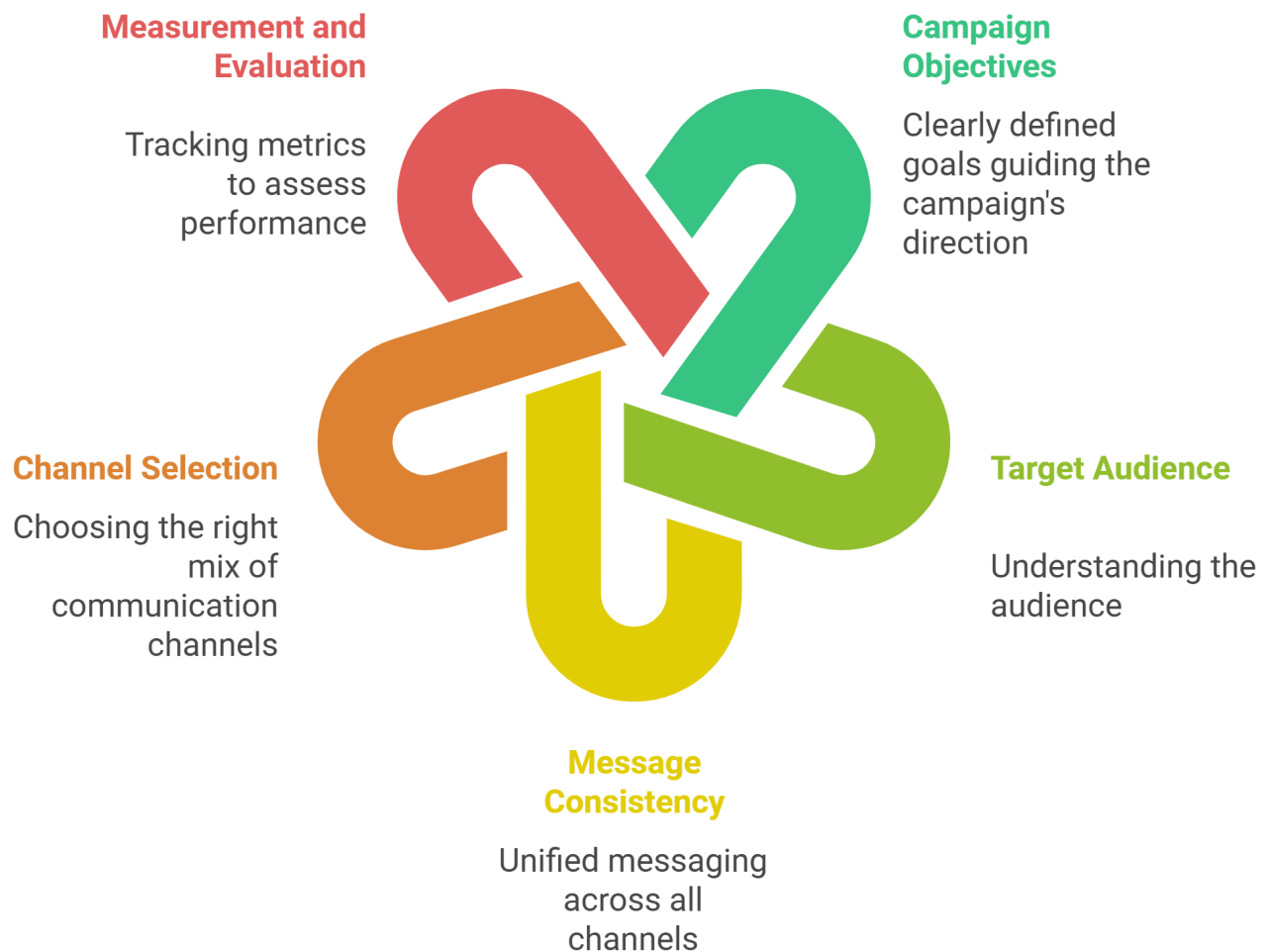


Figure 2 Anatomy of a successful campaign (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Example Destination Canada's Maple Leave Campaign

Destination Canada's "Maple Leave" campaign¹ exemplifies an integrated promotion campaign that aligns well with key strategic elements. Here is how it addresses each component.

Campaign Objectives: The primary objectives of the "Maple Leave" campaign were:

- Re-establish Canada as a top destination for American travelers.
- Drive tourism recovery post-pandemic.
- Showcase Canada's new brand positioning emphasizing openness.

Target Audience: The campaign specifically targeted Americans in key markets:

- **Locations:** New York, New Jersey, California, Florida, and Texas.
- **Demographics:** Stressed individuals seeking relaxation and a break from daily life.
- **Psychographics:** Travelers looking for wellness, outdoor experiences, and cultural enrichment.

Message Consistency: The campaign maintained a consistent message across all channels:

- **Core Concept:** "Maple Leave" — a play on taking leave from work and Canada's iconic maple leaf.
- **Tone:** Friendly, humorous, and authentically Canadian.
- **Visual Style:** Nostalgic, postcard-like imagery evoking warmth and invitation.

Channel Selection: "Maple Leave" utilized a multi-channel approach to reach its target audience:

- **Television:** 60-second hero spot aired on broadcast networks.
- **Digital:** Campaign content distributed across digital platforms.
- **Social Media:** Spots and content shared on social channels.
- **Microsite:** Dedicated website (www.MapleLeave.com (<http://www.mapleleave.com/>)) for information and conversions.
- **Public Relations:** Earned media coverage generated through PR efforts.

Measurement and Evaluation: While specific metrics were not provided, the campaign likely tracked:

- Website traffic to the MapleLeave.com microsite
- Social media engagement with campaign content
- Earned media coverage generated by PR efforts
- Potential increase in bookings or inquiries from target markets

"Take Your Maple Leave in Canada" [1:00 min] by CANADA Explore | Explorez²



— One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://marketingmap.pressbooks.tru.ca/?p=230#oembed-1> (#oembed-1)

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: Take Your Maple Leave in Canada (<https://youtu.be/EztBsr8hiNQ?si=49Nli6tnFRATECKm>)



Factors to Consider When Selecting the Promotion Mix

When developing an effective integrated marketing communication (IMC) strategy, marketers must carefully consider several key factors to determine the optimal promotion mix:

- Type of product and market
- Buyer readiness state
- Product life-cycle
- Push versus pull strategy

These factors help ensure that the chosen promotional tools align with the product, target audience, and overall marketing objectives.

Type of Product and Market

The nature of the product and its target market significantly influence the promotion mix:

- **B2C vs. B2B Products:** B2C (business to consumer) products often rely more heavily on advertising and sales promotions, while B2B (business to business) products may emphasize personal selling and direct marketing.
- **Product Complexity:** Complex or technical products may require more personal selling to explain features and benefits, while simpler products can be effectively promoted through advertising.
- **Market Size and Concentration:** A geographically dispersed market may benefit from mass advertising, while a

concentrated market might be better served by personal selling.

Examples Types of Product and Market

Luxury Resort (High-end Product, Niche Market): A luxury resort like the Four Seasons Bora Bora might use a mix of exclusive advertising in high-end travel magazines, personalized direct marketing to past guests, and partnerships with luxury travel agencies. The focus would be on creating an image of exclusivity and exceptional service.



Figure 3 Four Seasons Bora Bora (Didierlefort/Wikimedia Commons) CC BY-SA 3.0 (<https://creativecommons.org/licenses/by-sa/3.0/deed.en>)

Budget Hotel Chain (Mass Market Product): A budget hotel chain like Motel 6 might rely more heavily on mass advertising through TV commercials, billboards, and online travel agencies to reach a wide audience of cost-conscious travelers.



Figure 4 Motel 6 Las Vegas Nevada (TaurusEmerald/Wikimedia Commons) CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

Buyer Readiness State

The stage of the buyer's decision-making process influences what promotional tools to choose:

- **Awareness Stage:** Advertising and public relations are often effective for creating initial awareness.
- **Interest and Evaluation Stages:** Content marketing, social media engagement, and targeted advertising can help nurture interest and aid evaluation.
- **Purchase Stage:** Personal selling and sales promotions may be more effective in closing sales.

Examples Buyer Readiness State

Awareness Stage: A new eco-tourism destination in Costa Rica might focus on content marketing and PR to

educate potential visitors about the unique experiences they offer. They might create informative blog posts, partner with travel influencers, and secure features in travel publications to build awareness.



Figure 5 Costa Rica nature (pulaw/Flickr) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)

Purchase Stage: An established theme park like Disneyland might use more direct promotional tactics like limited-time ticket discounts, package deals with local hotels, or exclusive in-park experiences to encourage immediate bookings from those already familiar with the brand.



Figure 6 Disneyland (Joe Penniston/Flickr) CC BY-NC-ND 2.0 (<https://creativecommons.org/licenses/by-nc-nd/2.0/>)

Product Life-Cycle Stage

Different stages of the product life cycle require different promotional approaches:

- **Introduction Stage:** Heavy advertising and public relations to create awareness, combined with personal selling to secure distribution.
- **Growth Stage:** Continued advertising to build brand preference, with increased focus on sales promotions to encourage trial.
- **Maturity Stage:** Emphasis on sales promotions and reminder advertising to maintain market share.
- **Decline Stage:** Reduced advertising, with potential focus on sales promotions to clear inventory.

Examples Stage of Product's Life Cycle

Introduction Stage: A newly opened museum might focus on building awareness through extensive PR efforts, hosting grand opening events, offering introductory discounts, and partnering with local tour operators to include the museum in city tours.

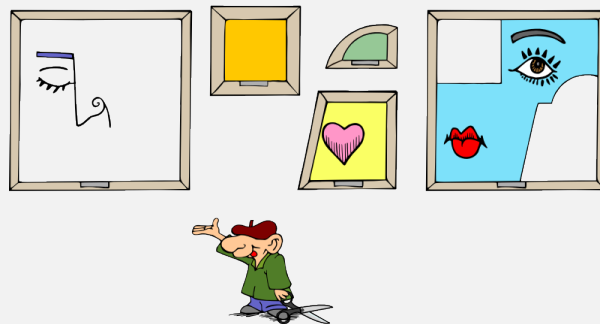


Figure 7 A museum gallery (The Martin/Open Clipart) CC0 1.0 (<https://creativecommons.org/publicdomain/zero/1.0/>)

Maturity Stage: An established ski resort might focus more on brand reinforcement and loyalty programs. They might use targeted email marketing to past guests, offer season pass holder benefits, and create special events to keep the experience fresh for repeat visitors.



Figure 8 Whistler (Red Nguyen/Pexels) Pexels license (<https://www.pexels.com/license/>)

Push vs. Pull Strategy

The choice between push and pull strategies affects the promotion mix:

- **Push Strategies:** Focus on intermediaries (e.g., travel agents) to promote products.
- **Pull Strategies:** Aim to create demand directly among consumers through advertising or influencer partnerships.
- **Combined Approach:** Many successful companies use a combination of push and pull strategies, adapting their approach based on market conditions and product characteristics.

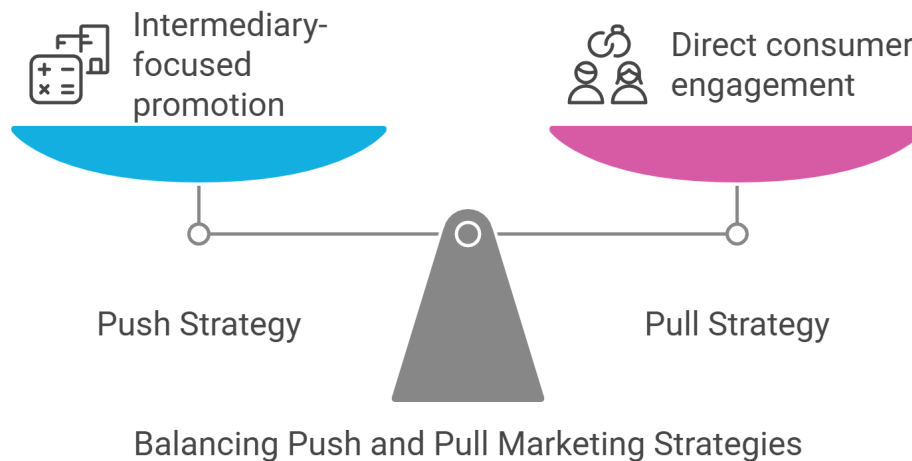


Figure 9 Balancing push and pull strategies (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Examples Push vs. Pull Strategies

Push Strategy: A cruise line might use a push strategy by offering travel agents higher commissions or bonuses for selling their cruises. They might also provide extensive training and promotional materials to travel agents to encourage them to recommend their cruises to potential customers.

Pull Strategy: A popular beach destination, like Bali, might use a pull strategy by creating inspiring content on social media, partnering with travel influencers to showcase the destination, and running targeted online advertising campaigns to create demand among potential travelers. This approach aims to have consumers asking travel agents or searching online specifically for trips to Bali.

By carefully considering these factors, marketers can create a balanced and effective promotion mix that aligns with their product, target audience, and overall marketing objectives. This strategic approach ensures that promotional efforts are coordinated, consistent, and optimized for maximum impact across all stages of the customer journey.

The Role of CRM Systems in an Effective IMC Strategy

As we learned in Chapter 4 (#part-navigating-with-data-marketing-information-systems-for-decision-making), **customer relationship management (CRM)** is a system for managing a company's interactions with current and potential customers. It involves the use of technology to track, analyze, and manage customer data throughout the customer lifecycle, aiming to improve customer relationships and drive sales growth.

CRM systems play an important role in supporting an IMC strategy by providing a unified view and data. This enables businesses to create personalized, targeted, and consistent marketing communications across various channels.



Figure 10 CRM on a tablet (Nick Yougson/Alpha Stock Images/The Blue Diamond Gallery) CC BY-SA 3.0 (<https://creativecommons.org/licenses/by-sa/3.0/>)

Key benefits of CRM in IMC include:

- **Personalization:** CRM data allows for highly personalized marketing efforts, ensuring messages are tailored to individual customer preferences and behaviors.
- **Unified Customer View:** CRM systems provide a single, comprehensive view of customer interactions, enabling consistent and coordinated marketing communications across all channels.
- **Data-Driven Decision Making:** CRM analytics help businesses make informed decisions by providing insights into

customer behavior and preferences.

- **Enhanced Customer Service:** CRM systems enable customer-facing staff to access detailed customer information, providing better and faster customer service.

Example CRM in a Hotel's IMC Strategy

CRM systems significantly enhance campaign effectiveness in tourism and hospitality by enabling data-driven, personalized marketing approaches³.

A hotel chain uses a CRM system to manage customer interactions across its website, social media, and customer service calls. The CRM system tracks customer preferences, purchase history, and feedback, allowing the hotel to create tailored marketing campaigns and offers. For instance, if a customer frequently books rooms with a specific amenity, the CRM system can trigger a targeted email campaign offering a discount on that amenity for their next stay.

This personalized approach enhances customer engagement and loyalty, supporting the hotel's IMC strategy by ensuring a consistent and persuasive message across all touchpoints.



Figure 11 Hotel check-in (Mikhail Nilov/
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By integrating these elements and tools, marketers can create a comprehensive and effective IMC strategy that achieves their promotional goals and drives desired consumer actions.

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Notes

1. Crann, J. (2023, February 13). Destination Canada offers Americans a ‘maple leave’. *Strategy*. <https://strategyonline.ca/2023/02/13/destination-canada-offers-americans-a-maple-leave/> (<https://strategyonline.ca/2023/02/13/destination-canada-offers-americans-a-maple-leave/>)
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3. Lohr, G. (2024, January 19). 5 key strategies for using CRM in marketing campaigns. *Nimble*. <https://www.nimble.com/blog/crm-for-marketing-campaigns-2/> (<https://www.nimble.com/blog/crm-for-marketing-campaigns-2/>)

Summary

This chapter provided a comprehensive overview of promotion and integrated marketing communication with a focus on tourism, hospitality, recreation, and services sectors.

Key Takeaways

1. Integrated marketing communication (IMC) is essential for creating consistent and impactful marketing messages across various touchpoints.
2. The promotion mix consists of six key elements: advertising, public relations, personal selling, sales promotion, direct marketing, and digital marketing.
3. Understanding the communication process and applying models like AIDA can help marketers develop more effective promotional strategies.
4. Successful IMC strategies often involve a balanced mix of promotional elements tailored to specific product characteristics, target audiences, and marketing objectives.
5. Factors such as product type, buyer readiness state, and product life cycle stage significantly influence the selection of appropriate promotional tools.
6. Customer relationship management (CRM) systems play a crucial role in supporting IMC efforts by enabling data-driven, personalized marketing approaches.
7. Emerging digital marketing trends, such as AI-driven personalization and immersive experiences, are shaping the future of promotional strategies.
8. Measuring the effectiveness of IMC campaigns is critical for optimizing marketing efforts and achieving desired outcomes in a competitive marketplace.

Closing Thoughts

Revisiting the Eras Tour as a Masterclass in Integrated Marketing Communication¹²³

Taylor Swift's Eras Tour exemplifies the principles of integrated marketing communication (IMC) as explored in this chapter. The tour's success was not merely about music but about crafting and executing a cohesive, multi-channel marketing communication strategy that engaged fans at every stage of their journey.

Consistent Messaging Across Touchpoints

The Eras Tour utilized the **touch point wheel** framework effectively, ensuring consistent engagement across pre-purchase, purchase, and post-purchase stages:

- **Pre-purchase touchpoints** included social media buzz, presale ticket campaigns, and strategic media coverage, such as the Ticketmaster controversy, which generated widespread attention.
- **During the purchase phase**, Swift's team ensured a seamless experience through innovative programs like the Verified Fan initiative.
- **Post-purchase interactions** involved exclusive merchandise, fan meet-and-greets, and personalized engagement through social media and live performances.

Storytelling as a Core Communication Strategy

A central theme of this chapter is the importance of storytelling in IMC. The Eras Tour leveraged storytelling by framing each concert as a journey through Taylor Swift's career "eras," appealing to fans of all demographics. This narrative approach created an emotional connection and fostered loyalty, turning each show into more than just a performance — it became an immersive experience. As highlighted in the editorial, this storytelling extended to merchandise and fan interactions, reinforcing the brand message at every touchpoint.

The Promotion Mix in Action

The tour's success also demonstrates a masterful use of the **promotion mix**:

- **Advertising:** Social media platforms like Instagram and TikTok showcased visually stunning content that built anticipation.
- **Public Relations:** Media coverage of the Ticketmaster crash and congressional inquiry amplified public interest.
- **Sales Promotions:** Limited-edition merchandise and exclusive experiences incentivized fan participation.
- **Direct Marketing:** Personalized emails and targeted campaigns engaged fans directly.
- **Digital Marketing:** Data-driven strategies optimized engagement through tailored offers and content.

These elements worked together seamlessly to ensure that every aspect of the tour reinforced its overarching narrative.

Data-Driven Personalization

As discussed in this chapter, leveraging data for personalized communication is critical in modern IMC strategies. Swift's team used customer data to tailor marketing efforts, such as recommending specific merchandise or offering customized experiences. This approach not only enhanced fan satisfaction but also drove revenue growth, as evidenced by the \$2 billion generated by the tour.

Economic Impact and Brand Amplification

The tour created significant economic ripples beyond ticket sales, benefiting local businesses in host cities. This aligns with IMC's goal of creating value not just for customers but for broader stakeholders. Fans became brand ambassadors by wearing merchandise and sharing their experiences online, further amplifying Swift's brand.

Lessons for Tourism and Hospitality

The Eras Tour offers valuable insights for industries like tourism and hospitality:

1. **Leverage Storytelling:** Destinations can craft narratives that resonate emotionally with visitors.
2. **Integrate Touchpoints:** Ensure consistency across pre-arrival promotions, on-site experiences, and

post-visit follow-ups.

3. **Engage Through Data:** Use CRM systems to personalize offers and enhance customer loyalty.
4. **Maximize Economic Impact:** Collaborate with local businesses to create mutually beneficial opportunities.

Final Thoughts

Taylor Swift's Eras Tour serves as a compelling case study in how IMC can transform an event into a global cultural moment. By uniting storytelling, data-driven personalization, and a comprehensive promotion mix, her team demonstrated how to craft a marketing strategy that resonates deeply with audiences while achieving unparalleled financial success. For students of marketing—and professionals in sectors like tourism — this case demonstrates the power of integrated communication to create not just transactions but meaningful connections that drive long-term loyalty and impact.

Exercises Check Your Understanding

Exercise 1: Understanding the Promotion Mix

Task: Identify and describe the six elements of the promotion mix. Provide an example of how each element might be used in a marketing campaign for a new luxury hotel.

Recommended Answer:

- a. **Advertising:** Paid promotions through TV, print, or digital media.
Example: A TV commercial showcasing the hotel's luxurious amenities and prime location.
- b. **Public Relations:** Managing brand image and media relations.
Example: Hosting a press event to introduce the hotel to travel journalists.
- c. **Personal Selling:** Direct interaction with potential customers.
Example: Sales representatives offering personalized tours to corporate clients.
- d. **Sales Promotion:** Short-term incentives to encourage bookings.
Example: Offering a limited-time discount on room rates for early bookings.
- e. **Direct Marketing:** Targeted communication with potential customers.
Example: Sending personalized emails with exclusive offers to past guests.

- f. **Digital Marketing:** Online strategies to reach audiences.

Example: Running social media campaigns highlighting guest experiences and hotel features.

Exercise 2: Applying the Touch Point Wheel

Task: Explain the three stages of the Touch Point Wheel and provide an example of a touchpoint for each stage in the context of a theme park.

Recommended Answer:

- a. **Pre-purchase Touchpoints:** Interactions before the purchase decision.

Example: Social media ads showcasing new rides and attractions.

- b. **Purchase Touchpoints:** Interactions during the transaction process.

Example: The online ticketing system where visitors can purchase entry passes.

- c. **Post-purchase Touchpoints:** Interactions after the purchase.

Example: Follow-up emails with satisfaction surveys and offers for future visits.

Exercise 3: Designing an IMC Strategy

Task: What are the key steps in developing an integrated marketing communication (IMC) strategy? Illustrate these steps using an example of a new eco-friendly resort.

Recommended Answer:

- a. **Identifying Target Audience:** Determine who the resort aims to attract, such as eco-conscious travelers.
 - b. **Setting Communication Objectives:** Establish goals like increasing brand awareness or driving bookings.
 - c. **Designing the Message:** Craft messages emphasizing sustainability and luxury, using visuals of natural surroundings.
 - d. **Selecting Communication Channels:** Choose channels like social media, travel blogs, and eco-tourism magazines.
 - e. **Choosing Message Source:** Utilize credible sources like environmental influencers or satisfied guests.
 - f. **Measuring Results:** Track metrics such as booking rates, social media engagement, and customer feedback.
-

Exercise 4: Evaluating Public Relations Impact

Task: Discuss how public relations can enhance a brand's image in the tourism sector. Provide an example involving a cruise line.

Recommended Answer:

Public relations can build trust and credibility by managing media relations and promoting positive stories about a brand.

Example: A cruise line might launch a PR campaign highlighting its commitment to sustainability by showcasing its efforts to reduce plastic waste onboard, earning coverage in environmental publications and enhancing its reputation among eco-conscious travelers.

Exercise 5: Measuring IMC Campaign Effectiveness

Task: List three metrics that could be used to measure the effectiveness of an IMC campaign for a new restaurant opening. Explain why each metric is important.

Recommended Answer:

- a. **Social Media Engagement (Likes, Shares, and Comments):** Indicates how well the campaign resonates with the target audience and spreads awareness.
 - b. **Customer Foot Traffic (Number of Visitors):** Measures direct impact on attracting customers to the restaurant.
 - c. **Sales Revenue (Increase in Sales):** Assesses financial success and return on investment from promotional efforts.
-

Exercise 6: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 6: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-8-summary/#h5p-10>)



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<https://marketingmap.pressbooks.tru.ca/?p=232#h5p-10>
(<https://marketingmap.pressbooks.tru.ca/?p=232#h5p-10>)

Exercise 7: Case Study

Hotel Zed and Good Night Out: A Case Study in Integrated Marketing Communication (IMC) for Social Impact

Based On: “Hotel Zed and Good Night Out Team up to Celebrate and Promote a Culture of Consent This Giving Season” in *STAY Magazine* (<https://www.staymagazine.ca/articles/hotel-zed-and-good-night-out-team-up-to-celebrate-and-promote-a-culture-of-consent-this-giving-season>)⁴

Overview

This case study focuses on how Hotel Zed partnered with the non-profit organization Good Night Out to promote a culture of consent during the 2024 Giving Season. The initiative includes staff training, educational materials for guests, and a donation campaign to support Good Night Out. This partnership provides an excellent example of how businesses can use **integrated marketing communication (IMC)** to align their promotional efforts across multiple channels while reinforcing their brand values.

The case study reflects the content of **Chapter 8** of the Marketing Map textbook, which covers **promotion and IMC**, the **promotion mix**, and the **communication process**. It explores how Hotel Zed used various elements of the promotion mix to create a cohesive and consistent message aimed at raising awareness about consent while enhancing its brand image.

Key Information From the Article:

- **Partnership Overview:** Hotel Zed teamed up with Good Night Out to promote a culture of consent in hospitality settings. The initiative includes staff training on handling consent-related issues, distributing educational materials to guests, and donating \$5 from every booking during the Giving Season to support Good Night Out.
- **Promotion Mix Elements:** Hotel Zed used several elements of the promotion mix, including social media posts, website content, in-hotel signage, and public relations efforts to communicate its message about consent. The campaign emphasizes safety, inclusivity, and social responsibility.
- **Public Relations Impact:** The partnership has garnered media attention, positioning Hotel Zed as a socially responsible brand. This positive PR helps build trust with consumers and differentiates the hotel from competitors.

Case Questions

Question 1: Integrated Marketing Communication (IMC) Strategy:

How does Hotel Zed's partnership with Good Night Out reflect an effective IMC strategy? What communication channels are being used to ensure a consistent message?

Recommended Answer:

Hotel Zed's IMC strategy effectively integrates various communication channels — social media, website content, in-hotel signage, and public relations efforts — to deliver a cohesive message about promoting consent. By aligning all touchpoints with the same core message of safety and inclusivity, Hotel Zed ensures that both staff and guests receive consistent information about the initiative. This approach reinforces the hotel's brand values while engaging with its target audience across multiple platforms.

Question 2: Promotion Mix Elements:

Which elements of the promotion mix are being utilized by Hotel Zed in this campaign? How do these elements work together to communicate the campaign's message?

Recommended Answer:

Hotel Zed utilizes several elements of the promotion mix in this campaign:

- **Advertising:** Social media posts and website banners promote the partnership.
- **Public Relations:** Media coverage highlights the initiative and positions Hotel Zed as a leader in promoting consent.
- **Sales Promotion:** A portion of each booking during the Giving Season is donated to support Good Night Out, incentivizing bookings while supporting a good cause.
- **Direct Marketing:** Email newsletters inform past guests about the campaign.

These elements work together to deliver a consistent message across different platforms, ensuring that both new and returning customers are aware of the initiative.

Question 3: The Communication Process:

How does Hotel Zed's campaign align with the steps of the communication process outlined in Chapter 8? Consider target audience identification, communication objectives, message design, channel selection, source selection, and measuring results.

Recommended Answer:

- **Identifying Target Audience:** Hotel Zed targeted socially conscious travelers who value inclusivity and safety in hospitality settings.
- **Communication Objective:** The objective was to raise awareness about consent and promote safe hospitality environments while encouraging bookings during the Giving Season.
- **Message Design:** The message emphasized safety, inclusivity, and social responsibility through

clear language and visuals that aligned with Hotel Zed's brand values.

- **Channel Selection:** Channels included social media platforms (e.g., Instagram), website content, email newsletters, in-hotel signage, and public relations efforts.
 - **Message Source:** The message was delivered by both Hotel Zed (as a trusted hospitality brand) and Good Night Out (a credible non-profit organization focused on safety).
 - **Measuring Results:** Success could be measured by tracking bookings during the Giving Season, social media engagement (likes, shares), and guest feedback on consent.
-

Question 4: Public Relations as Part of IMC:

What role does public relations play in promoting Hotel Zed's partnership with Good Night Out? How does this PR strategy contribute to achieving broader marketing goals?

Recommended Answer:

Public relations plays a crucial role in amplifying the reach of Hotel Zed's partnership by generating media coverage that highlights its commitment to social responsibility. Positive PR helps build trust with consumers and differentiates Hotel Zed from competitors who may not be as proactive in addressing social issues. This strategy aligns with broader marketing goals by enhancing brand reputation, increasing visibility, and attracting guests who value ethical business practices.

Question 5: Measuring Campaign Effectiveness:

How can Hotel Zed measure the effectiveness of its IMC campaign promoting consent? What metrics should be tracked?

Recommended Answer:

- **Bookings During the Giving Season:** An increase in bookings could indicate that consumers are responding positively to the campaign.
- **Social Media Engagement:** Likes, shares, comments, and mentions related to posts about the partnership can provide insights into consumer interest.
- **Media Coverage:** The amount and tone of media coverage generated by PR efforts can help assess public perception.
- **Guest Feedback:** Surveys or reviews from guests who stayed during the campaign period can offer qualitative feedback on how well they received messaging around consent.

Glossary of Key Terms

Advertising: A paid, non-personal form of communication that promotes products, services, or ideas to a broad audience through various media channels, such as TV, radio, print, or digital platforms.

Affiliate Marketing: A performance-based marketing strategy where affiliates earn commissions by promoting a company's products or services through unique links that track conversions.

AIDA Model: A framework outlining the stages a consumer goes through in the purchasing process: Attention, Interest, Desire, and Action.

Brand Ambassadors: Individuals who represent and promote a brand in a positive light, often leveraging their personal networks and social media presence to increase brand awareness and influence consumer perceptions.

Campaign: A planned, coordinated series of marketing communication efforts built around a single theme or idea, designed to achieve specific goals such as increasing awareness, engagement, or sales.

Communication Channels: The mediums used to deliver marketing messages to target audiences, including social media, email, television, print media, and in-person events.

Communication Process: The structured approach to delivering marketing messages effectively. It includes identifying the target audience, setting objectives, designing the message, selecting channels and sources, and measuring results.

Content Marketing: Creating and sharing valuable, relevant content (e.g., blogs, videos, infographics) to attract and engage a target audience, ultimately driving customer actions.

Customer Relationship Management (CRM): A system for managing interactions with current and potential customers. CRM systems provide data-driven insights to personalize marketing efforts and ensure consistent communication across touchpoints.

Direct Marketing: A promotional method involving direct communication with targeted consumers to generate a response or transaction. Examples include email campaigns, personalized mailers, and telemarketing.

Digital Marketing: The use of internet-based platforms and technologies to promote products or services. Key components include social media marketing, search engine optimization (SEO), content marketing, and email marketing.

Digital Newsroom: An online platform where organizations provide press releases, multimedia content, and other resources for journalists and the public to access up-to-date information about the brand.

Email Marketing: Sending targeted emails to nurture relationships with customers, promote products, or provide updates, often personalized to enhance engagement.

Integrated Marketing Communication (IMC): A strategic approach that unifies all marketing communication tools and channels to deliver a consistent and persuasive message to the target audience.

Loyalty Programs: Marketing strategies designed to encourage repeat business by rewarding customers for their continued patronage. Examples include points systems or exclusive member benefits.

Media Tours: Organized events where journalists are invited to experience a product or service firsthand. These tours aim to generate positive media coverage by providing journalists with in-depth knowledge and experiences related to the brand.

Message Consistency: Ensuring that all communication efforts align with brand values and deliver a unified message across all channels.

Pay-Per-Click Advertising (PPC): A model where businesses pay a fee each time their ad is clicked, commonly used in search engines and social media platforms for immediate visibility.

Personal Selling: A promotional method involving face-to-face interaction between a salesperson and a customer to build relationships and close sales.

Post-Purchase Touchpoints: Interactions that occur after a customer has made a purchase. Examples include follow-up emails, customer service interactions, and loyalty program communications.

Pre-Purchase Touchpoints: Customer interactions before making a purchase decision. Examples include social media posts, online reviews, and advertisements.

Press Conferences: Public events organized by companies or organizations where they announce significant news or developments. These events are attended by journalists who report on the announcements made during the conference.

Press Release: An official statement issued by an organization to the media with the aim of generating news coverage. Press releases typically announce new products, services, events, or other noteworthy developments within an organization.

Promotion Mix: The combination of six key promotional tools: advertising, public relations, personal selling, sales promotions, direct marketing, and digital marketing.

Public Relations (PR): Efforts to manage an organization's reputation by generating positive publicity and handling communication during crises or events.

Publicity: The act of attracting public attention or interest through media coverage. Unlike advertising, publicity is not paid for directly but is earned through newsworthy activities or events that capture media interest.

Pull Strategy: A promotional strategy aimed at creating demand directly among consumers through advertising or influencer partnerships so they actively seek out the product or service.

Push Strategy: A promotional strategy focused on encouraging intermediaries (e.g., retailers or travel agents) to promote products or services to end consumers.

Sales Promotion: Short-term incentives designed to encourage immediate purchases or actions. Examples include discounts, contests, or limited-time offers.

Search Engine Optimization (SEO): The process of optimizing website content and structure to improve visibility and rankings in organic (unpaid) search engine results, driving more traffic to the site.

Social Media Marketing: Using social media platforms to promote products or services, engage with audiences, and build brand awareness through both organic posts and paid advertisements.

Touch Point Wheel: A visual tool illustrating customer interactions across three stages: pre-purchase (e.g., social media), purchase (e.g., booking systems), and post-purchase (e.g., loyalty programs).

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CHAPTER IX

EXPLORING UNCHARTED TERRITORIES: MARKETING IN A GLOBAL, DIVERSE, AND EVOLVING ENVIRONMENT

Learning Outcomes

In today's interconnected world, marketing has evolved far beyond local boundaries. As organizations navigate the complexities of global markets, ethical considerations, and digital transformations, understanding the nuances of modern marketing is essential for success. This chapter explores the key drivers of global marketing, the principles of sustainable and responsible marketing practices, and the impact of digital technologies on the marketing landscape.

After reading this chapter, you should be able to:

- Explain the key drivers and approaches of global marketing.
- Analyze the impact of environmental factors on international business operations.
- Understand and apply the principles of sustainable and responsible marketing.
- Describe the role of corporate social responsibility in modern business practices.
- Discuss the impact of digital technologies, including AI, on marketing strategies.
- Evaluate ethical considerations in global marketing practices.

Opening Thoughts

UN Tourism: Pioneering a New Era in Global Marketing

In 2024, the World Tourism Organization (UNWTO) (<https://www.unwto.org/>) rebranded itself as “**UN Tourism**,”¹ signaling a transformative shift in the global tourism sector. This rebranding effort was not merely a change in name but a strategic move to redefine how tourism is marketed and perceived worldwide. The new identity, encapsulated by the tagline “**Bringing the World Closer**,” emphasizes tourism's role in fostering global connections and sustainable development.

This initiative aligns perfectly with the evolving landscape of global marketing, where businesses must navigate an interconnected world shaped by digital transformation and cultural diversity. UN Tourism's rebranding reflects a commitment to sustainable and responsible tourism practices, aiming to drive economic growth while preserving cultural heritage and protecting the environment. By focusing on quality education, decent jobs, climate action, and innovation, UN Tourism underscores the importance of aligning marketing strategies with broader societal goals.

The rebranding also highlights the need for cultural adaptation and digital innovation in global marketing. As companies expand internationally, they must balance standardization with local relevance, leveraging technology to engage diverse audiences effectively. This case exemplifies how organizations can use strategic branding to enhance their global presence while promoting ethical and sustainable practices.

“We Are Now UN Tourism” [2:29 min] by UN Tourism²

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: We Are Now UN Tourism (<https://youtu.be/DAuKnwisQ84?si=58T4LiXqbGVir2iO>)



Chapter Topics

- Global Marketing (#chapter-global-marketing)
- Sustainable and Responsible Marketing (#chapter-sustainable-and-responsible-marketing)
- Navigating the Digital Frontier (#chapter-navigating-the-digital-frontier)

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Global Marketing

Global marketing refers to the process of planning and executing the conception, pricing, promotion, and distribution of goods and services to create exchanges that satisfy individual and organizational objectives **on a worldwide scale**.

For firms of all sizes, global marketing has become the “new normal”.

How Is This So?

The statement “global marketing is the ‘new normal’” reflects a significant shift in how businesses approach marketing in today’s interconnected world. This shift is not solely a result of the COVID-19 pandemic but is also driven by broader trends in globalization, digital transformation, and changing consumer behaviours¹².

The New Reality

This video provides insights into how digital transformation and global consumer trends are shaping the “new normal” in global marketing.

“Trading Forward” [3:19 min] by World Trade Organization³



One or more interactive elements has been excluded from this version of the text. You can view them online here:
[#https://marketingmap.pressbooks.tru.ca/?p=234#oembed-1](https://marketingmap.pressbooks.tru.ca/?p=234#oembed-1) (#oembed-1)

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: “Trading Forward” [3:19 min] by World Trade Organization (https://youtu.be/nNcawZ-2mJ4?si=YWgGCrPnSbRYRX_F)



Key Aspects of Global Marketing as the “New Normal”



Figure 1 Key aspects of global marketing (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

The five key aspects of global marketing are:

1. **Interconnected Global Markets:** The global economy has grown more interconnected, a trend accelerated by the COVID-19 pandemic. To succeed in this environment, companies must develop strategies that resonate across diverse cultures, requiring a thorough understanding of international markets and a commitment to a global marketing approach.
2. **Digital Transformation:** The rise of digital technologies has revolutionized access to global markets. Digital platforms enable brands to connect with consumers worldwide, requiring marketing strategies that are both globally applicable and locally adaptable. This digital shift has made global marketing a standard practice rather than the exception.
3. **Cultural Relevance and Adaptation:** Effective global marketing strikes a balance between standardization and adaptation. While a consistent brand image is vital, companies must also adjust their strategies to reflect local cultural nuances and consumer preferences. This flexibility is key to successfully connecting with diverse audiences.
4. **Increased Competition and Innovation:** As more companies enter global markets, competition intensifies and drives the need for continuous innovation. Organizations are required to adopt creative marketing strategies that differentiate them on a global scale, making rapid innovation a feature of the “new normal” in global marketing.
5. **Purpose-Driven Marketing:** Consumers increasingly expect brands to stand for something beyond profit. Purpose-driven marketing, which emphasizes a brand’s values and mission, has become more relevant than ever in the global landscape. Companies leverage this approach to build trust and loyalty across different markets.

Example Global Marketing

Nike's "What the Football" Campaign

This campaign celebrated the Women's World Cup by featuring top soccer players and emphasizing a father-daughter bond through their shared love of the sport. It highlights how brands use cultural events to connect globally while maintaining local relevance⁴.

"What The Football | Nike Football" [2:30 min] by Nike Football⁵



One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://marketingmap.pressbooks.tru.ca/?p=234#oembed-2> (#oembed-2)

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: What The Football | Nike Football" [2:30 min] by Nike Football (<https://youtu.be/y5Jg9Wxc6yo?si=tGelxjTB1oFGXyb4>)



The "new normal" in global marketing requires organizations to think globally but act locally, leveraging digital tools and cultural insights to engage effectively with audiences worldwide. This approach is now a fundamental aspect of strategic business planning rather than an optional extension of domestic marketing efforts.



Figure 2 Go global (Nick Youngson/Pix4free.org/The Blue Diamond Gallery) CC BY-SA 3.0 (<https://creativecommons.org/licenses/by-sa/3.0/>)

Why Go Global?

Expanding globally offers numerous strategic advantages for businesses, including:

- Expanding a business
- Reaching new markets
- Lowering costs
- Seasonal diversification
- Access to talent
- Brand recognition
- Innovation and knowledge transfer

Reasons For Going Global

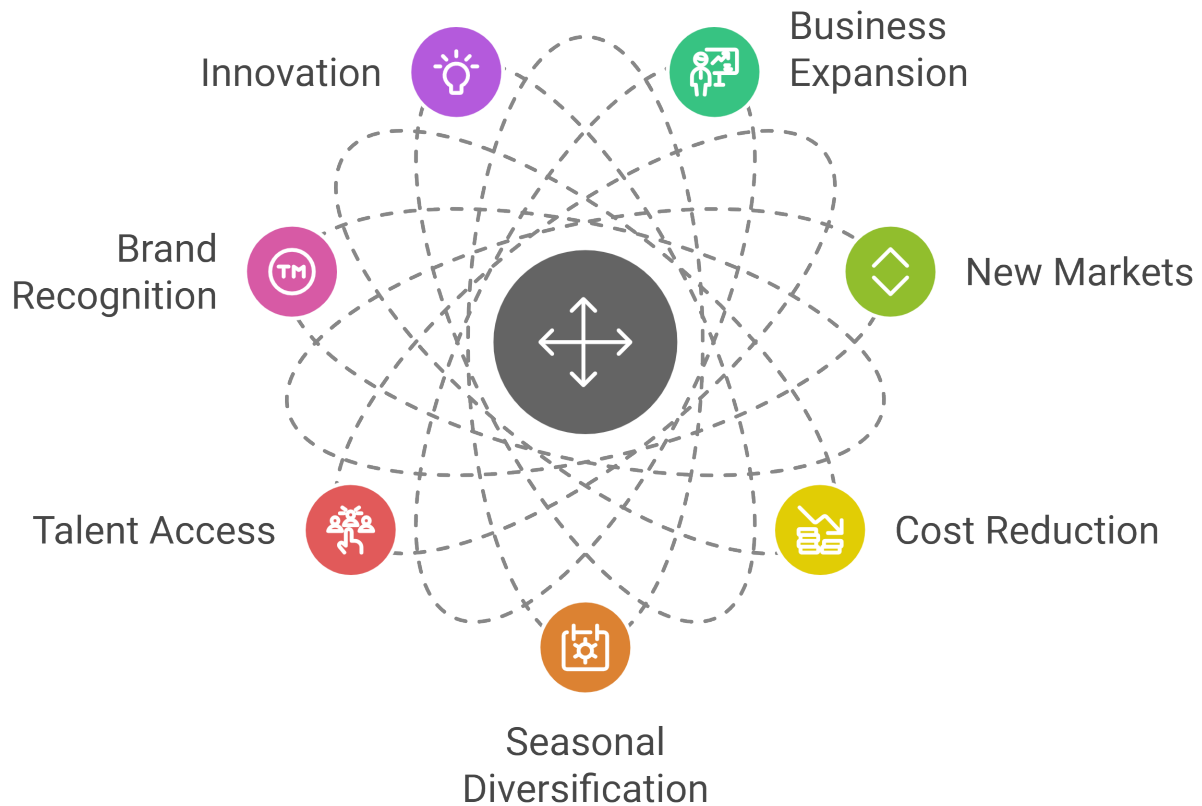


Figure 3 Reasons for going global (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Expanding a Business

Expanding globally allows companies to grow beyond their domestic markets, accessing new revenue streams and diversifying their operations. This strategy is particularly effective in the tourism, hospitality, and leisure sectors.

Examples Expanding Your Business

Hotel Chains: Marriott International has successfully expanded its portfolio to over 130 countries, adapting its brands to local preferences while maintaining consistent quality standards. For instance, in Asia, Marriott has introduced brands like Moxy to cater to millennial travelers, while in the Middle East, it has focused on luxury offerings⁶⁷.



Figure 4 Moxy Hotel at The NEC Birmingham (Elliott Brown/Flickr) CC BY-NC-SA 2.0 (<https://creativecommons.org/licenses/by-nc-sa/2.0/>)

Theme Parks: Disney has taken its theme park concept global, with locations in the United States, France, Japan, Hong Kong, and Shanghai. Each park incorporates local cultural elements while retaining Disney's core magical experience⁸.



Figure 5 Disneyland Hong Kong (Joel/Flickr) CC BY-ND 2.0 (<https://creativecommons.org/licenses/by-nd/2.0/>)

Reaching New Markets

Global expansion allows companies to tap into diverse consumer bases, each with unique preferences and cultural nuances.

Examples Reaching New Markets

Online Travel Agencies (OTAs): Booking.com has expanded its reach to over 220 countries, offering localized websites and customer support in over 40 languages. This approach has allowed them to cater to a wide range of travel preferences and booking habits across different cultures⁹.

Cruise Lines: Royal Caribbean has tailored its offerings to attract Chinese tourists, designing ships specifically for the Asian market with features like expanded shopping areas and Asian cuisine options¹⁰.

Lowering Costs

Going global can help companies reduce operational expenses through strategic outsourcing and accessing more cost-effective resources.

Example Lowering Costs

Tour Operators: Companies like TUI Group (<https://www.tuigroup.com/en-en/about-us>) have established partnerships with local suppliers in various destinations, allowing them to offer competitive prices while maintaining quality control over their services¹¹.

Seasonal Diversification

Tourism and hospitality businesses can lessen the impact of seasonal fluctuations by operating in different hemispheres.

Example Seasonal Diversification

Ski Resorts: Vail Resorts (<https://www.vailresorts.com/>) has expanded from North America to Australia, allowing them to offer year-round skiing experiences to their customers and maintain steady revenue streams¹².

Access to Talent

Global expansion provides access to diverse talent pools.

Example Access to Talent

Hospitality Education: Swiss-based hospitality school Ecole hôtelière de Lausanne has opened campuses in Singapore and China, tapping into the growing demand for hospitality education in Asia while accessing local talent¹³.

Brand Recognition

Operating globally can enhance a company's reputation and brand value.

Example Brand Recognition

Luxury Hotels: Four Seasons (<https://www.fourseasons.com/>) has built its brand on consistent luxury experiences across the globe, which has helped it attract high-end travelers and maintain premium pricing.

Innovation and Knowledge Transfer

Global operations can foster innovation through exposure to diverse markets and practices.

Examples Innovation and Knowledge Transfer



Figure 6 Metaverse (Riki32/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

The exploration of virtual reality (VR) and augmented reality (AR) technologies in hotels demonstrates how

global chains can test and transfer innovative ideas across their operations. This approach to knowledge transfer through global operations is supported by several examples from the hospitality industry¹⁴¹⁵:

- **Shangri-La Hotels and Resorts**, a global luxury hotel chain, has leveraged VR technology to offer guests unique in-room entertainment experiences. Guests can use VR headsets to embark on diverse adventures without leaving their rooms, showcasing how innovative ideas can be implemented across a global hotel network.
- **Marriott Hotels**, with its 'VRoom Service,' exemplifies the global transfer of VR technology. The company has capitalized on VR to present potential guests with immersive, 360-degree tours of various locations and rooms, allowing customers to make informed decisions about their stays across different properties worldwide.
- **Hilton Hotels** has found a practical use for VR technology in staff training programs across its global operations. Employees can participate in simulated scenarios modeled on real-world situations, allowing for consistent training experiences across different locations.
- **Hyatt Hotels**, operating internationally, is exploring ways for guests to use AR via their smartphones to unlock room doors or customize room settings like lighting, temperature, and entertainment. This demonstrates how AR innovations can be tested and implemented across a hotel chain's global portfolio.

How?



Figure 7 Global expansion strategies (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Firms can expand globally through various approaches, each with its own set of risks and rewards. The following table details some global expansion strategies.

Global Expansion Strategies

| Strategy | Description | Risks | Rewards | Example |
|-------------------------------|---|--|--|--|
| Exporting /Importing | Selling products or services to foreign markets from a domestic base or purchasing goods/services for domestic use. | <ul style="list-style-type: none"> • Currency fluctuations • Trade barriers and tariffs • Limited control over foreign operations | <ul style="list-style-type: none"> • Low initial investment • Minimal risk exposure • Quick market entry | A Canadian winery exporting ice wine to luxury hotels in Japan to cater to high-end tourists. |
| Licensing /Franchising | <p>Licensing allows a foreign company to use intellectual property in exchange for fees.</p> <p>Franchising grants rights to use a business model and brand in foreign markets.</p> | <ul style="list-style-type: none"> • Potential loss of control over brand and quality • Risk of creating future competitors • Dependence on licensee/franchisee performance | <ul style="list-style-type: none"> • Low capital investment • Rapid expansion • Local market knowledge through partners | Hilton granting franchise rights for its hotels in China, ensuring brand consistency while benefiting from local expertise ¹⁶ . |
| Joint Ventures | Partnership between domestic and foreign companies to create a new entity in the target market. | <ul style="list-style-type: none"> • Potential conflicts with partners • Shared control and profits • Cultural and operational differences | <ul style="list-style-type: none"> • Shared financial risk • Access to local knowledge and networks • Potential for synergies | Disney partnering with local investors to establish Shanghai Disneyland, incorporating Chinese cultural elements ¹⁷ . |
| Direct Investment | Establishing wholly owned subsidiaries or acquiring existing companies in foreign markets. | <ul style="list-style-type: none"> • High initial capital investment • Exposure to political and economic risks • Complex regulatory environments | <ul style="list-style-type: none"> • Full control over operations • Potential for higher returns • Direct access to local markets and resources | Marriott acquiring local boutique hotel chains in Europe to expand its portfolio and directly manage operations ¹⁸ . |
| Alliances | Strategic partnerships or collaborations with foreign companies without creating a separate entity. | <ul style="list-style-type: none"> • Potential for misaligned goals • Limited control over partner's actions • Dependency on partner's performance | <ul style="list-style-type: none"> • Flexibility and lower commitment • Access to partner's resources and capabilities • Risk sharing | Expedia collaborating with airlines and hotels globally to provide comprehensive travel packages without owning physical assets. |

Each of these approaches offers different levels of control, risk, and potential rewards. The choice depends on factors such as the company's resources, goals, target market characteristics, and risk tolerance. Companies often use a combination of these methods as they expand globally, adapting their strategy to different markets and evolving business needs.

Understanding The Global Environment

As we learned in Chapter 1 (#part-charting-the-course-marketing-foundations), the external environment consists of factors outside an organization that it cannot control but must adapt to. On a global scale, these factors may seem distant, but they can have a major impact on a firm. Understanding the global environment is essential for organizations navigating today's interconnected world.

This environment represents a complex web of influences that shape how businesses operate across borders. These influences include:

- Socio-cultural environment
- Economic environment
- Political and regulatory environment
- Demographics
- Natural resources
- Infrastructure
- Technology

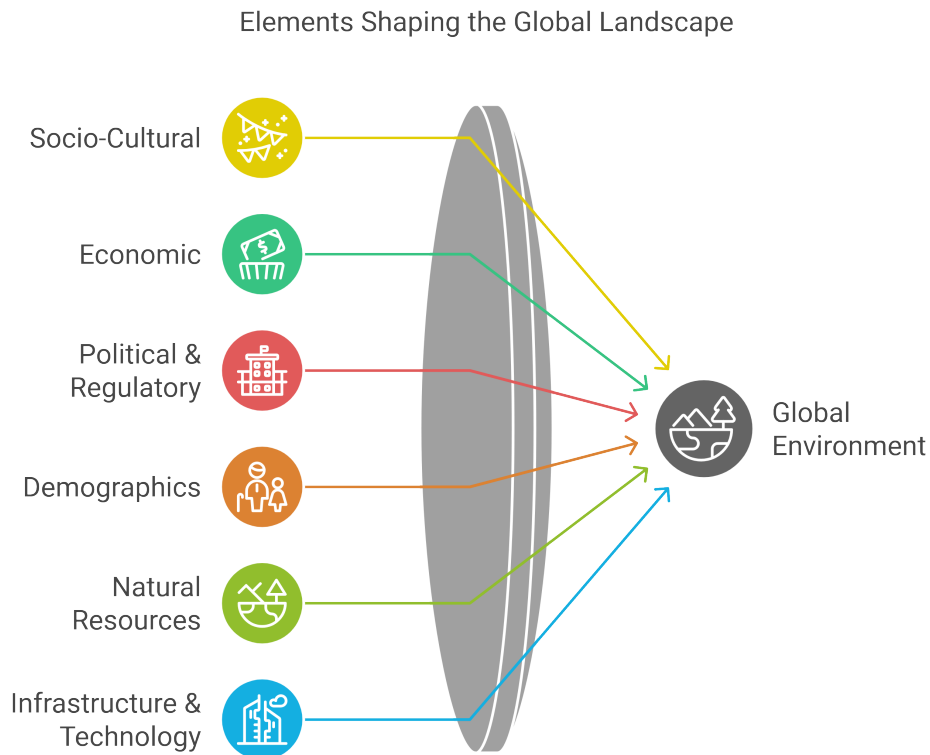


Figure 8 Elements shaping the global environment (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Socio-Cultural Environment

The socio-cultural environment includes language, customs, values, and social norms that influence consumer preferences and purchasing decisions. Understanding socio-cultural nuances helps companies tailor their products, services, and marketing messages to resonate with local audiences.

Example Socio-Cultural Environment

Successful global marketing requires balancing standardization with adaptation to local cultures. Brands that understand and respect local customs and values are more likely to build trust and loyalty.

For example, **McDonald's** adapts its menu to suit local tastes. In India, they offer the McAlloo Tikki burger to cater to vegetarian preferences, while in Japan, they serve Teriyaki McBurgers to align with local flavour preferences.



Figure 9 McAlloo Tikki Burger (Ian Brown/Wikimedia Commons) CC BY 2.0
(<https://creativecommons.org/licenses/by/2.0/deed.en>)

“McSpaghetti? How McDonald’s Crafts Its Country-Exclusive Menus | WSJ The Economics Of” [6:06 min] by The Wall Street Journal¹⁹



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: *McSpaghetti? How McDonald's Crafts Its Country-Exclusive Menus* | WSJ The Economics Of⁹ [6:06 min] by The Wall Street Journal (https://youtu.be/AGO-c-8QXh0?si=_TrM6SRPIeTbtZhN)



Cultural Intelligence in Global Marketing

Cultural intelligence (CQ) refers to the ability to understand, adapt to, and effectively operate in different cultural contexts. It is a crucial component of navigating socio-cultural factors in global marketing.

Importance in Global Marketing:

- Enhances communication with diverse audiences
- Helps avoid cultural faux pas that could damage brand reputation
- Enables more effective localization of marketing strategies
- Improves relationship-building with local partners and customers

“The Myth of Globalisation | Peter Alfandary | TEDxAix” [13:53 min] by TEDx Talks²⁰

Geert Hofstede’s Cultural Dimensions — Revisited

We learned about Geert Hofstede’s work on cultural dimensions in Chapter 2 (*#part-understanding-the-terrain-markets-and-purchasing-behaviour*) when we examined factors that influence consumer decisions. According to Geert Hofstede’s cultural dimensions theory²¹, there are six key dimensions that can be used to understand cultural differences across nations:

1. Individualism vs. collectivism

2. Power distance
3. Uncertainty avoidance
4. Masculinity vs. femininity
5. Long-term vs. short-term orientation
6. Indulgence vs. restraint

Understanding these dimensions can help build cultural intelligence by providing a structured way to analyze and compare cultural differences.

Application in Global Marketing: Marketers can use Hofstede's dimensions to tailor their strategies to specific cultural contexts. For example, in collectivist cultures like Japan, marketing messages that emphasize group harmony and social benefits may be more effective than those focusing on individual achievement.

Review the six dimensions mapped globally here: The 6-D Model of National Culture (<https://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/>)²²

Compare the dimensions across cultures here: Country Comparison Tool (<https://www.theculturefactor.com/country-comparison-tool>)²³

Economic Environment

The economic health and development level of a country significantly influence its tourism market potential and the purchasing power of both domestic and international tourists.

Example Economic Environment

According to the **World Travel and Tourism Council (WTTC)**²⁴, before the pandemic, tourism accounted for an average of 10.4% of global GDP (gross domestic product, a measure of the total value of goods and services produced within a country) in countries with strong economic growth. This highlights the correlation between economic prosperity and the development of vibrant tourism sectors.

Political and Regulatory Environment

The political and regulatory environment encompasses government policies, trade regulations, and legal frameworks that affect business operations. Political stability and regulatory environments can impact market entry decisions, operational costs, and overall business viability.

Most issues in the legal and political environment for global businesses revolve around a few key areas. First, the “institutional environment” refers to the political, social, and legal systems that shape the rules businesses must follow in different countries. Protecting property rights, such as patents and trademarks, is crucial for safeguarding intellectual property on a global scale. Taxation is another important factor, as companies must understand and adapt to the tax systems they will face in foreign markets. Businesses also need to consider the availability of recourse, such as legal action or arbitration, while being mindful of potential reputational risks during disputes. Finally, concerns about the movement of capital and the risk of government expropriation often necessitate the use of trade agreements or other protocols to protect investments and reduce uncertainty.

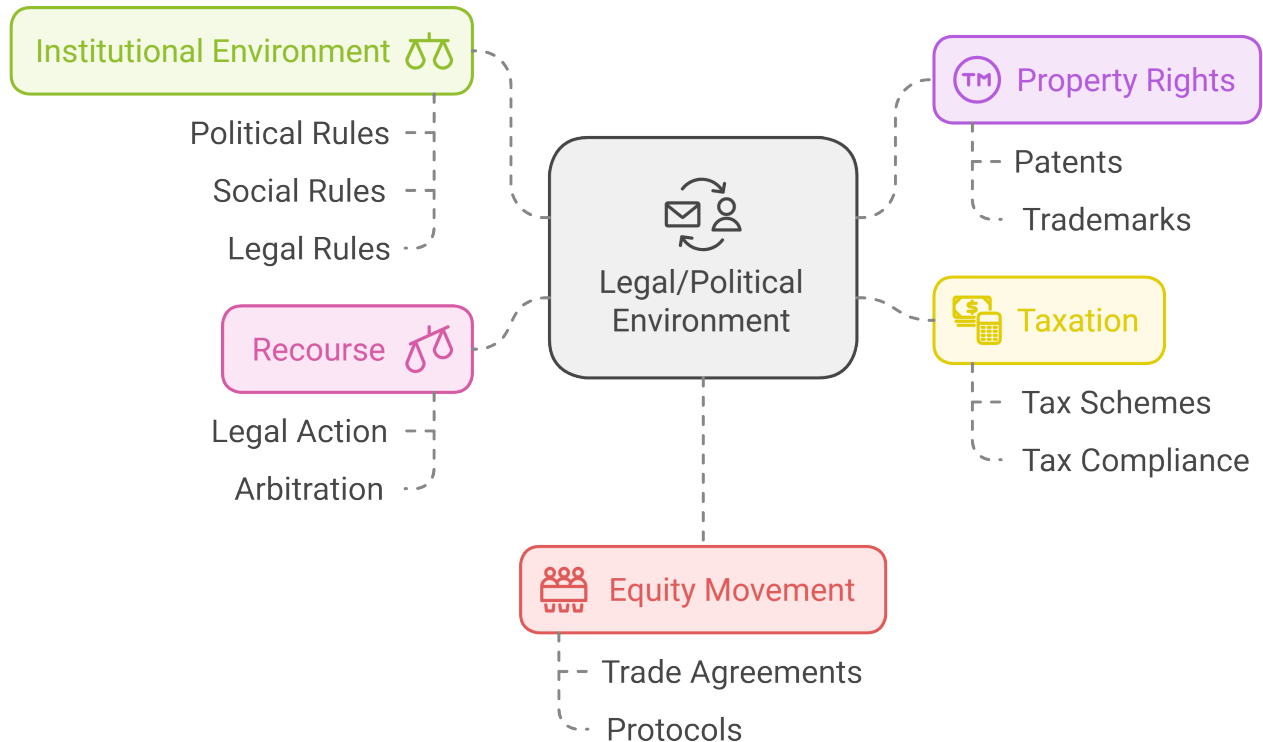


Figure 10 Legal and political environment (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Example Legal and Political Environment

The **European Union’s General Data Protection Regulation (GDPR)** has forced global companies to adapt their data collection and processing practices to comply with stringent privacy laws when operating in EU countries²⁵.

Demographics

As we learned in Chapter 2 ([#part-understanding-the-terrain-markets-and-purchasing-behaviour](#)), demographic factors include age distribution, population growth rates, urbanization trends, and education levels. Demographics shape market size, consumer needs, and product preferences across different segments.

Example Demographics

Japan's aging population has led to an increase in products and services catering to older consumers, such as easy-to-use smartphones and specialized healthcare services²⁶.

“Japan's Population Is Getting Old, Faster” [2:17 min] by South China Morning Post²⁷

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: **Japan's Population Is Getting Old, Faster” [2:17 min] by South China Morning Post**
(https://youtu.be/V8__qrDCCsc?si=DVQcAKKP9kHLWq--)



Natural Resources

The availability and distribution of natural resources can influence production capabilities and market opportunities. Access to resources affects production costs, supply chain decisions, and product development strategies.

Example Natural Resources

Tesla's global expansion strategy considers the availability of lithium for battery production, influencing their decisions on where to locate manufacturing facilities and source materials²⁸.

Infrastructure

Infrastructure includes transportation networks, communication systems, and energy supplies. Well-developed infrastructure facilitates efficient distribution and market access, while poor infrastructure can pose significant challenges.

Example Infrastructure

Greece's digital transformation is revolutionizing its tourism industry²⁹. Since 2020, the country has made significant strides in enhancing its communication infrastructure, starting with a 5G auction (A 5G auction is a process where governments sell the rights to use specific radio frequencies to telecom companies, enabling the deployment of 5G wireless networks and services.) and the adoption of a comprehensive “Digital Bible” strategy in 2021.

By 2022, Greece reported substantial improvements in high-capacity networks and 5G coverage, streamlining travel processes and enhancing the overall tourist experience.

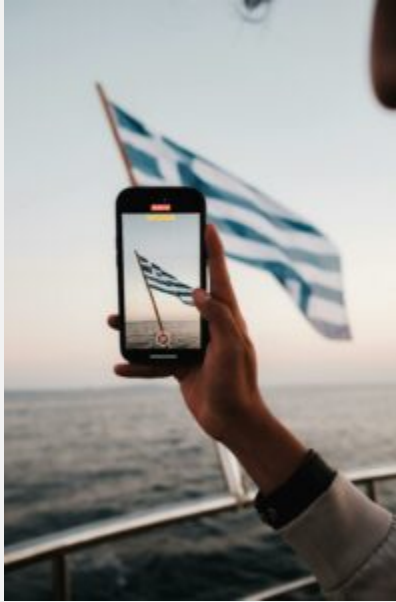


Figure 11 Taking a picture of the Greek flag (Airam Dato-on/Pexels) Pexels license (<https://www.pexels.com/license/>)

Looking ahead, Greece's "Greece 2.0" plan (2023–2027) allocates significant funds for further digital advancements, including \$176 million for 5G networks and \$413 million for business digitalization in the tourism sector. These investments are transforming how tourists interact with Greece as a destination, offering seamless online bookings, real-time navigation, and enhanced social media connectivity.

As a result, Greece is positioning itself as a leader in tech-savvy tourism, combining its timeless allure with a thoroughly modern and connected travel experience.

Technology

Technological advancements and adoption rates vary across markets, affecting consumer behavior and business operations. Understanding technological landscapes helps companies tailor their digital strategies and product offerings.

Examples Technology

Mobile payment platforms like **WeChat Pay** and **Alipay** dominate in China, prompting global retailers to integrate these payment options to cater to Chinese consumers' preferences³⁰.



Figure 12 Alipay and WeChat Pay (Victor Zheng/Flickr) CC0 1.0 (<https://creativecommons.org/publicdomain/zero/1.0/>)

Issues, Impacts, and Organizations in the Global Environment

The global environment is influenced by many factors, including:

- Trade blocs and agreements
- International trade organizations
- Sustainability and ethics

- Global events



Figure 13 Flags (aboodi vesakaran/Pexels) Pexels license
(<https://www.pexels.com/license/>)

Trade Blocs and Agreements

Trade blocs are intergovernmental agreements that reduce barriers to trade among member countries. They aim to promote economic integration, reduce trade barriers, and increase economic cooperation among member states.

They typically work towards eliminating trade restrictions, while also fostering collaboration in various economic sectors. These trade restrictions include:

- **Quotas:** Government-imposed limits on the quantity or value of goods that can be imported or exported during a specific period.
- **Tariffs:** Taxes imposed on imported goods, making them more expensive and less competitive against domestic products.
- **Embargoes:** Complete bans on trade with specific countries or on certain goods.

Examples Trade Blocks and Agreements

European Union (EU): A highly integrated economic and political union of 27 European countries with a single market and customs union.

North American Free Trade Agreement (NAFTA), now USMCA: A trilateral trade agreement between the United States, Mexico, and Canada, which was updated and renamed the **United States-Mexico-Canada Agreement (USMCA)** in 2020.

Association of Southeast Asian Nations (ASEAN): A regional intergovernmental organization comprising ten Southeast Asian countries, which has established various free trade agreements.

Mercosur (Southern Common Market): A South American trade bloc that includes Argentina, Brazil, Paraguay, Uruguay, and Bolivia (recently joined).

African Continental Free Trade Area (AfCFTA): The world's largest free trade area, bringing together 55 countries of the African Union to create a single market for the continent.

For more information on regional trade agreements (RTAs), visit the World Trade Organization's website (https://www.wto.org/english/tratop_e/region_e/region_e.htm)³¹.

International Trade Organizations

Several organizations play important roles in shaping global trade policies and practices:

- **World Trade Organization (WTO)** (<https://www.wto.org/index.htm>): The WTO is the only global international organization dealing with the rules of trade between nations. It operates a global system of trade rules, acts as a forum for negotiating trade agreements, settles trade disputes between its members, and supports the needs of developing countries.
- **International Trade Centre (ITC)** (<https://www.intracen.org/>): The ITC works to enhance inclusive and sustainable growth and development in developing countries, especially least developed countries, through improving the international competitiveness of MSMEs (micro, small, and medium-sized enterprises). It focuses on improving national business and trade environments, enhancing the performance of trade support institutions, and improving the international competitiveness of MSMEs.
- **World Customs Organization (WCO)** (<https://www.wcoomd.org/>): The WCO represents 179 customs administrations around the world, dealing with 98 percent of international trade. It is the global centre of customs expertise and plays a crucial role in implementing trade facilitation agreements.
- **International Chamber of Commerce (ICC)** (<https://iccwbo.org/>): The ICC is the world's largest business organization and plays a pivotal role in shaping global trade and investment practices. It establishes widely-used commercial terms like Incoterms, provides a framework for international arbitration and dispute resolution, and advocates for policies that enhance access to global markets.

- **Organization for Economic Cooperation and Development (OECD):** (<https://www.oecd.org/en.html>) The OECD provides data, insights, and tools to monitor trade and supply chain resilience and sustainability. It helps governments shape domestic and international trade policies and contributes to promoting open markets and a rules-based international trading system.

Sustainability and Ethics in Global Trade

Sustainability and ethical considerations have become increasingly important in global trade:

- **Fair Trade:** A movement that aims to ensure fair prices and better working conditions for producers in developing countries.
- **Corporate Social Responsibility (CSR):** Companies are increasingly expected to consider their social and environmental impact in global operations.
- **Sustainable Supply Chains:** Businesses are focusing on creating environmentally friendly and socially responsible supply chains.

We examine these in more detail later in this chapter.

Impact of Global Events on International Trade



Figure 14 International banknotes (Valmir Zanellato/Pexels) Pexels license (<https://www.pexels.com/license/>)

Global events can significantly affect international trade patterns:

- **Political Upheaval:** Events like Brexit³² or trade wars between major economies can disrupt established trade relationships and create new barriers.
- **Natural Disasters:** These can disrupt supply chains and production capabilities, affecting global trade flows.
- **Pandemics:** As seen with COVID-19, global health crises can lead to widespread disruptions in international trade and supply chains.
- **Economic Crises:** Events like the 2008 financial crisis³³ can lead to decreased global demand and changes in trade patterns.
- **Geopolitical Tensions:** Conflicts between nations can result in trade sanctions, embargoes, and redirected trade flows.

Examples Global Marketing and Market Entry

Coca-Cola's localization strategies in different markets allow them to adapt flavours and marketing to local preferences³⁴.

Netflix's global expansion tailors content and pricing to various international markets³⁵.

Starbucks' successfully entered the tea-drinking culture of China by offering local tea-based beverages alongside its coffee products³⁶.

These examples demonstrate the importance of understanding local cultures, adapting products and services, and navigating complex regulatory environments when entering new markets.

Tracking Global Trends: Essential Tools for Understanding World Dynamics

In our interconnected world, tracking global trends is crucial for making informed decisions. Several reputable platforms offer valuable data and tools for this purpose:

Economic and Financial Indicators:

- **Trading Economics (<https://tradingeconomics.com/>):**
 - Real-time economic indicators for 196 countries
 - Comprehensive economic calendar
 - Market data on currencies, stocks, commodities, and bonds
 - Customizable charts and data export options

- **The Global Economy (<https://www.theglobaleconomy.com/>):**

- Over 300 socio-economic indicators
- Country comparisons and rankings
- Interactive charts and maps
- Downloadable data for analysis

International Organizations' Data:

- **OECD Data (<https://data.oecd.org/>):**

- Comprehensive data on education, employment, and environment
- Interactive visualization tools
- Regular economic outlooks and policy analyses
- Specialized dashboards (e.g., gender equality, regional development)
- 2024 Tourism Trends and Policies report³⁷

- **World Bank Open Data (<https://data.worldbank.org/>):**

- Time series data for over 200 countries
- Topics include poverty, climate change, and trade
- Data visualization tools and country profiles

Global Trends and Demographics:

- **World Economic Forum (<https://www.weforum.org/>):**

- Insights on global issues
- 2024 Travel & Tourism Development Index (TTDI)³⁸
- Transformation Maps for understanding global trends

- **World Population Review (<https://worldpopulationreview.com/>):**

- Global population data and demographics
- Real-time population estimates
- Detailed country, state, and county profiles

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Sustainable and Responsible Marketing

Sustainable and responsible marketing involves creating, communicating, and delivering value to consumers in a way that balances profit goals with environmental protection and social well-being. This approach goes beyond traditional marketing practices by considering the long-term impact of business activities on society and the environment¹².

Key Components:

- **Environmental Sustainability:** This involves minimizing the ecological footprint of marketing activities, such as using eco-friendly packaging or promoting products with lower environmental impact.
- **Social Responsibility:** Marketers should consider the broader societal implications of their actions, ensuring that their practices contribute positively to communities and stakeholders.
- **Ethical Practices:** Adhering to moral principles and values in all marketing decisions and activities is crucial for building trust and maintaining a positive brand image.



Figure 1 Sustainable and responsible marketing (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Ethics in Marketing

Ethics are a collection of principles of right conduct that shape the decisions people or organizations make. In the context of marketing, ethics involve deliberately applying standards of fairness and moral rights and wrongs to decision-making, behavior, and practices within an organization.

Importance of Ethics in Marketing

Ethical principles in marketing are crucial for several reasons:

- **Building Trust:** Ethical practices help establish and maintain consumer trust in a brand.
- **Brand Image:** A strong ethical stance contributes to a positive brand image.
- **Long-term Relationships:** Ethical behavior fosters long-lasting relationships with consumers and stakeholders.
- **Legal Compliance:** Many ethical principles are also legal requirements, helping businesses avoid legal issues.

Ethical Principles in Marketing

Ethical principles in marketing include:

- **Transparency:** This principle involves clearly communicating product information and pricing to consumers. For example, a food company should accurately list all ingredients and nutritional information on their packaging.
- **Privacy:** Respecting consumer data and privacy preferences is increasingly important in the digital age. This includes obtaining consent for data collection and ensuring secure storage of personal information.
- **Fairness:** Marketers should avoid deceptive practices and treat all customers equitably. This could mean offering the same promotions to all customers or ensuring that advertising claims are truthful and substantiated.
- **Social Responsibility:** Considering the broader impact of marketing activities on society is crucial. For instance, a beverage company might launch a campaign to promote responsible drinking or support local community initiatives.

Examples Ethical and Unethical Practices in Tourism Contexts

Ethical Marketing Practices:

- **Transparency in Pricing:** Hotels clearly displaying all fees and taxes upfront, with no hidden charges added at checkout.

- **Authentic Representation:** Tour operators showcasing genuine, unedited photos of destinations and experiences in their marketing materials.
- **Sustainable Tourism Promotion:** Eco-lodges highlighting their environmental conservation efforts and encouraging responsible travel practices.
- **Community Support:** Adventure tourism companies partnering with local guides and businesses, promoting economic benefits for host communities.
- **Accessibility Information:** Resorts providing detailed accessibility information for travelers with disabilities on their websites.

Unethical Marketing Practices:

- **Misleading Imagery:** Hotels using heavily edited photos that misrepresent room sizes or amenities.
- **False Scarcity:** Online travel agencies creating artificial urgency by falsely claiming limited room availability.
- **Greenwashing:** Resorts promoting themselves as “eco-friendly” without implementing meaningful sustainability practices.
- **Cultural Insensitivity:** Tour companies using stereotypical or offensive imagery of local cultures in their marketing materials.
- **Hidden Fees:** Vacation rental platforms advertising low base rates but adding significant cleaning or service fees at checkout.
- **Fake Reviews:** Restaurants or attractions posting fabricated positive reviews to boost their ratings on travel websites.
- **Exploitative Voluntourism:** Organizations promoting volunteer travel experiences that prioritize profit over genuine community impact.

Factors Affecting Ethical Marketing Behaviour

Influences on Ethical Decision-Making in Marketing

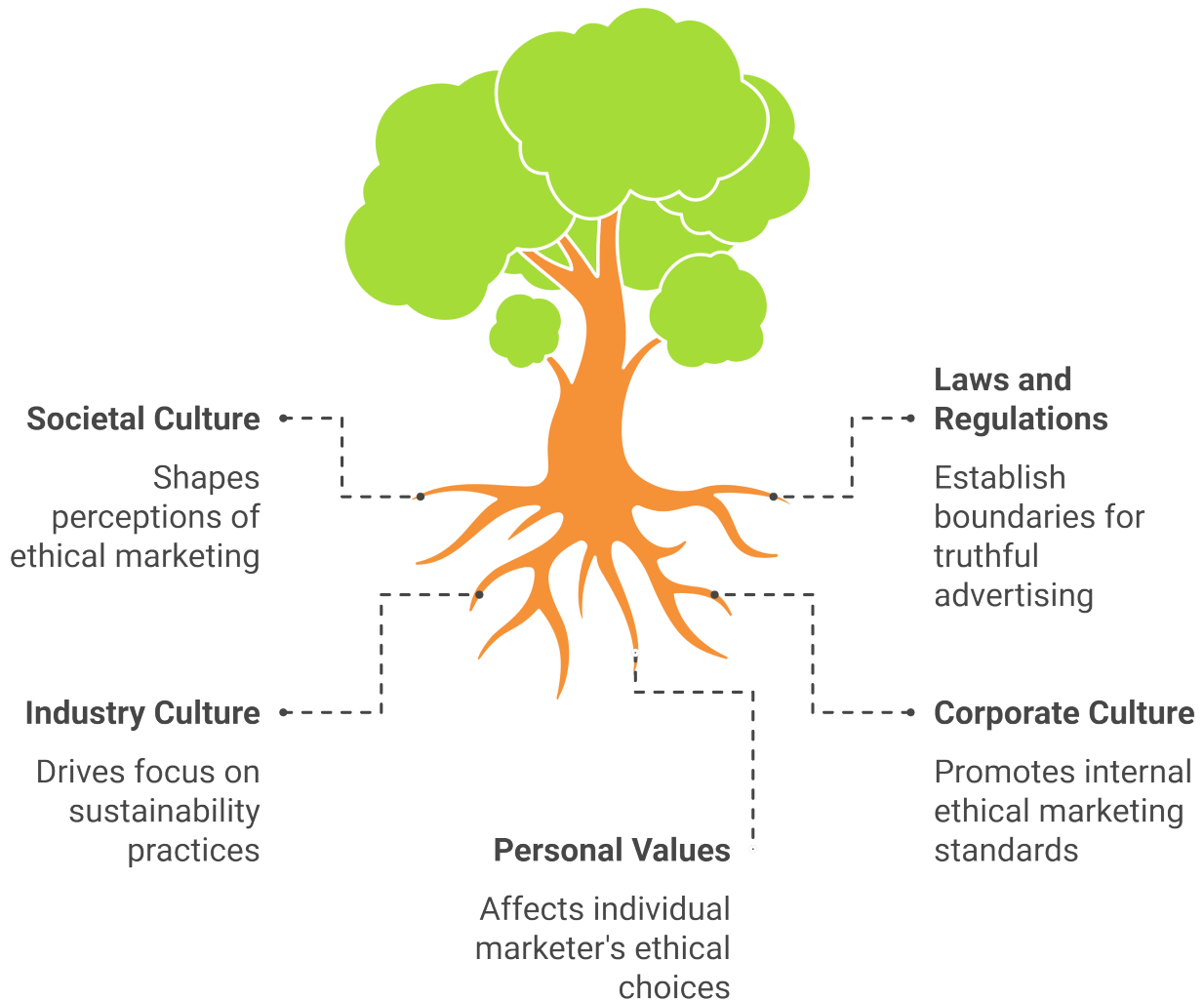


Figure 2 Factors influencing ethical decision-making in marketing (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Several factors influence ethical decision-making in marketing:

1. **Societal Culture and Norms:** Societal culture influences what is considered ethical in marketing by reflecting the shared values and beliefs of a community. In tourism, this means respecting local customs and traditions.

Example: A travel company promoting tours in Thailand might emphasize cultural sensitivity by educating tourists about respectful behaviour at temples and local customs, thus aligning their marketing strategies with societal norms.

2. **Laws and Regulations:** Legal frameworks establish boundaries for ethical marketing practices. In Canada, laws like the Competition Act ensure truthful advertising in tourism by prohibiting misleading claims about travel packages or accommodations.

Example: A hotel chain must accurately describe its amenities and services to comply with these regulations, avoiding exaggerated claims that could mislead potential guests.

3. **Industry Culture and Practices:** Each industry has its own set of norms that influence ethical behaviour. In the hospitality sector, there is an increasing emphasis on sustainability and eco-friendly practices.

Example: Hotels like Fairmont Hotels & Resorts incorporate green initiatives, such as energy-efficient lighting and waste reduction programs into their marketing strategies, reflecting the industry's shift toward environmental responsibility.

4. **Corporate Culture and Expectations:** A company's internal culture significantly impacts its marketing ethics.

Example: In the recreation sector, companies like REI promote ethical outdoor recreation by encouraging responsible use of natural resources and supporting conservation efforts. This corporate culture of environmental stewardship is reflected in their marketing campaigns, which emphasize sustainable outdoor activities.

5. **Personal Moral Philosophy and Ethical Behaviour:** Individual marketers' personal values play a crucial role in ethical decision-making. In tourism, a marketer who values authenticity might prioritize promoting genuine cultural experiences over commercialized attractions.

Example: A tour operator might focus on offering small-group tours that engage with local communities respectfully, ensuring that their personal commitment to ethical tourism is reflected in their marketing approach.

Ethical Issues in Marketing

Ethical issues in marketing encompass a range of deceptive and anticompetitive practices that can harm consumers, competitors, and markets. These issues span all aspects of marketing, from strategy and research to pricing, product development, distribution, and communication³.

Deceptive practices often involve misrepresentation or manipulation of information. Examples include:

- Exaggerating market potential in planning
- Using hidden cameras without consent in research
- Making false product claims
- Misleading advertisements or manipulative sales tactics

Anticompetitive practices aim to unfairly restrict competition, such as:

- Attempting to monopolize market segments
- Price discrimination without justification
- Exclusive dealing arrangements

To maintain ethical practices, companies should:

- Prioritize transparency.
- Substantiate claims.
- Respect consumer privacy.
- Avoid manipulation.
- Promote fair competition.
- Consider their social and environmental impact.

This approach builds trust, maintains reputation, and contributes to a fair marketplace.

Corporate Social Responsibility

Corporate social responsibility (CSR)⁴ refers to a company's voluntary efforts to integrate ethical, sustainable, and socially responsible practices into its operations and strategy. It is how firms balance social, environmental, and economic concerns within their business model.

Importance of CSR

CSR provides:

- **Enhanced Brand Reputation:** CSR initiatives can significantly improve a company's public image and brand value.
- **Improved Financial Performance:** Studies have shown a positive correlation between CSR activities and financial outcomes.
- **Increased Employee Engagement:** CSR programs often lead to higher employee satisfaction and retention rates.
- **Investor Appeal:** Socially responsible investing has gained traction, with many investors seeking companies with strong CSR profiles.
- **Competitive Advantage:** CSR can differentiate a company from its competitors in the marketplace.

Core Characteristics of CSR

Understanding CSR Core Characteristics

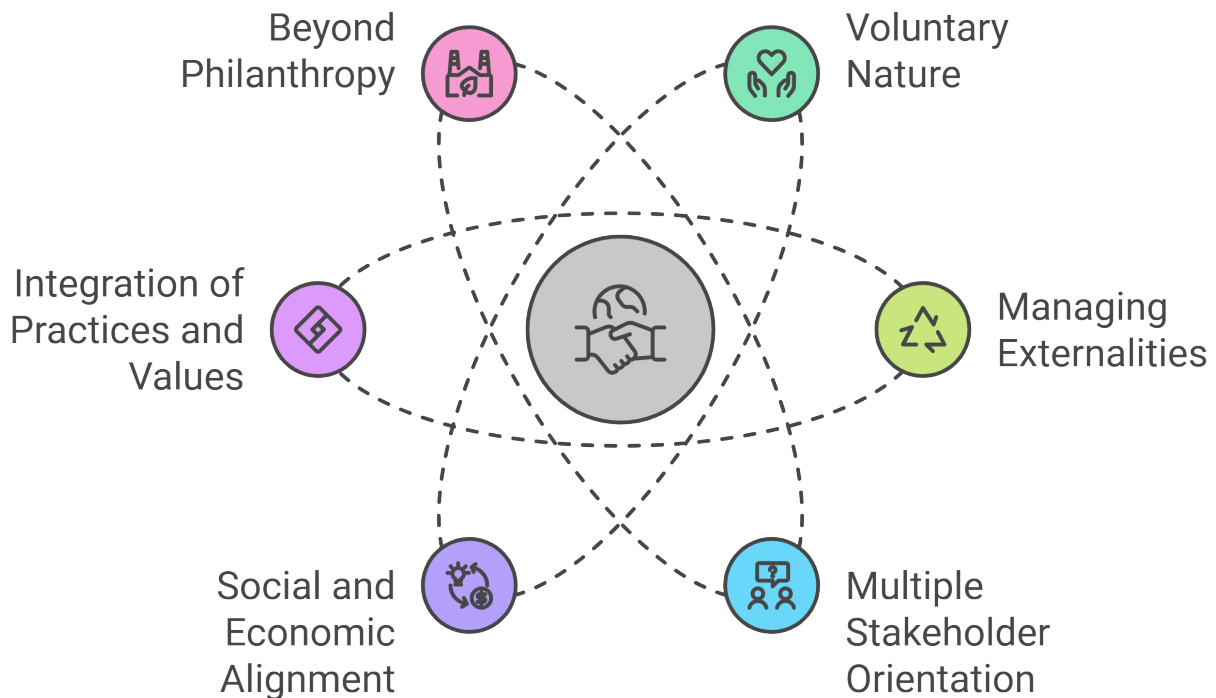


Figure 3 Core characteristics of CSR (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

The core characteristics of CSR are:

- **Voluntary Nature:** CSR initiatives extend beyond legal requirements, demonstrating a company's proactive commitment to social good.
- **Managing Externalities:** Companies take responsibility for their impact on society and the environment.
- **Multiple Stakeholder Orientation:** CSR considers the interests of various groups, including employees, customers, suppliers, and local communities.
- **Social and Economic Alignment:** Balancing profitability with positive societal impact.
- **Integration of Practices and Values:** CSR should be embedded in a company's core values and daily operations.
- **Beyond Philanthropy:** While charitable giving is important, CSR encompasses a broader range of sustainable and ethical business practices.

Example Canadian Context for Ethical Marketing

In Canada, the Canadian Marketing Association (CMA) (<https://thecma.ca/>) provides a comprehensive framework for ethical marketing practices through its Canadian Marketing Code of Ethics & Standards (<https://thecma.ca/resources/code-of-ethics-standards>)⁵. This code serves as a guideline to help marketers conduct their business professionally and ethically, ensuring that they uphold the highest standards in their interactions with consumers and society.

The code includes the following guidelines:

- **Truthful Representation of Products and Services:** Marketers are expected to provide accurate and honest information about their products and services. This means avoiding misleading claims or exaggerations that could deceive consumers.
- **Protection of Consumer Privacy:** Companies must respect consumer privacy by safeguarding personal data and obtaining consent before collecting or using such information. This principle is crucial in maintaining consumer trust, especially in the digital age.
- **Fair Competition Practices:** Ethical marketing involves engaging in fair competition by not engaging in practices that unfairly disadvantage competitors. This includes avoiding false advertising or undercutting prices to drive competitors out of the market.
- **Responsible Marketing to Children and Vulnerable Populations:** Marketers should exercise extra caution when targeting children or vulnerable groups, ensuring that advertising is appropriate and does not exploit their lack of experience or understanding.
- **Environmental Stewardship in Marketing Activities:** Companies are encouraged to consider the environmental impact of their marketing activities. This includes using sustainable materials, reducing waste, and promoting eco-friendly products.

Ethical Marketing in Canada



Figure 4 Canadian ethical marketing practices (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Canadian Laws on Ethical Marketing

Many of these ethical principles are supported by Canadian law through regulations and enforcement mechanisms, ensuring that businesses adhere to these standards.

Canadian laws enforce ethical marketing practices through a combination of federal and provincial regulations designed to protect consumers and ensure fair competition⁶⁷⁸:

- **The Competition Act** (<https://laws.justice.gc.ca/eng/acts/C-34/FullText.html>) is the primary legislation governing advertising and marketing in Canada, enforced by the Competition Bureau. It prohibits false or misleading advertising and deceptive marketing practices, with potential civil or criminal penalties.
- **Canada's Anti-Spam Legislation (CASL)** (<https://ised-isde.canada.ca/site/canada-anti-spam-legislation/en>) requires businesses to obtain consent before sending commercial electronic messages

and includes requirements for sender identification and opt-out mechanisms.

- **The Personal Information Protection and Electronic Documents Act (PIPEDA)** (<https://laws-lois.justice.gc.ca/eng/acts/p-8.6/>) governs the collection, use, and disclosure of personal information in advertising activities, mandating consumer consent for the use of personal data.
- **Provincial laws** also regulate specific aspects of advertising. For example, **Québec's Consumer Protection Act** (<https://www.legisquebec.gouv.qc.ca/en/document/cs/P-40.1>) prohibits commercial advertising directed at children under 13 years old.

These laws collectively aim to ensure that marketing communications are truthful, not misleading, and respect consumer privacy and consent.

Examples Responsible Marketing in Canada

Environmentally Sustainable Practices: Lush Cosmetics, a Canadian company, exemplifies environmental stewardship by using minimal packaging and encouraging customers to return empty containers for recycling. This initiative reduces waste and promotes sustainability⁹.

Social Responsibility and Ethics: Tim Hortons Foundation Camps demonstrate social responsibility by offering leadership programs for youth from low-income families across Canada. These programs provide valuable skills and opportunities for personal growth¹⁰.

Inclusive and Accessible Tourism: Destination Canada promotes inclusive tourism experiences by showcasing accessible travel options for people with disabilities. This approach ensures that tourism is welcoming and accommodating for all individuals, regardless of physical ability.¹¹

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Navigating the Digital Frontier

The impact of digital technologies on marketing practices has been profound and far-reaching, evolving rapidly over the past few decades. This digital transformation has revolutionized how businesses connect with consumers, analyze data, and make strategic decisions¹².

The Rise of Digital Marketing

Digital marketing has grown significantly over the years. Below is a summary of important factors that contributed to its rapid growth.

Web 1.0 and E-commerce

The advent of the internet marked the beginning of digital marketing. Initially, websites served as digital brochures, providing basic information about products and services. As e-commerce capabilities developed, businesses began selling directly to consumers online, fundamentally changing retail landscapes.



Figure 1 Online shopping (andrespradagarcia/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Social Media and Web 2.0

The emergence of social media platforms and Web 2.0 technologies transformed marketing into a two-way conversation. Marketers gained the ability to engage directly with consumers, gather real-time feedback, and build brand communities. This shift necessitated new strategies for content creation, community management, and reputation monitoring.



Figure 2 Social media (BiljaST/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Mobile Revolution

The proliferation of smartphones and tablets ushered in the era of mobile marketing. This development required marketers to adapt their strategies for smaller screens and on-the-go consumers, leading to the rise of mobile-optimized websites, apps, and location-based marketing techniques.



Figure 3 Ecommerce (QuinceCreative/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Data Analytics: The Game Changer

As digital technologies matured, the volume of data generated by online interactions grew exponentially. This big data revolution transformed marketing decision-making processes:

- **Customer Insights:** Data analytics tools enabled marketers to gain deeper insights into customer behaviour, preferences, and purchasing patterns. This information allowed for more targeted and personalized marketing campaigns.
- **Performance Measurement:** Digital technologies made it possible to track and measure marketing efforts with unprecedented precision. Marketers could now analyze the return on investment (ROI) of their campaigns in real-time and make data-driven decisions to optimize performance.
- **Predictive Analytics:** Advanced analytics techniques, including predictive modeling, empowered marketers to forecast trends and customer behaviours. For example, Amazon uses predictive analytics to optimize inventory management based on anticipated customer demand.



Figure 4 Data analytics (4832970/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

The AI Revolution in Marketing

AI's Transformative Role in Marketing

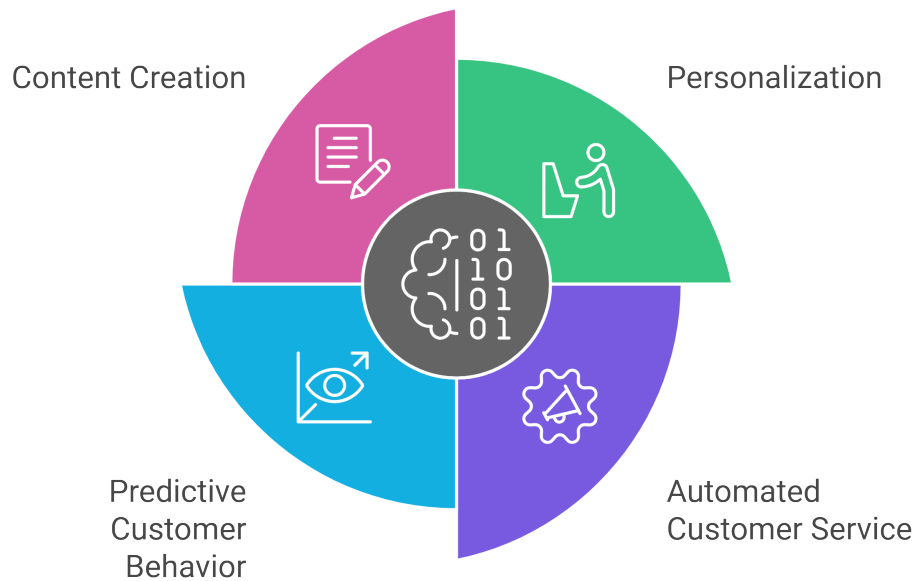


Figure 5 AI's transformative role in marketing (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Building on the foundation of digital technologies and data analytics, artificial intelligence is now driving the next wave of marketing innovation through:

- **Personalization at Scale:** AI enables hyper-personalization of marketing messages and experiences. Netflix, for instance, uses AI algorithms to recommend content based on individual viewing history, significantly increasing user engagement.
- **Automated Customer Service:** AI-powered chatbots and virtual assistants are revolutionizing customer service. These tools provide 24/7 availability and faster response times. H&M's AI-powered chatbot, for example, assists customers with product recommendations and purchase decisions.
- **Predictive Customer Behaviour:** AI's ability to process and analyze vast amounts of data allows marketers to predict customer behaviour with greater accuracy. This capability enables more effective targeting and timing of marketing campaigns.
- **Content Creation and Optimization:** AI tools are increasingly being used to generate and optimize marketing content, from email subject lines to social media posts. This automation allows marketers to produce more content and test variations quickly.

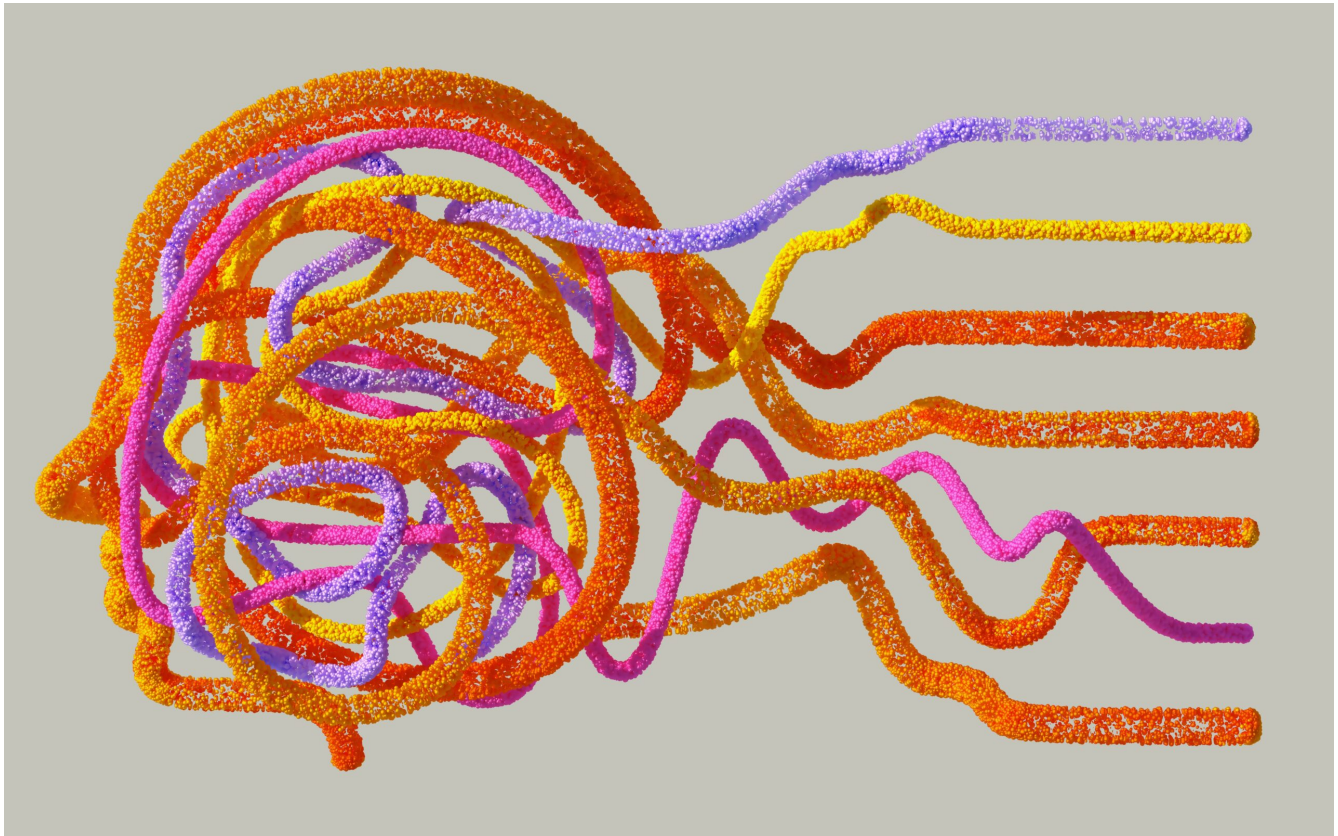


Figure 6 Artificial intelligence (Khyati Trehan and Google DeepMind/Pexels) Pexels license (<https://www.pexels.com/license/>)

Ethical Considerations and Future Skills

As AI becomes more prevalent in marketing, ethical concerns such as data privacy and algorithmic bias need careful consideration. Marketers must navigate these issues while leveraging AI's potential.

To thrive in this AI-driven landscape, marketers will need to develop new skills, including data analysis, machine

learning, and creative problem-solving. The ability to blend these technical skills with traditional marketing expertise will be crucial for success.

“What Will Happen to Marketing in the Age of AI? | Jessica Apotheker | TED” [10:43 min] by TED³



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: What Will Happen to Marketing in the Age of AI? | Jessica Apotheker | TED” [10:43 min] by TED (<https://youtu.be/3MwMII8n1qM?si=fhH9y4-8btSESqAc>)



The digital transformation of marketing continues to accelerate, with AI at the forefront of innovation. By understanding this evolution and embracing new technologies, marketers can create more effective, personalized, and impactful strategies in the digital age.

Example

The Rise of AI in Tourism: Transforming Travel Experiences

Artificial intelligence (AI) is rapidly reshaping the tourism industry, offering innovative solutions for both travelers and tourism professionals. This technological revolution is impacting various aspects of travel, from trip planning to on-site experiences⁴⁵⁶.

AI Adoption in Travel Planning: The growing interest in AI for travel planning is evident, with approximately 30% of people having used or considering using AI for future vacation planning. This trend is particularly pronounced among younger travelers, with adoption rates potentially reaching 70%. Such high engagement rates suggest that AI could significantly impact traditional travel planning methods, potentially challenging the relevance of physical guidebooks.

Industry-Wide Implementation: Tourism professionals are increasingly leveraging AI to enhance customer experiences and streamline operations. Major players like Club Med, Booking.com, Airbnb, airlines, tourist offices, and hotel chains are at the forefront of AI adoption. In fact, 90% of tourism stakeholders at the European level are either extensively using AI or planning to implement it soon.

AI in Airport Operations: Airports are embracing AI and other technologies to optimize passenger journeys. Investments in travel technology are projected to increase by 14% in 2024. Notably, 60% of airports plan to implement biometrics in their control systems by 2029, focusing on AI, data analysis, digital payments, and augmented reality.

Managing Visitor Flows: AI systems are being developed to predict daily attendance at popular tourist sites and museums by analyzing factors influencing visitor behaviour and using historical data. This approach aims to facilitate smoother visitor arrivals and improve overall management.

Enhancing Cultural Experiences: In the cultural sector, AI is revolutionizing visitor experiences through augmented reality and interactive technologies. Museums are exploring generative AI to offer immersive experiences, allowing visitors to explore different times and spaces and interact with artworks or monuments using connected glasses, virtual reality headsets, or touchscreen tablets.

AI in Transportation: The transportation sector is also seeing significant AI integration:

- Japan is planning to introduce AI-powered automated high-speed trains, including the Shinkansen, within the next decade.
- A new facial recognition system in Japan allows passengers to board trains without tickets or transport cards, using AI and cameras for identification and automatic fare charging.

Challenges and Considerations: While AI offers numerous benefits, it also presents challenges:

- The creation of fake AI-generated travel guides is becoming a concern, highlighting the need for consumers to be cautious and rely on reputable sources.
- Privacy and ethical concerns surrounding biometric data collection and use in travel settings need to be addressed.

As AI continues to evolve, its impact on the tourism industry is expected to grow, offering more personalized, efficient, and immersive travel experiences. However, balancing technological advancements with privacy concerns and maintaining the human touch in travel experiences will be crucial for the industry's future.

Example HelloBC AI Concierge

Destination BC has launched a beta test of the **HelloBC AI Concierge**, an innovative chatbot tool designed to enhance digital visitor servicing on their consumer website, HelloBC.com⁷. This AI-powered assistant provides

24/7 support for general tourism inquiries, offering customized trip planning assistance and destination insights. The Concierge draws information from HelloBC.com, a network of over 30 destination management organization partners, popular attractions, and ski resorts across British Columbia.

Key Features of the HelloBC AI Concierge:

- Round-the-clock availability for immediate, tailored information
- Comprehensive data on attractions, activities, accommodations, and itinerary suggestions
- Continuous learning and improvement through user interactions
- Integration with Destination BC's Digital Strategy and Tourism Data Hub

This initiative demonstrates the application of AI in tourism marketing, showcasing how technology can be leveraged to improve the visitor experience and support the tourism industry. The AI Concierge represents a significant step in digital innovation for destination marketing organizations, offering personalized assistance that meets the growing expectations of travelers for instant, real-time information during their trip planning process.



Figure 7 Reception (Mikhail Nilov/Pexels) Pexels license
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Summary

This chapter explored the multifaceted landscape of global marketing in today's interconnected world, examining it as the "new normal" and discussing approaches organizations use to expand internationally, such as exporting, licensing, joint ventures, and direct investment. It emphasized the importance of understanding and adapting to diverse cultural, economic, and regulatory environments while highlighting sustainable and responsible marketing practices, with a focus on ethical considerations and corporate social responsibility. Key ethical principles were outlined, supported by examples of ethical and unethical practices in tourism contexts.

Additionally, the chapter traced the evolution of digital marketing from early web-based strategies to the current AI-driven landscape, showcasing how digital technologies, particularly AI, are transforming sectors such as tourism and hospitality through personalized marketing and enhanced customer experiences.

Key Takeaways

1. Global marketing is essential for organizations of all sizes, requiring strategies that balance the benefits of standardization with the need for local adaptation.
2. Success in international marketing, particularly in sectors like tourism and hospitality, depends on understanding and navigating cultural, economic, and regulatory factors.
3. Sustainable and responsible marketing practices are increasingly critical, emphasizing environmental sustainability, social responsibility, and ethical behaviour.
4. Corporate social responsibility (CSR) initiatives can strengthen brand reputation, enhance financial performance, and offer a competitive edge in the global market.
5. Digital technologies, particularly AI, are transforming marketing in tourism and hospitality by enabling scalable personalization, predictive analytics, and improved customer experiences.
6. Ethical considerations in marketing are vital, requiring a balance between technological innovation, privacy concerns, and preserving authentic human connections in travel experiences.
7. The tourism sector is leading the adoption of AI, utilizing it for personalized trip planning, AI-powered concierge services, and biometric systems in airports.

Exercises

Check Your Understanding

Exercise 1: Global Marketing Strategy

Scenario: Imagine you are a marketing manager for a Canadian eco-tourism company planning to expand into Japan.

Task: Identify three key cultural factors you would need to consider when adapting your marketing strategy, and briefly explain how each might influence your approach.

Recommended Answer:

- a. **Collectivism:** Japan has a more collectivist culture compared to Canada. Marketing messages should emphasize group harmony and social benefits rather than individual achievements.
 - b. **High-Context Communication:** Japanese culture relies more on implicit communication. Marketing materials should use more visual elements and subtle messaging rather than direct claims.
 - c. **Respect for Tradition:** Japanese culture highly values tradition. Marketing strategies should show respect for local customs and potentially incorporate traditional elements in product offerings or promotions.
-

Exercise 2: Ethical Marketing Practices

Task: Identify whether the following tourism marketing practices are ethical or unethical. Briefly explain why.

- a. A hotel using photos on its website that were taken with a wide-angle lens, making rooms appear larger than they actually are.
- b. A tour operator clearly stating all included and excluded costs in their package deals upfront.
- c. An airline advertising a low base fare but not prominently disclosing significant additional fees until checkout.

Recommended Answer:

- a. **Unethical:** This misrepresents the actual product, potentially misleading customers about room sizes.
 - b. **Ethical:** This practice provides transparency and allows customers to make informed decisions.
 - c. **Unethical:** This is a form of hidden fees, which can deceive customers about the true cost of the service.
-

Exercise 3: Corporate Social Responsibility (CSR)

Task: Briefly describe two potential CSR initiatives a large hotel chain could implement, and explain how each might benefit both the community and the business.

Recommended Answer:

- a. **Local Sourcing Program:** The hotel chain could commit to sourcing a significant portion of its food and supplies from local producers.
 - **Community Benefit:** Supports local economy and reduces carbon footprint
 - **Business Benefit:** Enhances brand image and potentially reduces costs
 - b. **Youth Employment Initiative:** The chain could partner with local schools to provide internships and job training for underprivileged youth.
 - **Community Benefit:** Provides valuable skills and opportunities for young people
 - **Business Benefit:** Develops a skilled local workforce and improves community relations
-

Exercise 4: AI in Tourism Marketing

Task: Describe two ways artificial intelligence (AI) is being used in tourism marketing, and for each, identify one potential benefit and one potential ethical concern.

Recommended Answer:

- a. **Personalized Recommendations:**
 - **Benefit:** Enhances customer experience by suggesting relevant activities or accommodations
 - **Ethical Concern:** Privacy issues related to data collection and use
 - b. **AI-Powered Chatbots for Customer Service:**
 - **Benefit:** Provides 24/7 support and quick responses to common queries
 - **Ethical Concern:** Potential loss of human touch in customer interactions and job displacement
-

Exercise 5: Sustainable Tourism Marketing

Scenario: You are developing a marketing campaign for a sustainable tourism initiative in a small coastal town.

Task: List three key messages you would emphasize in your campaign to attract environmentally conscious travelers.

Recommended Answer:

- a. Highlight the destination's commitment to preserving local ecosystems, such as protected marine areas or reforestation projects.
 - b. Showcase opportunities for visitors to engage in eco-friendly activities, like guided nature walks or participating in local conservation efforts.
 - c. Emphasize the use of sustainable practices in local accommodations and restaurants, such as renewable energy use, waste reduction programs, or farm-to-table dining options.
-

Exercise 6: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 6: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-9-summary/#h5p-11>)



An interactive H5P element has been excluded from this version of the text. You can view it online here:
<https://marketingmap.pressbooks.tru.ca/?p=240#h5p-11>
(<https://marketingmap.pressbooks.tru.ca/?p=240#h5p-11>)

Glossary of Key Terms

Alliances: Strategic partnerships or collaborations with foreign companies without creating a separate entity, allowing for flexibility and access to partner resources.

Artificial Intelligence (AI): Advanced computer systems or algorithms capable of performing tasks typically requiring human intelligence, such as visual perception, speech recognition, decision-making, and language translation.

Corporate Social Responsibility (CSR): Voluntary efforts by companies to integrate ethical, sustainable, and socially responsible practices into their operations and strategic goals.

Cultural Intelligence (CQ): The capability to understand, adapt, and function effectively across various cultural contexts and environments.

Digital Marketing: The promotion of products, services, or brands through digital platforms and technologies, such as social media, search engines, and email campaigns.

Direct Investment: Establishing wholly owned subsidiaries or acquiring existing businesses in foreign markets, providing full operational control but requiring substantial capital investment.

Embargoes: Complete bans on trade with specific countries or on certain goods, imposed by governments as a form of trade restriction.

Ethical Marketing: Marketing practices that adhere to moral principles and values, considering the broader impact on society and stakeholders.

Exporting: Selling products or services to foreign markets from a domestic base, offering low initial investment but limited control over foreign operations.

Fair Trade: A movement promoting ethical and sustainable trade practices, ensuring fair prices, better working conditions, and support for producers in developing regions.

Franchising: A business model where a franchisor (the original business owner) grants a franchisee (the buyer) the right to use their business name, branding, and systems in exchange for a fee and ongoing royalties, allowing for rapid expansion with local market knowledge but potential loss of brand control.

Global Marketing: The process of planning and executing the conception, pricing, promotion, and distribution of goods and services to create exchanges that satisfy individual and organizational objectives on a worldwide scale.

Importing: Purchasing goods or services from foreign markets for domestic use, allowing access to products or resources not available locally.

Joint Ventures: Partnerships between domestic and foreign companies to create a new entity in the target market, sharing financial risk and local knowledge but potentially facing conflicts with partners.

Licensing: Granting a foreign company the right to use intellectual property, such as patents, trademarks, or technology, in exchange for royalties or fees, with lower investment but potential risks to quality and control.

Predictive Analytics: Employing data, statistical algorithms, and machine learning techniques to forecast future trends or behaviours based on historical data.

Quotas: Government-imposed limits on the quantity or value of goods that can be imported or exported during a specific period, used as a form of trade restriction.

Sustainable Marketing: Marketing practices that consider long-term environmental and social impacts, aiming to meet present needs without compromising future generations.

Tariffs: Taxes imposed on imported goods, making them more expensive and less competitive against domestic products, used as a form of trade restriction.

Trade Blocs: Intergovernmental agreements that reduce barriers to trade among member countries, promoting economic integration and cooperation.

Web 2.0: The second stage of development of the internet, characterized by the change from static webpages to dynamic or user-generated content and the growth of social media.

CHAPTER X

FUTURE HORIZONS: STRATEGIC PLANNING IN MARKETING

Learning Outcomes

In Chapter 1 ([#part-charting-the-course-marketing-foundations](#)), we introduced strategic planning as a framework for understanding marketing. We will now revisit strategic planning in marketing in this final chapter to integrate the material covered throughout the book.

We will examine the vital components of strategic planning – from situation analysis to the implementation of marketing mix decisions – and discuss how these elements come together to drive business success. By the end of this chapter, you will have a comprehensive understanding of how strategic planning shapes marketing decisions and drives organizational success.

After reading this chapter, you should be able to:

- Differentiate between strategic planning and marketing planning and explain their interconnected roles in achieving business success.
- Describe the concept of sustainable competitive advantage and its role in business performance.
- Apply analytical frameworks such as SWOT, the BCG matrix, and the Ansoff matrix to identify market opportunities and inform marketing strategies.
- Develop marketing strategies that align with and support organizational goals, ensuring resource optimization and measurable results.

Opening Thoughts

G Adventures (<https://www.gadventures.com/>): Transforming Travel Through Purpose-Driven Strategy¹²³

G Adventures, a global leader in small-group adventure travel, exemplifies how a clear strategic vision paired with innovative marketing can redefine an industry. Founded in 1990 by Canadian entrepreneur Bruce Poon

Tip, the company began as a small, budget-focused operation and has grown into one of the most respected names in adventure tourism. Its success stems from a purpose-driven strategy: making travel a force for good. From the start, G Adventures positioned itself differently. Rather than offering standard vacation packages, it tapped into a growing market of travellers seeking authentic, meaningful experiences. Its marketing strategy emphasizes storytelling, featuring immersive experiences that connect travellers with local communities. Campaigns like “Why We Travel” highlight the emotional impact of its tours, fostering a deep connection with its brand.

G Adventures’ commitment to sustainability and community development is central to its strategy. Through its non-profit arm, Planeterra (<https://planeterra.org/>), the company partners with local organizations to create employment and support cultural preservation. This aligns its marketing messages with its operational strategy, appealing to ethically conscious travellers who seek to make a positive impact.

By staying true to its core values while leveraging creative marketing and strategic partnerships, G Adventures has built a global customer base and maintained its competitive edge in a fast-changing industry. Its ability to innovate while staying aligned with its purpose-driven mission demonstrates the power of effective strategic management and marketing.

“G Adventures Founder Bruce Poon Tip at Skift Global Forum 2022” [23:34 min] by Skift⁴



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: G Adventures Founder Bruce Poon Tip at Skift Global Forum 2022” [23:34 min] by Skift (<https://youtu.be/wDWpCsO9GTw?si=4K5pnGGgS6tWdQ1W>)



Chapter Topics

- Strategic Planning in Marketing (#chapter-strategic-planning-in-marketing)
- Marketing Planning (#chapter-marketing-planning)
- Analytic Tools in Marketing Strategy (#chapter-analytic-tools-in-marketing-strategy)
- Marketing Strategy and the Marketing Mix (#chapter-marketing-strategy-and-the-marketing-mix)

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Strategic Planning in Marketing

To understand strategic planning, it is essential to first define strategy.

What is Strategy?

Although there are many ways to define strategy, in business, we can think of strategy as a guide or road map that outlines how an organization will achieve its long-term goals¹. It involves making fundamental decisions about the direction of the business and allocating resources to pursue this direction.

With this context, strategic planning in marketing is a comprehensive process that helps organizations define their long-term marketing goals and determine the best approach to achieve them.

“What is Strategy” [8:46 min] by David Kryscynski²



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If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video:
“What is Strategy” [8:46 min] by David Kryscynski (<https://youtu.be/TD7WSLeQtVw?si=OCZpnlrMHbT-oCRu>)



Most Common Reasons Why Startups Fail³⁴⁵

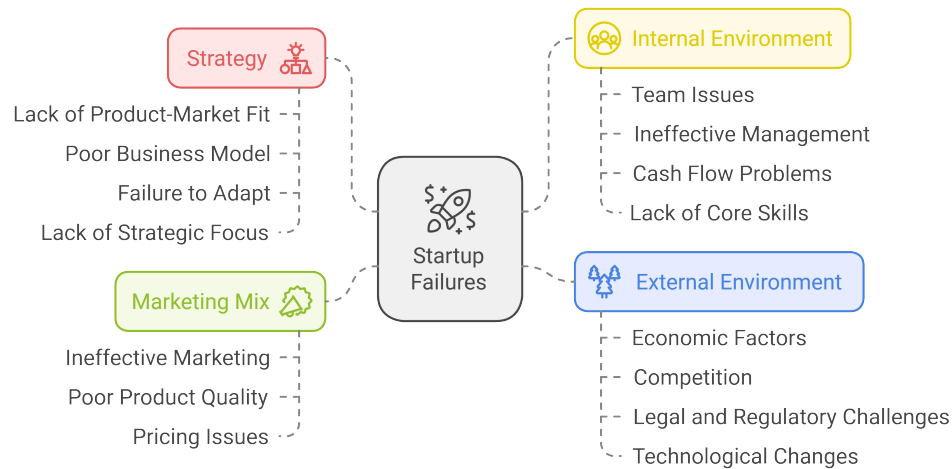


Figure 1 Reasons startups fail (by author using Napkin.ai) CC BY-NC-SA 4.0
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Strategy

- **Lack of Product-Market Fit:** Many startups fail due to a lack of market need for their product or service. This often stems from insufficient market research and a failure to understand customer needs.
- **Poor Business Model:** An unsustainable or poorly developed business model is a common cause of startup failure. This includes issues with pricing and cost structures.
- **Failure to Adapt:** Startups that cannot pivot or adapt to changing market conditions often fail. This includes being unprepared for changes in the market and failing to learn from mistakes.
- **Lack of Strategic Focus:** Many startups fail due to a lack of clear goals and direction. This can lead to overexpansion or poor resource allocation.

Marketing Mix

- **Ineffective Marketing and Distribution:** Many startups struggle with inefficient marketing and distribution strategies, including a lack of focus and resources to attract customers. This often includes not having a viable go-to-market strategy.
- **Poor Product Quality:** Developing a product that does not meet customer needs or expectations can lead to failure.
- **Pricing Issues:** Incorrect pricing strategies, either too high or too low, can significantly impact a startup's success.

Internal Environment

- **Team Issues:** Problems within the founding team – including lack of expertise, experience, and skills – can lead to startup failure. This also includes team disharmony and communication issues.
- **Ineffective Management and Leadership:** Poor management, including a lack of clear roles and responsibilities among team members, can hinder a startup's success.
- **Cash Flow Problems:** Many startups fail due to financial issues, including running out of cash, ignoring cash burn, and inability to raise capital.
- **Lack of Core Skills:** Startups often fail when they lack essential skills necessary for their business.

External Environment

- **Economic Factors:** Economic downturns and unfavorable market conditions can significantly impact a startup's chances of success.
- **Competition:** Fierce competition and failure to differentiate from competitors can lead to startup failure.
- **Legal and Regulatory Challenges:** Startups may face difficulties due to complex legal and regulatory environments.
- **Technological Changes:** Rapid technological advancements can disrupt a startup's business model or make their product obsolete.



Figure 2 Failed attempts (by author using DALL-E) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Effective Strategic Planning

Effective strategic planning can address and prevent many reasons startups fail by providing a comprehensive framework for success.⁶⁷⁸

Effective Strategic Planning



Figure 3 Effective strategic planning (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

What Does Effective Strategic Planning Do?

Effective strategic planning:

- **Provides Direction and Focus:** Strategic planning creates a single, forward-focused vision that aligns the entire organization and its stakeholders. This unified direction:
 - Ensures all employees understand the company's goals and their role in achieving them
 - Prevents conflicting decisions at different organizational levels
 - Fosters a greater sense of accountability across the organization
 - Helps differentiate essential tasks from distractions, promoting operational efficiency
- **Helps Adapt to Changing Conditions:** A well-crafted strategic plan enables startups to:
 - Respond to unanticipated opportunities and threats
 - Navigate changing market conditions and technological disruptions
 - Continuously assess and improve operations through performance metrics and KPIs
 - Gain essential insight into the industry and consumers, forming effective sales and marketing strategies
- **Enables Efficient Resource Allocation:** Strategic planning helps startups:
 - Prioritize efforts and allocate limited resources effectively
 - Focus on areas that deliver the highest return on investment
 - Reduce the risk of cash flow problems and inefficient spending
 - Streamline processes, reducing trial and error and preventing wastage of valuable time and resources
- **Facilitates Better Decision-Making:** By providing a framework for evaluating opportunities and challenges, strategic planning:

- Offers a decision-making framework based on predefined objectives and benchmarks
- Helps identify potential risks and devise mitigation plans
- Encourages detailed research on valuable market information
- Enables management to make better and more informed decisions

Sustainable Competitive Advantage

Effective strategic planning helps create a **sustainable competitive advantage**⁹¹⁰, which is key to long-term success.

What Is It?

Sustainable competitive advantage (SCA) refers to a company's ability to consistently outperform its competitors over an extended period by leveraging unique strengths that are difficult for others to copy. Specifically, it is:

- A long-term benefit a company has over its competitors
- Based on unique qualities of the product, service, or company
- Able to withstand competitive pressures over time
- A key factor in a company's ability to consistently outperform rivals



Figure 4 Business success (geralt/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Where Does It Come From?

We can identify several sources of sustainable competitive advantage, including:

- Resource-based view of the firm
- Organizational capabilities
- Competitive strategies

Resource-Based View of the Firm¹¹:

The resource-based view (RBV) of the firm suggests that sustainable competitive advantage comes from **a firm's unique resources and capabilities**. These resources can be categorized as tangible (physical assets) or intangible (ideas, knowledge, brands, and processes) and must be:

- **Valuable:** Should contribute to the company's ability to create value for customers or reduce costs.
- **Rare:** Not possessed by many competitors.
- **Inimitable:** Difficult for competitors to copy or replicate.
- **Non-substitutable:** No equivalent alternatives available.

Organizational Capabilities

A firm's organizational capabilities refers to how it can develop sustainable competitive advantage through its **superior capabilities** in various areas, including:

- Customer loyalty programs
- Strategic location choices
- Efficient distribution and information systems
- Unique or superior products
- Strong vendor relationships
- Exceptional customer service

Competitive Strategies^{12,13}:

Competitive strategies are **the approaches** firms use to leverage their resources and capabilities. Firms can pursue different strategies to achieve sustainable competitive advantage, including:

- **Cost Leadership:** Offering products or services at a lower cost than competitors.
- **Differentiation:** This involves offering unique products, services, or experiences that competitors cannot easily match.
Examples: Innovative product features, superior customer service, strong brand reputation, and/or proprietary technology.
- **Operational Effectiveness:** Executing business processes more efficiently.
- **Customer Relationships:** Building strong, lasting relationships with customers that create loyalty and barriers to

competition. This may involve personalized experiences, loyalty programs, and/or exceptional customer support.

- **Continuous Innovation:** Regularly introducing new products or improving processes.

Strategies for Sustainable Competitive Advantage



Figure 5 Competitive strategies (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Examples Competitive Strategies

The following are some commonly used competitive strategies.

Cost Leadership:

Walmart continues to be a prime example of cost leadership. The retail giant leverages its massive scale and efficient supply chain to offer products at lower prices than competitors. According to a 2023 report by Brand Finance, Walmart's brand value increased to \$113.8 billion, making it the world's most valuable retail brand¹⁴.

Ryanair, the Irish-based low-cost carrier, exemplifies cost leadership in the airline industry. Ryanair's strategy focuses on offering air travel services at the lowest possible unit cost. They achieve this by eliminating complimentary services (like meals, onboard entertainment, and lounge access), maintaining a single price for all passengers, and reducing costs in procurement by using only a few aircraft models

and buying spare parts in bulk. This strategy has helped Ryanair become one of Europe's largest airlines by passenger numbers¹⁵.

Differentiation:

Disney Parks and Resorts demonstrates differentiation through unique experiences and strong brand reputation. Their theme parks offer immersive environments, proprietary technologies like MagicBands, and exclusive character interactions that competitors cannot easily replicate. Disney's focus on storytelling and attention to detail creates a distinct and memorable experience for visitors¹⁶.

Operational Effectiveness:

Amazon continues to excel in operational effectiveness through its advanced logistics network and automation. In 2023, Amazon expanded its use of AI and robotics in its fulfillment centers, further improving efficiency. The company's focus on operational excellence has contributed to its continued growth, with net sales increasing by 11% to \$134.4 billion in Q2 2023¹⁷.

Customer Relationships:

Netflix demonstrates strong customer relationships through personalized content recommendations and a seamless user experience. In 2023, Netflix introduced new features like password-sharing controls and an ad-supported tier, adapting to changing customer needs. These efforts have helped Netflix maintain its position as a leading streaming service, with 238.39 million paid memberships worldwide as of Q2 2023¹⁸.

Continuous Innovation:

Airbnb demonstrates continuous innovation in the accommodation sector. The company regularly introduces new features and services, such as Airbnb Experiences, which offers unique, locally hosted activities. In response to changing travel trends, Airbnb has also introduced long-term stays and remote work-friendly options. This commitment to innovation has helped Airbnb disrupt the traditional hospitality industry and maintain its competitive edge^{19,20}.

High-Performing Businesses

High-performing businesses²¹ are those that consistently achieve superior results compared to their peers. Sustainable competitive advantage is a key driver of high performance in businesses. It allows companies to consistently outperform their competitors over extended periods, which is a hallmark of high-performance firms.

Characteristics of a High-Performing Business

The main characteristics of a high-performing business include:

- **Clear Guiding Principles:** High-performing businesses have well-defined guiding principles that shape their vision, mission, and goals. These principles provide a clear direction and ensure that every decision aligns with the organization's core values.
- **Strategic Focus:** These businesses are strategic in their approach. They are proactive rather than reactive,

constantly evaluating their strategies to adapt to changing market conditions.

- **Empowered Employees:** High-performing companies recognize the importance of their employees and empower them to contribute to the organization's success. This involves providing training, fostering a positive work culture, and involving employees in decision-making processes.
- **Customer-Centric Approach:** High-performing businesses prioritize understanding customer needs and delivering exceptional service to build loyalty and long-term relationships
- **Continuous Learning and Improvement:** High-performing businesses embrace a growth mindset, continuously seeking ways to improve and innovate. They learn from past experiences and view challenges as opportunities for growth.

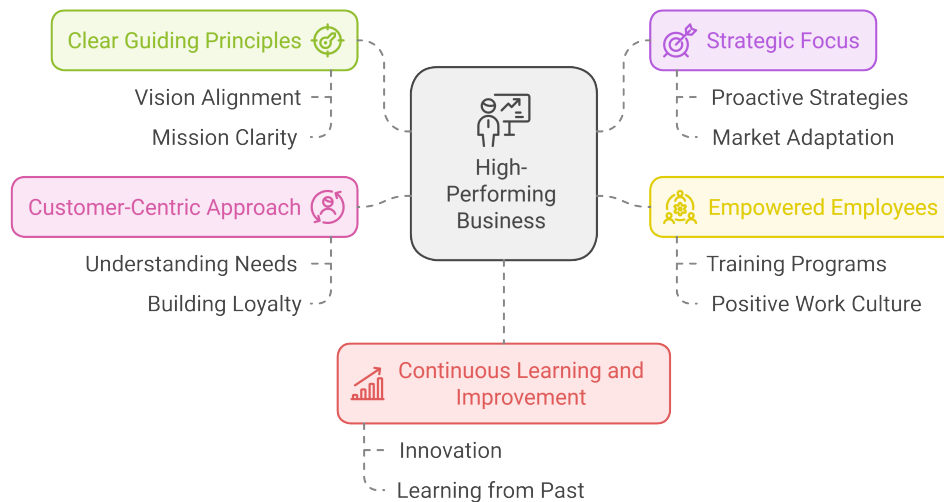


Figure 6 Characteristics of a high-performing business (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Mutual Reinforcement

The practices and characteristics that define high-performance organizations are often the same factors that contribute to building and sustaining competitive advantage. Sustainable competitive advantages enable firms to become high performers and high performance provides resources and opportunities to further strengthen and develop new sustainable competitive advantages.

Cycle of High Performance and Competitive Advantage

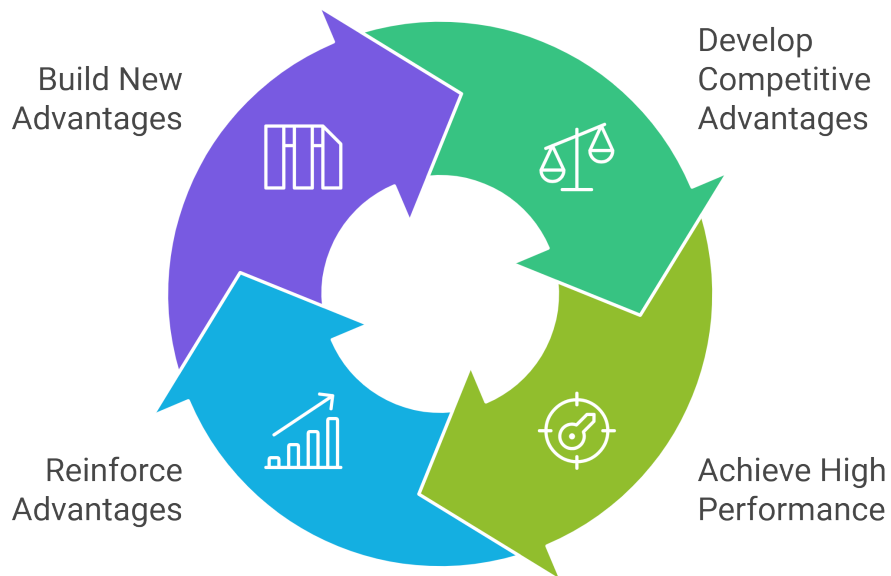


Figure 7 Cycle of high performance (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

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Marketing Planning

It is important to distinguish between strategic planning and marketing planning.

Strategic Planning vs. Marketing Planning

Strategic planning and marketing planning are closely related but distinct processes that play critical roles in business success. **Strategic planning** is broader and typically occurs at the organizational level, setting the overall direction for the company. **Marketing planning**, on the other hand, is a more specific process that focuses on achieving marketing objectives within the framework of the broader strategic plan.

In essence, marketing planning is a subset of strategic planning, ensuring that marketing efforts align with and support the organization's overall strategy.



Figure 1 Strategic planning (geralt/Pixabay) Pixabay content license (<https://pixabay.com/service/license-summary/>)

Strategic Planning

Strategic planning is a broad, organization-wide process that defines the company's overall mission, vision, values,

direction, goals, and priorities. It serves as the foundation for all other plans within the organization, including marketing planning.

Key Characteristics:

- **Scope:** Focused on the entire organization, encompassing all departments, such as operations, human resources, finance, product development, and marketing.
- **Purpose:** To set long-term objectives.
- **Outcome:** A roadmap that outlines how the organization will achieve its overarching goals.

Example Strategic Planning

A hotel chain like Hilton might develop a strategic plan with goals such as expanding into new markets, achieving sustainability targets (e.g., reducing carbon emissions by 50% by 2030), and increasing profitability by 20% over five years. This broad strategy informs specific departmental plans, including marketing.

Marketing Planning

Marketing planning is a more focused process that operates within the framework of the broader strategic plan. It outlines specific actions to achieve **marketing objectives**, ensuring alignment with the company's overall strategy.

Key Characteristics:

- **Scope:** Focused on marketing activities such as customer acquisition, branding, pricing, promotion, distribution channels, and market segmentation.
- **Purpose:** To translate organizational goals into actionable marketing initiatives.
- **Outcome:** A detailed plan for executing campaigns, allocating budgets, and measuring success.

Example Marketing Planning

Within Hilton's strategic plan to expand into new markets, its marketing plan might include launching targeted campaigns in Asia-Pacific markets to attract local travelers. This could involve digital advertising on regional platforms, partnerships with influencers, and promotions tailored to cultural preferences.

Key Differences

Strategic Planning vs. Marketing Planning: Key Differences

| Element | Strategic Planning | Marketing Planning |
|-------------------|--|--|
| Focus | Organization-wide goals | Specific marketing objectives |
| Timeframe | Long-term (3–5 years or more) | Short-to-medium term (1–3 years) |
| Scope | Broad (operations, HR, finance, etc.) | Narrower (branding, promotion, and customer acquisition) |
| Purpose | Sets overall direction for the company | Guides marketing efforts to support strategic goals |
| Example Objective | Expand into new geographic markets | Increase brand awareness in a specific region by 30% |

Essential Components of a Marketing Plan

Marketing plans can take many forms, as there is no universally agreed-upon format or set of components. Different organizations and marketing experts propose varying structures, with some plans including as few as five or six elements, while others may feature twelve or more. The structure of a marketing plan is often shaped by the organization's specific goals, industry, and context.

Despite this variability, most marketing plans share common elements, such as an **executive summary**, **situation analysis**, **target audience identification**, and **financial planning**. However, the emphasis and depth of these components can differ significantly depending on organizational priorities, industry standards, and specific objectives.

A successful marketing plan integrates several essential components that work together to form a comprehensive strategy for achieving marketing objectives. Below are the key elements typically included in a marketing plan:

1. Executive Summary:

- Provides a high-level overview of the marketing plan, summarizing its purpose, key objectives, and expected

outcomes

- This section is designed to give stakeholders a concise understanding of the plan's overall direction

2. **Situation Analysis:**

- Evaluates the current internal and external environment affecting the organization

3. **Market Analysis:**

- Focuses on identifying target audiences through segmentation based on demographics, psychographics, behavior, and geography
- Includes insights into customer needs and competitor positioning

4. **Marketing Strategy:**

- Communicates the goals and objectives for the marketing efforts
- Outlines how the organization will achieve its goals through its positioning strategy, value proposition, unique selling proposition (USP), and marketing mix (4Ps)

5. **Financial Analysis:**

- Details the budget allocated for marketing activities and projects expected returns on investment (ROI)
- Includes cost breakdowns for campaigns and initiatives as well as financial performance metrics

6. **Implementation and Evaluation:**

- Specifies how the plan will be executed, including timelines, roles, and responsibilities
- Includes mechanisms for monitoring progress and adjusting strategies based on key performance indicators (KPIs)

Key Elements That Shape Market Planning

Marketing planning is guided by the overall strategic plan of the organization and is shaped by key elements, including:

- Vision, mission, and values
- Situation analysis and environmental scan
- Corporate Strategy
- Marketing strategy

Vision, Mission, and Values¹

An organization's vision, mission, and values provide direction, purpose, and the principles that guide decision-making and behaviour across the organization.

Vision Statement

A vision statement articulates the long-term aspirations of an organization — what it hopes to achieve or become in the future. It is broad, inspirational, and forward-looking, serving as a guiding star for stakeholders.

Summary:

- **Purpose:** The vision statement inspires employees, stakeholders, and customers by providing a clear picture of the desired future.
- **Key Characteristics:** Aspirational, memorable, concise, and motivating.

Mission Statement

A mission statement describes what the organization does in the present to achieve its vision. It is more specific than the vision statement and focuses on actions that differentiate the organization from others in its industry.

Summary:

- **Purpose:** Defines the organization's purpose and outlines how it creates value for stakeholders.
- **Key Characteristics:** Action-oriented, specific, concise, and focused on current objectives.

Values Statement

A values statement outlines the core principles and ethics that guide an organization's behavior. It reflects what the organization stands for and how it expects employees to act internally and externally.

Summary:

- **Purpose:** Shapes organizational culture by influencing decision-making and stakeholder relationships.
- **Key Characteristics:** Ethical, actionable, aligned with organizational goals.

“3 Things that Make a MEANINGFUL Vision | Simon Sinek” [4:29 min] by Simon Sinek²



One or more interactive elements has been excluded from this version of the text. You can view them online here:
[#oembed-1](https://marketingmap.pressbooks.tru.ca/?p=244#oembed-1)

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video:
3 Things that Make a MEANINGFUL Vision | Simon Sinek (https://youtu.be/zpzZumZCdWA?si=XuHM3PasCrnnk6_p)



Examples Mission, Vision, and Values

Different Organizations' Missions, Visions, and Values

| Organization | Vision | Mission | Values |
|---|---|--|---|
| Tourism Richmond³ | Richmond is a can't-miss part of the Metro-Vancouver experience. | Building Richmond's reputation and making it a desirable place to live, work, and visit. | EPIC: <ul style="list-style-type: none"> • Excellence • Passion • Integrity • Collaboration |
| Travel Oregon⁴ | Oregon is a welcoming destination where tourism drives economic prosperity, benefits the natural environment and celebrates rich, diverse cultures. | We inspire travel that uplifts Oregon communities. Collaborating with stakeholders to align as stewards of Oregon, we work to optimize economic opportunity, advance equity and respect the ecosystems, cultures and places that make Oregon...Oregon. | <ul style="list-style-type: none"> • Integrity • Equity • Community • Stewardship |
| Wyndham Hotels⁵ | To be the world's largest and most diverse hotel company providing memorable experiences. | Providing exceptional hospitality and value to guests, franchisees, and employees. | <ul style="list-style-type: none"> • Integrity • Accountability • Inclusivity • Caring • Fun |
| Marriott International⁶ | To be the world's favorite travel company. | Does not have a mission statement. | <ul style="list-style-type: none"> • Putting people first • Pursuing excellence • Embracing change • Acting with integrity • Serving the world |
| Airbnb⁷ | Belong anywhere. | To create a world where anyone can belong anywhere. | <ul style="list-style-type: none"> • Champion the |

| Organization | Vision | Mission | Values |
|--------------|--------|---------|---|
| | | | mission <ul style="list-style-type: none"> • Be a host (caring & open) • Embrace the adventure (curiosity & resilience) • Be a cereal entrepreneur |

Situation Analysis and Environmental Scans

Situation analysis and environmental scans assess an organization's current position by:

- **Internally** evaluating the organization's resources, capabilities, and performance
- **Externally** examining market trends, the competitive landscape, and broader environmental factors

The Marketing Planning Process



Figure 3 The marketing planning process (by author using Infography) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Aligning Organizational and Marketing Objectives

Objectives are goals that an organization aims to achieve within a defined timeframe. If defined effectively, they serve as concrete targets that guide decision-making and action across the organization.

To be effective, these goals should be **specific, measurable, achievable, relevant, and time-bound** (also known as **SMART objectives**). Each element helps ensure that objectives are well-defined, and attainable, making it easier to track progress and achieve desired outcomes.

SMART Goals/Objectives:

- **Specific:** The objective should clearly define what is to be achieved, who is responsible, and the actions required.
- **Measurable:** There should be criteria in place to measure progress and success, allowing for tracking of how much or how well the goal has been met.
- **Achievable:** The goal should be realistic and attainable, considering available resources and constraints.
- **Relevant:** The objective should align with broader organizational goals and be meaningful to the team or organization.
- **Time-bound:** A specific timeframe should be set for achieving the objective, creating a sense of urgency.

Example SMART Objectives

Cozy Retreat Hotel

Organizational Objective: Increase overall occupancy rates by 15% within the next year.

SMART Marketing Objective:

- **Specific:** Increase direct bookings through the hotel's website.
- **Measurable:** Achieve a 25% increase in direct bookings.
- **Achievable:** This is feasible based on previous booking trends and marketing efforts.
- **Relevant:** This aligns with the hotel's goal to reduce reliance on third-party booking sites.
- **Time-bound:** Achieve this increase by December 31, 2025.

This SMART objective provides a clear target for the hotel's marketing efforts, ensuring that everyone involved understands what needs to be accomplished and by when. It also allows the hotel to measure progress effectively and make necessary adjustments along the way.



Figure 4 Climbing (Marcus Hansson/Flickr) CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)

As we learned earlier in this chapter, organizational objectives are high-level goals that reflect the overall direction and priorities of the company. These might include targets for revenue growth, market share, profitability, or expansion into new markets.

Marketing objectives are more specific goals related to marketing activities. These could include increasing brand awareness, generating leads, improving customer retention, or launching new products successfully.

Aligning organizational and marketing objectives is crucial for several reasons:

- **Strategic Focus:** Alignment ensures that marketing efforts directly support the company's overall strategy and goals, creating a unified direction.
- **Resource Optimization:** When objectives are aligned, resources are allocated more efficiently to activities that drive business results.
- **Improved Decision-Making:** Alignment provides a clear framework for evaluating marketing initiatives based on their contribution to broader business objectives.
- **Enhanced Accountability:** Marketers can demonstrate their value and impact on the business more effectively when their goals are tied to organizational objectives.
- **Better Communication:** Alignment helps marketers communicate their plans and results in terms that resonate with executives and other departments.
- **Long-Term Perspective:** Tying marketing objectives to organizational goals encourages a longer-term strategic perspective rather than short-term tactical thinking.
- **Competitive Advantage:** A well-aligned organization can respond more cohesively and effectively to market opportunities and threats.

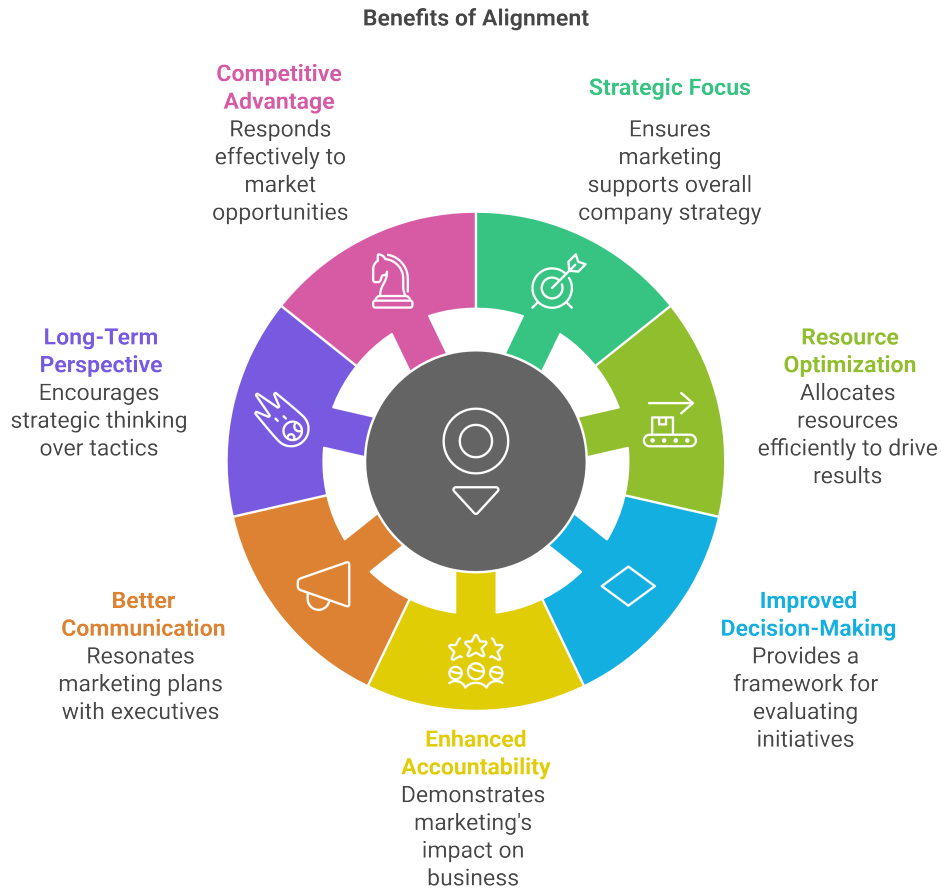


Figure 5 Benefits of aligning organizational and marketing objectives (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Example Alignment of Organizational and Marketing Objectives

Sunny Haven Inn with SMART Goals

Organizational Objective: Increase total annual revenue by 20% from \$500,000 to \$600,000 by December 31, 2025.

Aligned Marketing Objectives:

- Increase direct bookings through the inn's website from 40% to 55% of total bookings by December 31, 2025.
- Grow social media following on Instagram from 5,000 to 8,000 followers by June 30, 2025.

- Improve the repeat guest rate from 30% to 40% of total bookings by December 31, 2025.

How They Align Their Marketing Efforts:

- **Website Improvement:**

- Redesign the website by March 31, 2025, to make booking easier and more attractive.
- Implement a pop-up offering a 10% discount for direct bookings by April 30, 2025.

- **Social Media Engagement:**

- Post at least 5 high-quality photos or videos per week showcasing the inn and local attractions.
- Run a quarterly photo contest where guests can win a free night's stay, starting January 1, 2025.

- **Email Campaigns:**

- Send monthly newsletters to past guests featuring seasonal promotions and local events.
- Implement an automated email series for post-stay follow-ups by May 31, 2025.

- **Loyalty Program:**

- Launch a “Stay 5, Get 1 Free” program by February 28, 2025.
- Offer a 15% discount to returning guests for weekday bookings, effective March 1, 2025.

- **Community Involvement:**

- Partner with at least 3 local businesses to create package deals by July 31, 2025.
- Host a quarterly community event at the inn, starting from Q2 2025.



Figure 6 Façade of the Hochelaga Inn, Kingston, Ont. (Esteban Arango/Pexels) Pexels license (<https://www.pexels.com/license/>)

Implementation and Evaluation



Figure 7 Graveyard lemonade stand (Nina Frazier/Flickr) CC BY-SA 2.0 (<https://creativecommons.org/licenses/by-sa/2.0/>)

Implementation and evaluation (also known as control) represent the phases involved in **executing a marketing plan**.

Implementation involves putting the marketing strategy into action through specific procedures and activities. This includes developing detailed action plans, assigning responsibilities to team members, allocating resources, and setting timelines for various tasks.

Evaluation focuses on monitoring progress and measuring success. It involves establishing **key performance indicators (KPIs)** to track the effectiveness of marketing efforts. KPIs are quantifiable metrics used to measure and demonstrate how effectively objectives are being achieved. KPIs might include metrics such as customer acquisition cost, conversion rates, or return on marketing investment. Regular monitoring and analysis of these metrics allow marketers to assess the performance of their campaigns and make data-driven adjustments as needed.

Methods for monitoring progress include regular reporting, performance reviews, and customer feedback analysis. By implementing a system of implementation and evaluation, organizations can ensure that their marketing strategies are executed effectively and can quickly adapt to changing market conditions or underperforming initiatives.



Figure 8 Key performance indicators (by author using DALL-E) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Examples Key Performance Indicators

Key Performance Indicators: Definitions and Examples

| KPI Type | Definition | Examples |
|------------------|---|--|
| Financial | Measures an organization's financial health, profitability, and growth. | <ul style="list-style-type: none"> • Revenue Growth: Increase in total revenue over time. • Profit Margins: Percentage of revenue remaining after expenses. • Return on Investment (ROI): Profit generated relative to investment costs. |

| | | |
|-----------------|--|---|
| Customer | Evaluates customer satisfaction, retention, and the cost to acquire customers. | <ul style="list-style-type: none"> • Customer Satisfaction (CSAT): Measured through surveys or net promoter score (NPS). • Retention Rate: Percentage of customers retained over time. • Customer Acquisition Cost (CAC): Cost to acquire a new customer. |
| Process | Tracks operational efficiency, quality control, and productivity. | <ul style="list-style-type: none"> • Efficiency Metrics: Time to complete a process. • Quality Control: Number of defects or errors. • Productivity: Output produced per unit of input (e.g., employees, time, and costs). |
| Employee | Monitors employee engagement, satisfaction, and workforce performance. | <ul style="list-style-type: none"> • Turnover Rate: Percentage of employees leaving the organization. • Employee Satisfaction: Measured through engagement surveys. • Training Effectiveness: Improvement in employee performance post-training. |

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Analytic Tools in Marketing Strategy

We will now explore common analytic tools used to inform marketing strategy.

Strategic Planning Tools for Situation Analysis

There are three main strategic planning tools for situation analysis:

1. SWOT analysis
2. BCG matrix
3. Ansoff matrix

SWOT Analysis

SWOT analysis¹ identifies internal strengths and weaknesses, as well as external opportunities and threats. This helps organizations assess their competitive position and prioritize strategic initiatives.

SWOT analysis can be broken down into:

- **Internal Factors:**
 - **Strengths:** Competitive advantages within the organization's control (e.g., location, reputation, and skilled staff).
 - **Weaknesses:** Internal limitations or challenges that hinder performance (e.g., outdated facilities and limited marketing budget).
- **External Factors:**
 - **Opportunities:** External factors that the organization can take advantage of (e.g., new technologies and emerging travel trends).
 - **Threats:** External risks that could negatively impact the business (e.g., economic downturns and increased competition).



Figure 1 SWOT analysis (by author using Microsoft SmartArt) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

BCG Matrix

The **BCG matrix**² (or BCG growth-share matrix) is a well-known management model for analyzing a company's product portfolio. 'BCG' stands for Boston Consulting Group, a well-known consultancy company that developed the BCG matrix in the 1970s. It helps organizations allocate resources, prioritize investments, and make informed decisions about product development, divestiture, or market focus.

The matrix categorizes products or business units into four quadrants based on two key factors: **relative market share** (x-axis) and **market growth rate** (y-axis).

Each quadrant represents a distinct strategic position:

1. **Stars:**

- **Characteristics:** High market growth rate and high relative market share.
- **Strategic Implications:** These products are leaders in fast-growing markets and often require significant investment to maintain or expand their position. Over time, as market growth slows, stars may transition into cash cows.

2. **Cash Cows:**

- **Characteristics:** Low market growth rate but high relative market share.
- **Strategic Implications:** These products generate consistent revenue with minimal investment. Businesses often use cash cows to fund other initiatives, such as developing stars or question marks.

3. Question Marks:

- **Characteristics:** High market growth rate but low relative market share.
- **Strategic Implications:** These products operate in attractive markets but lack dominance. They require careful evaluation to determine whether they should receive further investment or be divested.

4. Dogs:

- **Characteristics:** Low market growth rate and low relative market share.
- **Strategic Implications:** These products typically underperform and may not justify continued investment. Businesses often consider divesting or phasing out dogs unless they serve a strategic niche purpose.

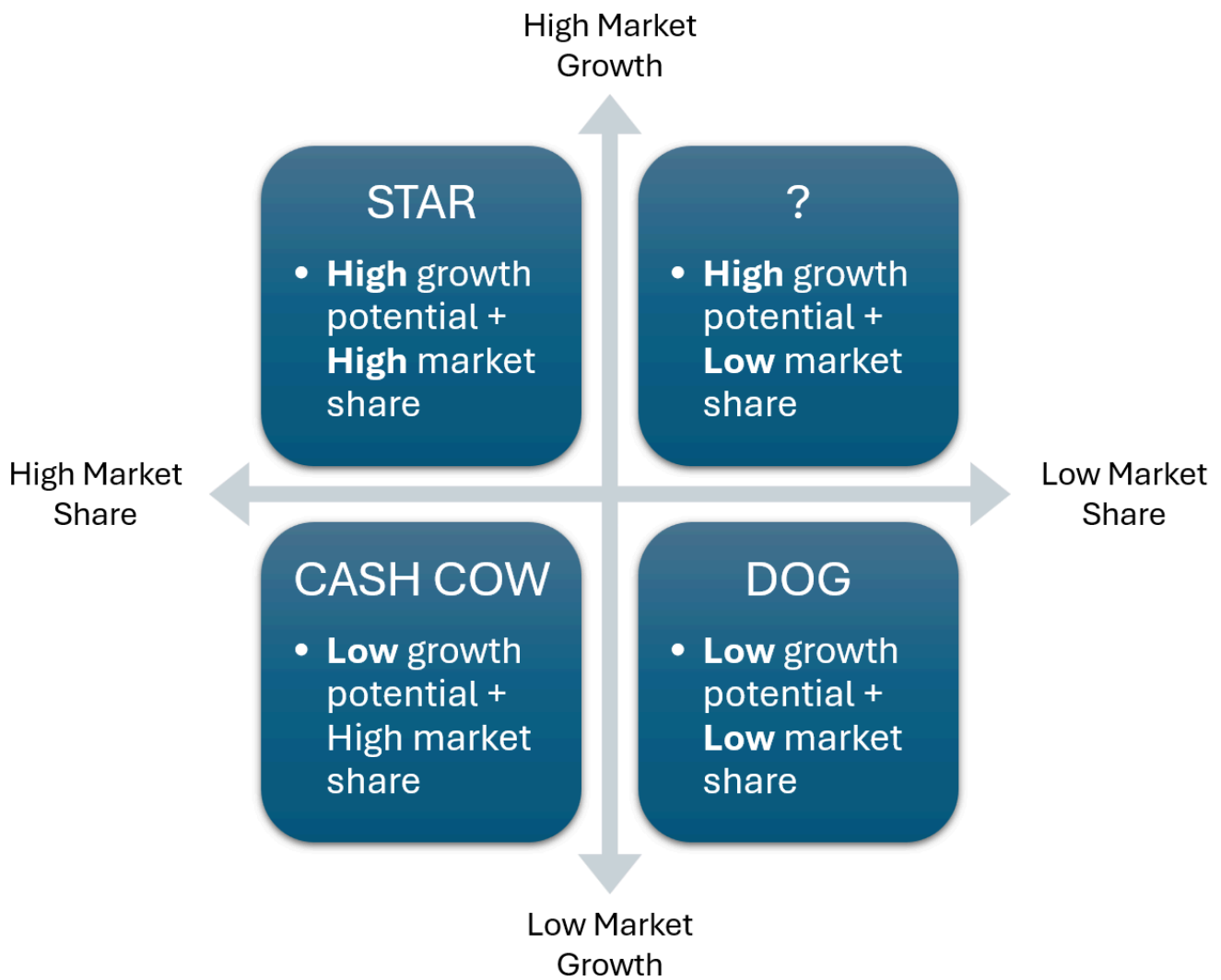


Figure 2 BCG matrix (by author using Microsoft SmartArt) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Ansoff Matrix

The **Ansoff matrix**, also known as the product/market expansion grid³, is a strategic planning tool that helps businesses identify and evaluate growth opportunities. It was developed by Igor Ansoff in 1957.

The matrix consists of four growth strategies:

1. **Market Penetration:** This strategy involves increasing sales of existing products in existing markets. It focuses on selling more to current customers or finding new customers within the same market.
2. **Market Development:** This strategy involves introducing existing products to new markets. It may involve entering new geographical areas, targeting different customer segments, or finding new uses for the products.
3. **Product Development:** This strategy involves creating and introducing new products to existing markets. Companies pursue this strategy to capitalize on their existing customer base by offering new or improved products.
4. **Diversification:** This strategy involves entering new markets with new products. It can be either related diversification (i.e., entering a new industry related to the existing one) or unrelated diversification (i.e., entering a completely different industry).

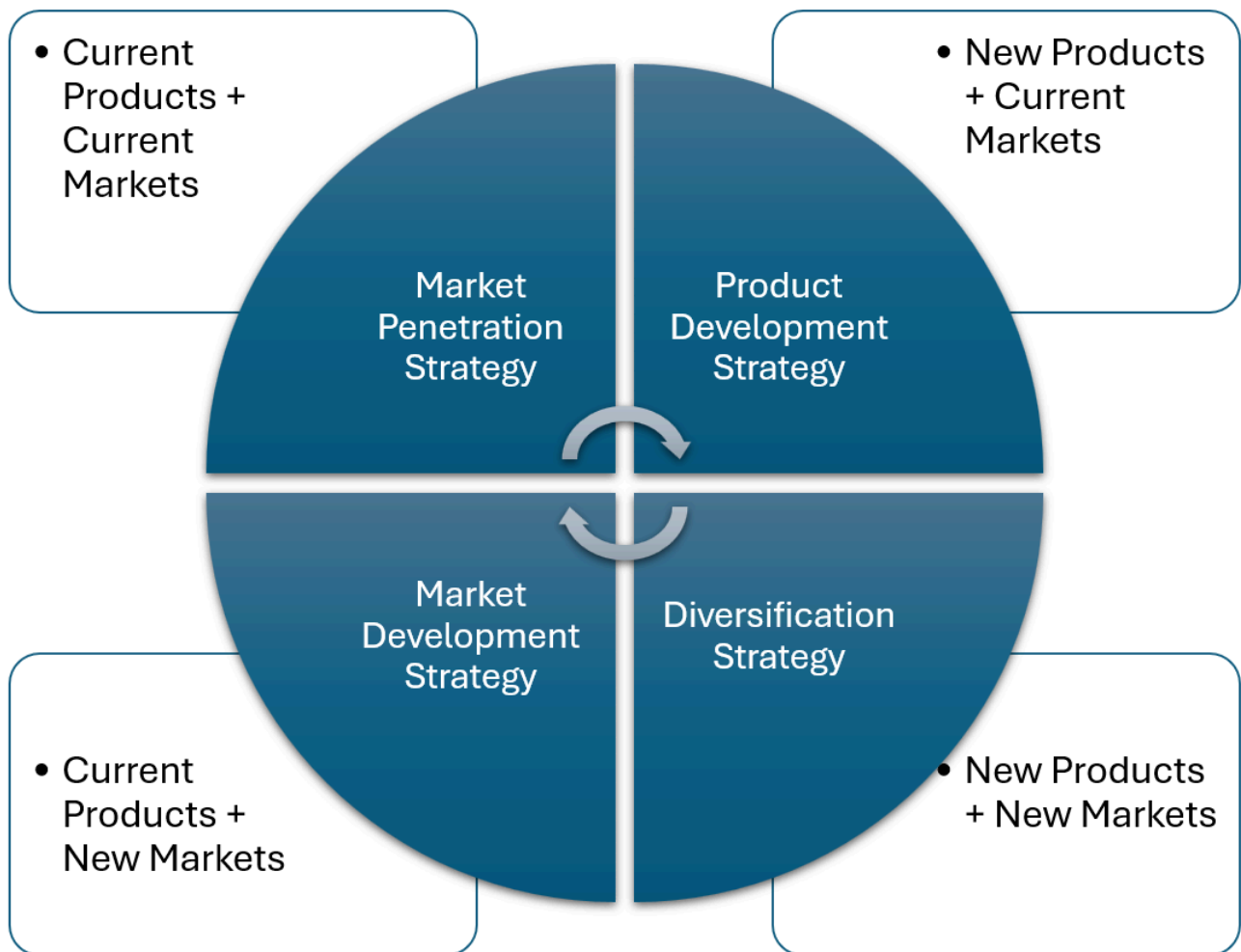


Figure 3 Ansoff matrix (by author using Microsoft SmartArt) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Diversification Strategies

Diversification strategies are approaches companies use to expand their business operations into new markets, products, or services. Types include:

- Horizontal diversification
- Vertical diversification
- Concentric diversification
- Conglomerate diversification

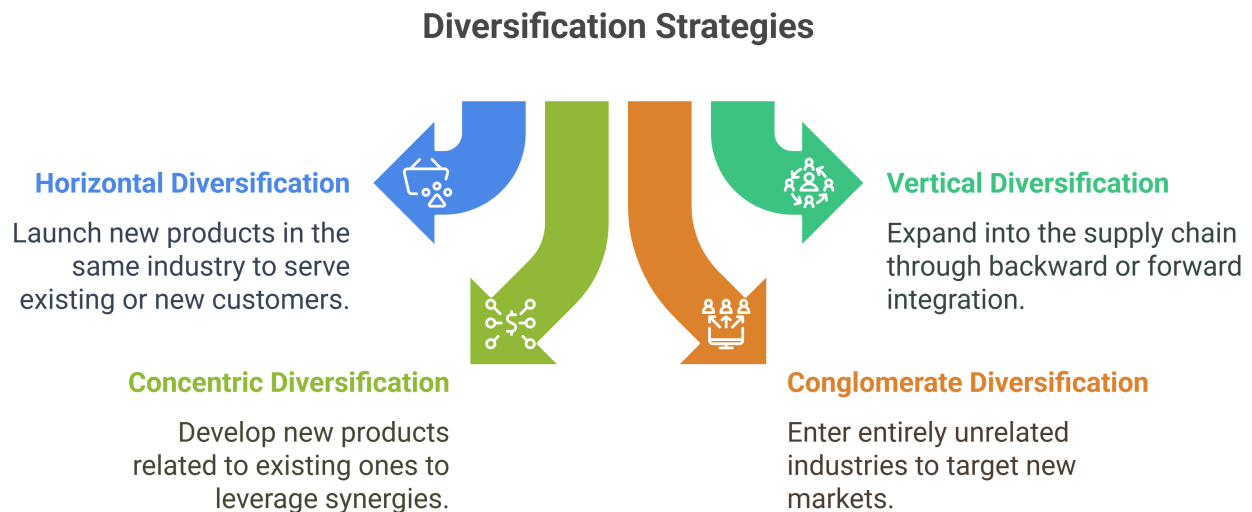


Figure 4 Diversification strategies (by author using Napkin.ai) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Horizontal Diversification

Horizontal diversification involves expanding into new products or services that are related to the company's existing offerings and appeal to current customers. Key aspects include:

- Leveraging existing customer relationships and brand recognition
- Utilizing similar production, distribution, or marketing capabilities
- Aiming to increase market share within the same general industry

Example Horizontal Diversification

Hotel Chain Expansion: A hotel chain expands its brand by acquiring or developing new hotels in different geographic locations, offering similar services to broaden its market reach. This strategy allows the chain to increase its market share and leverage existing brand recognition.

Vertical Diversification

Vertical diversification, also known as vertical integration, involves expanding into different stages of the same industry's value chain. This can be:

- **Forward Integration:** Moving closer to the end consumer.
- **Backward Integration:** Moving closer to raw materials or suppliers.

Key benefits of vertical diversification include greater control over the supply chain, potential cost reductions and improved efficiency, and enhanced quality control.

Examples Vertical Diversification

Cruise Line Ownership of Ports: A cruise line company acquires port facilities to streamline operations and reduce costs associated with docking fees. This forward integration allows the cruise line to have greater control over its supply chain and enhance customer experience at ports.

Resort-Owned Farms: A resort establishes its own organic farm to supply fresh produce for its restaurants. This backward integration ensures quality control and reduces dependency on external suppliers.

Concentric Diversification

Concentric diversification involves expanding into a related industry that can benefit from the company's core competencies. Key aspects include:

- Leveraging existing technologies, production processes, or marketing expertise
- Targeting new customer groups or markets
- Aiming to create synergies between new and existing business lines

Examples Concentric Diversification

Eco-Tourism Expansion: A traditional travel agency expands into eco-tourism by offering environmentally friendly travel packages. This strategy leverages the agency's existing expertise in travel logistics while tapping into a growing market segment focused on sustainability.

Spa Services at Hotels: A hotel chain known for business accommodations introduces wellness and spa services. These new offerings complement the existing hospitality services and attract health-conscious travelers.

Conglomerate Diversification

Conglomerate diversification involves expanding into entirely unrelated industries or markets. This strategy can lead to a more complex organizational structure as it:

- Aims to reduce overall business risk by operating in multiple, unconnected sectors
- Often requires significant resources and new expertise

Examples Conglomerate Diversification

Hotel Group Venturing into Retail: A hotel group diversifies by opening a chain of high-end retail stores that are unrelated to its core hospitality business. This strategy spreads risk across different industries and taps into new revenue streams.

Airline Investing in Technology Startups: An airline invests in technology startups that develop travel-related apps but are not directly linked to its core operations. This move allows the airline to explore innovative solutions and diversify its investment portfolio.



Figure 5 Global expansion (by author using DALL-E) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Choosing a Diversification Strategy

Each diversification strategy has its own set of advantages and risks. The choice depends on various factors, including the company's goals, resources, market conditions, and risk tolerance. Successful diversification can lead to reduced business risk, increased market power, and new growth opportunities. However, it also requires careful planning and execution to avoid overextension and loss of focus on core competencies.

Examples Applying Strategic Planning Tools to Bob's Diner

In this example, Bob's Diner is a fictitious mid-sized restaurant in a small Canadian city.



Figure 6 Bob's Diner (by author using DALL-E) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

SWOT Analysis

Bob's Diner: SWOT Analysis

| SWOT Element | Definition | Bob's Diner Example |
|-------------------|---|---|
| Strengths | Internal capabilities or resources that provide a competitive advantage. | <ul style="list-style-type: none"> • Strong Local Reputation: Known for friendly service and homemade comfort food. • Loyal Customer Base: High repeat business from local families and workers. • Unique Menu Offerings: Signature dishes like "Bob's Famous Meatloaf" attract regulars. |
| Weaknesses | Internal limitations that hinder performance or growth. | <ul style="list-style-type: none"> • Limited Marketing Reach: Minimal online presence and outdated website. |

| SWOT Element | Definition | Bob's Diner Example |
|----------------------|--|--|
| | | <ul style="list-style-type: none"> • Small Workforce: Over-reliance on Bob and key staff members. • Outdated Equipment: Kitchen equipment occasionally causes service delays. |
| Opportunities | External factors or trends that can be leveraged for growth and innovation. | <ul style="list-style-type: none"> • Growing Demand for Delivery: Partnering with food delivery apps like Uber Eats or DoorDash. • Local Tourism Growth: Capturing tourists visiting the area by offering regional dishes. • Sustainability Trends: Introducing eco-friendly practices, like compostable packaging and sourcing local produce. |
| Threats | External challenges or risks that may harm performance. | <ul style="list-style-type: none"> • Economic Downturn: Reduced spending on dining out during recessions. • Increased Competition: New fast-casual restaurants opening nearby. • Rising Food Costs: Inflation driving up prices for meat, produce, and other supplies. |

Strategic Recommendations for Bob's Diner:

- **Leverage Opportunities:** Partner with food delivery apps to reach a broader market, especially younger customers.
- **Address Weaknesses:** Invest in a simple website and social media presence to attract new customers.
- **Enhance Strengths:** Promote signature dishes like “Bob's Famous Meatloaf” with specials and loyalty rewards.
- **Mitigate Threats:** Control costs by negotiating with local suppliers and sourcing seasonal, budget-friendly ingredients.

BCG Matrix

Bob's Diner: BCG Matrix

| Quadrant | Definition | Bob's Diner Example | Strategy |
|------------------|---|--|---|
| Stars | High growth, high market share. These are top performers requiring investment to maintain growth. | <ul style="list-style-type: none"> • Bob's Famous Meatloaf: A best-seller that attracts both loyal customers and new diners. • Weekend Family Specials: Popular during peak times like weekends. | <ul style="list-style-type: none"> • Invest in marketing and promotions to maximize growth. • Expand production to meet demand. |
| Cash Cows | Low growth, high market share. These offerings generate consistent revenue with minimal investment. | <ul style="list-style-type: none"> • Classic Breakfast Combo: A reliable favorite with steady demand among regulars. | <ul style="list-style-type: none"> • Maintain quality and service. • Use cash flow to fund other growth opportunities. |

| | | | |
|-----------------------|--|--|---|
| | | <ul style="list-style-type: none"> • Daily Coffee Sales: Generates consistent sales throughout the day. | |
| Question Marks | High growth, low market share. These offerings have potential but need investment to gain market traction. | <ul style="list-style-type: none"> • Vegan and Gluten-Free Options: Growing demand, but limited awareness and uptake. • Local Craft Beer Nights: Emerging trend but underpromoted. | <ul style="list-style-type: none"> • Test and refine offerings. • Increase promotion to assess long-term viability. |
| Dogs | Low growth, low market share. These are underperformers with little future potential. | <ul style="list-style-type: none"> • Classic Tuna Sandwich: Minimal orders and low demand. • Midweek Specials: Unpopular and often result in food wastage. | <ul style="list-style-type: none"> • Phase out or revamp menu items. • Reallocate resources to higher-performing offerings. |

Strategic Insights for Bob's Diner:

- **Stars:** “Bob's Famous Meatloaf” and “Weekend Specials” should receive investment in marketing and capacity improvements to capitalize on their popularity and sustain growth.
- **Cash Cows:** Classic breakfast combos and coffee sales provide steady revenue. Use these profits to fund innovations like vegan options or promotions.
- **Question Marks:** Evaluate the performance of vegan options and craft beer nights by increasing awareness through social media and limited time offers. Monitor performance to determine if they can transition into Stars.
- **Dogs:** Underperforming items, such as the tuna sandwich and midweek specials, should be phased out to reduce waste and streamline the menu.

| | | |
|-----------------------------|---|---|
| | Market Share High | Market share Low |
| Market Growth High ↑ | Stars Famous Meatloaf Weekend Specials | Question Marks Vegan Options Craft Beer Nights |
| Market Growth Low ↓ | Cash Cows Classic Breakfast Combo Daily Coffee Sales | Dogs Classic Tuna Sandwich Midweek Specials |

Figure 7 Bob's BCG matrix (by author) CC BY-NC-SA 4.0 (<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>)

Ansoff Matrix

Bob's Diner: Ansoff Matrix (Product/Market Expansion Grid)

| Ansoff Quadrant | Definition | Bob's Diner Example | Strategy |
|----------------------------|---|---|---|
| Market Penetration | Increasing sales of existing products in current markets. | <ul style="list-style-type: none"> Promote best-selling items like "Bob's Famous Meatloaf" to existing customers. Introduce loyalty programs or discounts for frequent diners. | <ul style="list-style-type: none"> Enhance marketing via social media and local ads. Launch a customer loyalty card for regulars. |
| Product Development | Offering new products to current markets. | <ul style="list-style-type: none"> Introduce new menu options, like vegan or gluten-free dishes to cater to dietary trends. Add seasonal or holiday-themed specials like "Pumpkin Pie Pancakes." | <ul style="list-style-type: none"> Test limited-time offerings to assess customer response. Create special menus for holidays and local events. |

| Ansoff Quadrant | Definition | Bob's Diner Example | Strategy |
|---------------------------|--|---|---|
| Market Development | Expanding into new markets with existing products. | <ul style="list-style-type: none"> Partner with delivery apps (e.g., Uber Eats and DoorDash) to reach takeout customers. Target local tourists by offering regional dishes. Expand catering services for local events. | <ul style="list-style-type: none"> Use online platforms to reach new demographics. Advertise regionally to attract tourists and event planners. |
| Diversification | Introducing new products to new markets. | <ul style="list-style-type: none"> Launch a Bob's Diner Food Truck for local events and festivals. Offer cooking classes featuring signature dishes like "Bob's Meatloaf." | <ul style="list-style-type: none"> Invest in a food truck or event-based revenue streams. Partner with local businesses for collaborative events. |

Example Strategy in Action

Moneyball SWOT Analysis⁴⁵

"Moneyball | Peter Brand's first day" [4:24 min] by NOW PLAYING⁶



One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://marketingmap.pressbooks.tru.ca/?p=246#oembed-1> (#oembed-1)

If you are using a printed copy, you can scan the QR code with your digital device to go directly to the video: "Moneyball | Peter Brand's first day" [4:24 min] by NOW PLAYING (<https://youtu.be/unGSY5l76YQ?si=SD4sT6nx4jeb-O8H>)



The movie *Moneyball* provides a powerful illustration of how a situation analysis, particularly through the lens of a SWOT (strengths, weaknesses, opportunities, and threats) framework, can reveal hidden opportunities and lead to a competitive advantage.

Strengths: The Oakland A's identified their strength in data analysis capabilities. By employing advanced statistical methods, they were able to evaluate players more effectively than traditional scouting methods. This analytical strength allowed them to see value where others did not.

Weaknesses: The team's primary weakness was its limited budget, which prevented them from competing for high-profile, expensive players. However, by recognizing this weakness, they were forced to innovate and find alternative strategies.

Opportunities: The A's discovered a significant opportunity in the market inefficiency of player valuation. By focusing on undervalued statistics like on-base percentage and slugging percentage, they identified players who were overlooked by other teams. This opportunity allowed them to acquire talented players at a fraction of the cost of more traditionally valued players.

Threats: The main threat was the competition from larger market teams with substantially higher budgets. The Yankees, for example, had a payroll of over \$125 million compared to the A's \$41 million. This financial disparity threatened the A's ability to compete effectively.

Leveraging the SWOT Analysis

By conducting this thorough situation analysis, the Oakland A's were able to:

- Identify undervalued players using advanced metrics that other teams overlooked.
- Build a competitive team despite having one of the lowest budgets in the league.
- Focus on key performance indicators like on-base percentage and slugging percentage, which were more predictive of a player's ability to score runs.
- Compete successfully against teams with much larger budgets, achieving 95 wins on average between 2000 and 2006.

The *Moneyball* approach demonstrates how a well-executed situation analysis can reveal opportunities that others miss. By leveraging data analytics to identify undervalued assets (in this case, players), the Oakland A's were able to turn their financial weakness into a strategic advantage. This strategy not only allowed them to compete effectively but also revolutionized how player value is assessed in baseball.

The success of the *Moneyball* strategy in baseball has implications beyond sports, showing how data-driven decision-making and innovative thinking can help organizations identify and capitalize on hidden opportunities, even when facing significant resource constraints.

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Notes

1. Benzaghta, M. A., Elwalda, A., Mousa, M. M., Erkan, I., & Rahman, M. (2021). SWOT analysis applications: An integrative literature review. *Journal of Global Business Insights*, 6(1), 55–73. <https://www.doi.org/10.5038/2640-6489.6.1.1148> (<https://www.doi.org/10.5038/2640-6489.6.1.1148>)
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Marketing Strategy and the Marketing Mix

We will now explore examples of corporate strategies and how they can be supported by marketing strategy and the marketing mix (4Ps).

Example Scenario I: Restaurant Diversification Strategy



Figure 1 Restaurant (Igor Starkov/Pexels)
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A local restaurant wants to undertake a diversification strategy, expanding the company's role in its value chain through horizontal or vertical integration. Here is how the marketing strategy and the marketing mix (4Ps) can support this business strategy.

Horizontal Integration

Horizontal integration involves expanding into similar markets or acquiring competitors to increase market share.

Marketing Mix Decisions:

- **Product:** If the restaurant acquires another local eatery, it can diversify its menu offerings by incorporating popular dishes from the acquired business. This enhances the product range and attracts a broader customer base.

- **Price:** Implement bundle pricing strategies across both locations, offering discounts for customers who dine at both restaurants. This encourages cross-patronage and builds customer loyalty.
- **Place:** Utilize both locations to optimize delivery routes and reduce costs, ensuring efficient service to a wider area. This can also involve synchronizing reservation systems to streamline customer experiences.
- **Promotion:** Launch a joint marketing campaign highlighting the unique offerings of each location. Use social media platforms to promote special events or menu collaborations between the two venues.

Vertical Integration

Vertical integration involves controlling additional stages of the supply chain, such as suppliers or distributors.

Marketing Mix Decisions:

- **Product:** If the restaurant starts sourcing ingredients directly from local farms, it can market its dishes as “farm-to-table,” emphasizing freshness and quality. This can attract health-conscious diners and enhance brand reputation.
- **Price:** By reducing costs through direct sourcing, the restaurant can offer competitive pricing or premium options with higher margins, appealing to different customer segments.
- **Place:** Establish a direct-to-consumer channel, such as a farm shop or online store, where customers can purchase fresh ingredients used in the restaurant’s dishes. This expands revenue streams and brand presence.
- **Promotion:** Highlight the vertical integration in marketing materials by showcasing partnerships with local suppliers. Use storytelling in digital content to connect with customers who value sustainability and local sourcing.

Example

Scenario 2: Event Company Product Development Strategy



Figure 2 Multimedia event (JULIO NERY/Pexels) Pexels license (<https://www.pexels.com/license/>)

An event planning company wants to pursue a product development strategy, introducing new services to its existing market. Here is how the marketing strategy and the marketing mix (4Ps) can support this business strategy.

Marketing Mix Decisions:

- **Product:** The company introduces virtual event planning services, including hybrid events that combine in-person and online elements. This expands their product range to meet evolving client needs in the digital age.
- **Price:** Implement a tiered pricing structure for the new virtual event services, offering basic, standard, and premium packages. This allows clients to choose based on their budget and desired features.
- **Place:** Develop a user-friendly online platform for clients to plan, manage, and execute virtual events. This digital “place” complements the company’s physical office and expands accessibility.
- **Promotion:** Launch a digital marketing campaign showcasing the benefits of virtual and hybrid events.

Use case studies and testimonials from early adopters to build credibility and attract new clients.

Example

Scenario 3: Adventure Tour Guide Business Market Development Strategy



Figure 3 Mountain bike (Swagath Mohan/Pexels) Pexels license (<https://www.pexels.com/license/>)

An adventure tour guide business aims to implement a market development strategy, targeting new customer segments or geographical areas with its existing services. Here is how the marketing strategy and the marketing mix (4Ps) can support this business strategy.

Marketing Mix Decisions:

- **Product:** Adapt existing adventure tours to cater to different fitness levels or age groups, such as creating “family-friendly” versions of popular treks. This allows the company to target new demographics without significantly altering its core offerings.
- **Price:** Introduce dynamic pricing strategies that offer discounts during off-peak seasons or for group bookings. This can attract price-sensitive customers and increase bookings during slower periods.
- **Place:** Partner with online travel agencies (OTAs) and local destination marketing/management organization (DMO) in new target regions to expand distribution channels. This increases visibility and accessibility in new markets.

- **Promotion:** Develop targeted social media campaigns for specific customer segments, such as adventure-seeking retirees or corporate team-building groups. Use influencer partnerships to reach these new audiences effectively.

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Summary

This chapter provided an overview of strategic planning in marketing, emphasizing its role in organizational success.

Key Takeaways

1. **Strategic planning** serves as a blueprint for aligning marketing initiatives with organizational goals, ensuring cohesion and efficiency.
2. Frameworks like **SWOT**, the **BCG matrix**, and the **Ansoff matrix** provide structured approaches for assessing opportunities, challenges, and growth strategies.
3. **Marketing planning** is a focused subset of strategic planning, translating high-level objectives into actionable campaigns that drive measurable outcomes.
4. Achieving a **sustainable competitive advantage** is a foundation for strategic success, requiring unique and strong capabilities that set your organization apart.
5. The **alignment** of strategic and marketing objectives creates synergy, enabling better decision-making, resource allocation, and long-term success.

Exercises Check Your Understanding

Exercise 1: SWOT Elements

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 1: SWOT Elements (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-10-summary/#h5p-12>)



An interactive H5P element has been excluded from this version of the text. You can view it online here:
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Exercise 2: BCG Matrix Quadrants

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 2: BCG Matrix Quadrants (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-10-summary/#h5p-13>)



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Exercise 3: SMART Goals

Task: Convert the following marketing objective into a SMART goal: “Increase bookings from international tourists.”

Recommended Answer:

SMART Goal: Increase bookings from international tourists by 25% from 10,000 to 12,500 within the next 12 months through targeted digital marketing campaigns and partnerships with overseas travel agencies.

Exercise 4: Ansoff Matrix Strategy

Task: Identify which Ansoff matrix strategy is being used in the following scenario: “A ski resort introduces summer mountain biking tours to attract visitors during the off-season.”

Recommended Answer:

This scenario represents a **product development** strategy. The ski resort is creating a new product (mountain biking tours) for its existing market (current visitors and potential new customers in the same location).

Exercise 5: Sustainable Competitive Advantage

Task: Explain how a luxury hotel chain might create a sustainable competitive advantage through differentiation.

Recommended Answer:

A luxury hotel chain could create a sustainable competitive advantage through differentiation by:

- Offering personalized butler service for all guests
- Implementing cutting-edge technology for room customization and guest experience
- Partnering with renowned chefs to create unique dining experiences
- Providing exclusive access to local cultural experiences and attractions

This approach would be difficult for competitors to replicate quickly, creating a unique value proposition for guests seeking premium, personalized experiences.

Exercise 6: Multiple Choice Questions

If you are using a printed copy, you can scan the QR code with your digital device to go directly to Exercise 6: Multiple Choice Questions (<https://marketingmap.pressbooks.tru.ca/chapter/chapter-10-summary/#h5p-14>)



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Exercise 7: Integrative Case

Leveraging Film and Television in Hospitality Marketing¹

Title: Hotels & Hollywood: How Iconic Film Locations Drive Tourism and Revenue for Hotels

Overview

This article explores how hotels around the world, including several in Canada, have leveraged their appearances in films and television shows to boost tourism, increase brand visibility, and drive revenue. The article highlights examples such as the Fairmont Le Château Frontenac in Quebec City, which saw a surge in visitors after being featured in the 2024 romantic comedy *French Girl*, and the Fontainebleau Miami Beach, which has appeared in over 20 films and TV shows.

We will examine how hotels can capitalize on “screen tourism” while balancing brand alignment, guest experience, and sustainability.

Key Information From the Article:

- **Screen Tourism Impact:** The article highlights that more than half of international travelers are inspired by films and television shows when planning their trips. This phenomenon is known as **screen tourism**. For example, after *French Girl* was released, fans flocked to Fairmont Le Château Frontenac, leading to increased bookings and special menu items inspired by the film.
- **Cultural Significance of Iconic Hotels:** Hotels like the Fontainebleau Miami Beach have

appeared in over 20 films and TV shows, including *Goldfinger*, *Scarface*, and *The Marvelous Mrs. Maisel*. These appearances have made the property a cultural landmark, attracting tourists who want to experience the locations they have seen on screen. The Stanley Hotel in Colorado, which inspired Stephen King's *The Shining*, continues to draw fans decades after the film's release. The hotel has even built a \$70-million Stanley Film Center to capitalize on its connection to the movie.

- **Collaborations with Film Productions:** Hotels often collaborate with film production teams to ensure that their properties are portrayed in ways that align with their brand image. For instance, as mentioned in the previous point, the Stanley Hotel in Colorado opened a \$70 million Stanley Film Center to cater to fans of Stephen King's *The Shining*.
- **Tourism Boost from International Markets:** The article also mentions that some hotels benefit from international markets due to their screen appearances. For example, after Fairmont Le Château Frontenac appeared in a popular Korean TV series (*Guardian: The Lonely and Great God*), it spurred a direct flight from Seoul to Quebec City.

Key Insights from the Article:

- **Economic Impact:**
 - Over 50% of international travelers' plans are influenced by films and TV shows.
 - Castle Howard experienced a 3,400% increase in 16–24-year-old visitors due to *Bridgerton*.
 - Direct flights from Seoul to Quebec City were launched due to a Korean TV series featuring Château Frontenac.
- **Marketing Innovations:**
 - Fairmont Le Château Frontenac added special *French Girl* menu items at Bistro Le Sam.
 - Hotels offer themed tours and experiences based on their film history.
 - Properties leverage virtual reality and historical artifacts to enhance visitor experiences.

Case Questions

Question 1: Screen Tourism Strategy

How can hotels effectively capitalize on their appearances in films or TV shows?

Recommended Answer:

Hotels can:

- Develop themed experiences (like Château Frontenac's menu items).
 - Create dedicated tours highlighting filming locations.
 - Integrate film history into their marketing materials.
 - Maintain relationships with film promotion offices.
 - Ensure their property information is current for future opportunities.
-

Question 2: Revenue Generation

What are the various revenue streams hotels can develop from their screen presence?

Recommended Answer:

Hotels can generate revenue through:

- Themed food and beverage offerings
 - Guided tours (like Fairmont Banff Springs' successful tour program)
 - Special accommodation packages featuring famous rooms or suites
 - Film-inspired merchandise or experiences
 - Premium rates for rooms featured in popular productions
-

Question 3: Brand Value Enhancement

How does appearing in films or TV shows impact a hotel's brand value?

Recommended Answer:

Screen presence can:

- Create global exposure and recognition.
 - Attract new market segments (as seen with Castle Howard's youth demographic increase).
 - Generate social media engagement and organic marketing.
 - Establish the property as a cultural landmark.
 - Create lasting appeal through film revivals and anniversaries.
-

Question 4: Decision-Making Process

What factors should hoteliers consider when approached for film productions?

Recommended Answer:

Key considerations include:

- Production scale and duration
 - Brand alignment with content
 - Impact on guest experience
 - Marketing potential post-release
 - Operational considerations during filming
 - Protection of property reputation
-

Critical Thinking Questions

Question 1: Screen Tourism as a Marketing Strategy

How can hotels effectively leverage their appearances in films or television shows to boost tourism? What are some potential risks of relying on screen tourism?

Recommended Answer:

Hotels can leverage screen tourism by promoting their connection to popular films or TV shows through marketing campaigns, offering themed packages or tours (e.g., special menus at Fairmont Le Château Frontenac), and highlighting specific rooms or areas featured on-screen.

However, relying too heavily on-screen tourism can be risky if the associated film or show fades from public interest or if it portrays the hotel negatively.

Question 2: Brand Alignment with Film Productions

How should hotels assess whether a film or television production aligns with their brand image before agreeing to collaborate?

Recommended Answer:

Hotels should carefully evaluate whether the themes, tone, and content of the production align with their brand values. For example, if a film contains controversial content that could alienate certain customer segments, it may not be worth the exposure. Additionally, hotels should ensure that the portrayal of their property enhances its appeal rather than detracting from it.

Question 3: Cultural Significance and Long-Term Impact

What long-term benefits can hotels gain from becoming cultural landmarks due to their appearances in iconic films? Provide examples from the case.

Recommended Answer:

Hotels that become cultural landmarks can enjoy sustained interest from tourists who want to experience a piece of cinematic history.

For example, Fontainebleau Miami Beach continues to attract guests because of its appearances in classic films like *Goldfinger* and *Scarface*. Similarly, the Stanley Hotel capitalized on its connection to *The Shining* by opening a dedicated film centre. These associations can lead to long-term increases in bookings and brand recognition.

Question 4: International Market Opportunities:

How can hotels capitalize on international market opportunities created by their appearances in foreign films or TV shows?

Recommended Answer:

Hotels can capitalize on international market opportunities by tailoring marketing campaigns to specific regions where the film or show is popular. For example, after Fairmont Le Château Frontenac appeared in a Korean TV series, it saw an influx of Korean tourists. Hotels can also work with travel agencies or airlines (as seen with the direct flight from Seoul) to create travel packages targeting these international audiences.

Question 5: Sustainability Challenges for Screen Tourism

What sustainability challenges might arise from increased screen tourism at hotels? How can hotels address these challenges while maintaining profitability?

Recommended Answer:

Increased screen tourism may lead to higher energy consumption, waste generation (e.g., single-use plastics), and strain on local infrastructure due to an influx of visitors.

To address these challenges, hotels can implement eco-friendly practices, such as offering sustainable tours (e.g., walking tours instead of bus tours), reducing plastic waste through refillable water stations, and promoting public transportation options for guests.

Glossary of Key Terms

Ansoff Matrix: A strategic framework for identifying growth opportunities by categorizing strategies into market penetration, market development, product development, and diversification.

BCG Matrix: A framework created by Boston Consulting Group to evaluate the strategic position of a business brand

portfolio and its potential. It classifies business units or products into four categories based on market growth and market share: Stars, Cash Cows, Question Marks, and Dogs.

Competitive Advantage: A condition or circumstance that puts a company in a favorable or superior business position relative to its competitors.

Competitive Strategies: Approaches organizations use to gain a market advantage, including cost leadership, differentiation, operational effectiveness, and customer relationship management.

Corporate Strategy: The overall scope and direction of an organization and the way in which its various business operations work together to achieve particular goals.

Cost Leadership: A competitive strategy where a company aims to become the lowest-cost producer in its industry while maintaining acceptable quality standards.

Differentiation: A marketing strategy that aims to distinguish a company's products or services from others available in the market to make it more attractive to a particular target market.

Diversification: A growth strategy involving entering new markets with new products or services.

High-Performing Business: Organizations that consistently outperform their competitors by excelling in areas such as strategic focus, operational efficiency, customer satisfaction, and employee empowerment.

Key Performance Indicators (KPIs): Quantifiable metrics used to evaluate the success of an organization, employee, or project in meeting objectives for performance.

Market Development: A growth strategy that involves selling existing products to new markets or customer segments.

Market Penetration: A growth strategy focused on selling existing products to existing markets, often through increased marketing efforts or competitive pricing.

Marketing Objectives: Specific, measurable goals that a company aims to achieve through its marketing efforts, typically aligned with broader organizational goals.

Marketing Planning: The process of creating a detailed roadmap for an organization's marketing activities, typically including situation analysis, goal setting, strategy formulation, and tactics development.

Marketing Strategy: A subset of strategic planning focused on identifying and executing initiatives to attract and retain customers, support organizational goals, and establish a competitive edge.

Product Development: A growth strategy that involves creating new products or services for existing markets.

Situation Analysis: A comprehensive examination of an organization's internal and external environment to inform strategic decision-making.

SMART Objectives: A framework for setting goals that are Specific, Measurable, Achievable, Relevant, and Time-bound.

Strategic Planning: A comprehensive process that defines an organization's long-term goals and outlines the steps to achieve them, aligning resources and efforts across all levels.

Sustainable Competitive Advantage (SCA): The unique, long-term advantage a company holds over its competitors, built on distinctive resources or capabilities that are difficult to replicate.

SWOT Analysis: A framework for assessing an organization's Strengths, Weaknesses, Opportunities, and Threats to inform strategic decision-making.

Notes

1. Lynch, A. (2024, November 15). Hotels & hollywood. *STAY Magazine*, (Fall 2024), 58-66. <https://www.staymagazine.ca/articles/hotels-hollywood> (<https://www.staymagazine.ca/articles/hotels-hollywood>)

Glossary

ADAMS Framework

A set of criteria used to assess market segments, which stands for Accessible, Differentiable, Actionable, Measurable, and Substantial. This framework helps marketers evaluate the viability of different segments for targeting.

Adopter Categories

Classifications of consumers based on when they adopt new products, including innovators, early adopters, early majority, late majority, and laggards.

Advertising

A paid, non-personal form of communication that promotes products, services, or ideas to a broad audience through various media channels, such as TV, radio, print, or digital platforms.

Affiliate Marketing

A performance-based marketing strategy where affiliates earn commissions by promoting a company's products or services through unique links that track conversions.

Agents and Brokers

Agents and brokers facilitate transactions without taking ownership of products or services.

AIDA Model

A framework outlining the stages a consumer goes through in the purchasing process: Attention, Interest, Desire, and Action.

Alliances

Strategic partnerships or collaborations with foreign companies without creating a separate entity, allowing for flexibility and access to partner resources.

Allocentrics

Consumers who prioritize social and environmental factors in their purchasing decisions. They tend to be more community-oriented and value experiences that benefit others.

American Marketing Association (AMA)

The professional association that provides the widely accepted definition of marketing.

Anchoring

A psychological pricing technique where a reference price is provided to influence consumers' perception of value, making the actual price seem more attractive.

Ansoff Matrix

A strategic framework for identifying growth opportunities by categorizing strategies into market penetration, market development, product development, and diversification.

Artificial Intelligence (AI)

The use of computer systems to simulate human intelligence, enabling tasks such as data analysis, predictive modeling, and automation in marketing research.

Augmented Product

Additional services and benefits that enhance the product's value, such as warranties, customer service, and delivery options.

B2B (Business-to-Business)

A type of transaction or business model where businesses sell products or services to other businesses.

B2C (Business-to-Consumer)

A type of transaction where businesses sell products or services directly to consumers.

BCG Matrix

A framework created by Boston Consulting Group to evaluate the strategic position of a business brand portfolio and its potential. It classifies business units or products into four categories based on market growth and market share: Stars, Cash Cows, Question Marks, and Dogs.

Behavioural Segmentation

The division of the market based on consumer behaviours, such as purchasing habits, brand interactions, and product usage rates. This approach helps businesses target consumers based on their actions with the brand.

Bias

A systematic error in data collection that can distort research findings, such as selection bias (non-representative sampling) or response bias (inaccurate participant responses).

Brand

A distinctive feature like a name, term, design, or symbol that identifies goods or services and represents a company's reputation as perceived by the public.

Brand Ambassadors

Individuals who represent and promote a brand in a positive light, often leveraging their personal networks and social media presence to increase brand awareness and influence consumer perceptions.

Brand Awareness

The extent to which consumers are familiar with and recognize a brand, increasing the likelihood of consumers choosing the brand over competitors.

Brand Equity

The value a brand adds to a product or service beyond its functional attributes, derived from consumer perceptions, experiences, and associations.

Brand Image

The perception of attributes that consumers have of a brand, such as quality, reliability, and uniqueness.

Brand Loyalty

The tendency of consumers to consistently choose a specific brand over others, contributing to stable sales and brand advocacy.

Branded House

A branding strategy where a company uses a single master brand across all its products and services.

Buyer Personas

Detailed, semi-fictional representations of individual customers within market segments. They are created using data and research to embody specific traits, behaviours, needs, and goals of ideal customers.

Buying Centre

A group of individuals within an organization who are involved in making purchasing decisions for the company.

Campaign

A planned, coordinated series of marketing communication efforts built around a single theme or idea, designed to achieve specific goals such as increasing awareness, engagement, or sales.

Channel Length

The number of intermediary levels in a distribution channel between the producer and the end consumer.

Charm Prices

A pricing strategy that uses prices ending in odd numbers (e.g., \$199 instead of \$200) to create the perception of a lower cost and better value.

Communication Channels

The mediums used to deliver marketing messages to target audiences, including social media, email, television, print media, and in-person events.

Communication Process

The structured approach to delivering marketing messages effectively. It includes identifying the target audience, setting objectives, designing the message, selecting channels and sources, and measuring results.

Competitive Advantage

A condition or circumstance that puts a company in a favorable or superior business position relative to its competitors.

Competitive Strategies

Approaches organizations use to gain a market advantage, including cost leadership, differentiation, operational effectiveness, and customer relationship management.

Competitor-Oriented Pricing

A strategy where prices are set based on competitors' pricing, either matching, pricing above, or pricing below competitors.

Consumer Decision-Making Process

The series of steps consumers go through when deciding to purchase a product or service, typically including need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation.

Content Marketing

Creating and sharing valuable, relevant content (e.g., blogs, videos, infographics) to attract and engage a target audience, ultimately driving customer actions.

Convenience Products

Low-cost, frequently purchased items that require minimal effort for consumers to acquire.

Copyright

A type of intellectual property that provides legal protection, granting creators exclusive rights to their original works, such as literature, music, art, software, logos, and marketing materials.

Core Product

The fundamental benefit or value that the consumer receives from the product, addressing the primary need or problem the product solves.

Corporate Social Responsibility (CSR)

Voluntary efforts by companies to integrate ethical, sustainable, and socially responsible practices into their operations and strategic goals.

Corporate Strategy

The overall scope and direction of an organization and the way in which its various business operations work together to achieve particular goals.

Cost Leadership

A competitive strategy where a company aims to become the lowest-cost producer in its industry while maintaining acceptable quality standards.

Cultural Intelligence (CQ)

The capability to understand, adapt, and function effectively across various cultural contexts and environments.

Culture

The shared beliefs, values, customs, and behaviours of a group or society that influence consumer behaviour.

Customer Experience Management (CEM)

The process of improving service quality and customer satisfaction through cohesive brand interactions.

Customer Relationship Management (CRM)

A system or strategy for managing interactions with current and potential customers, enhancing relationships across the customer lifecycle.

Customer-Oriented Pricing

A strategy focusing on the customer's perceived value and willingness to pay rather than solely on costs or competitors' prices.

Data

Raw, unorganized facts and figures without context, such as numbers, symbols, or text.

Demands

Wants that are backed by the ability and willingness to purchase.

Demographic Segmentation

The process of dividing the market based on demographic factors such as age, gender, income, education, occupation, and family size.

Derived Demand

The demand for a product or service that results from the demand for another product or service.

Differentiated Marketing

A targeting strategy that involves targeting several market segments with a different offer for each.

Differentiation

A marketing strategy that aims to distinguish a company's products or services from others available in the market to make it more attractive to a particular target market.

Digital Marketing

The use of internet-based platforms and technologies to promote products or services. Key components include social media marketing, search engine optimization (SEO), content marketing, and email marketing.

Digital Newsroom

An online platform where organizations provide press releases, multimedia content, and other resources for journalists and the public to access up-to-date information about the brand.

Digital Qualitative Research

The use of online tools and platforms to collect qualitative data, such as virtual focus groups or social media analytics.

Direct Channel

A distribution channel where a producer sells directly to the end consumer without any intermediaries.

Direct Investment

Establishing wholly owned subsidiaries or acquiring existing businesses in foreign markets, providing full operational control but requiring substantial capital investment.

Direct Marketing

A promotional method involving direct communication with targeted consumers to generate a response or transaction. Examples include email campaigns, personalized mailers, and telemarketing.

Discounting Strategies

Methods such as seasonal discounts, quantity discounts, and bundling used to attract customers or clear inventory while maintaining profitability.

Distribution Channel

The path through which products or services move from the producer to the end consumer.

Distribution Intensity

The extent to which a product is made available in the market, ranging from intensive (widely available) to selective or exclusive (limited availability).

Distribution Strategy

The overall plan for how a company will make its products or services available to customers.

Diversification

A growth strategy involving entering new markets with new products or services.

Dynamic Pricing

Real-time price adjustments based on factors like demand, competition, and customer behavior — often leveraging big data and AI technologies.

Economic Man Theory

An early model of consumer decision-making based on principles of economics, assuming consumers are rational and self-interested individuals.

Email Marketing

Sending targeted emails to nurture relationships with customers, promote products, or provide updates, often personalized to enhance engagement.

Embargoes

Complete bans on trade with specific countries or on certain goods, imposed by governments as a form of trade restriction.

Environmental Scanning

The continuous monitoring of the business environment to identify trends, opportunities, and competitive actions.

Ethical Marketing

Marketing practices that adhere to moral principles and values, considering the broader impact on society and stakeholders.

Ethical Pricing Practices

Ensuring compliance with laws and ethical standards by avoiding practices like price discrimination, predatory pricing, deceptive pricing, and unfair dynamic pricing mechanisms.

Exchange

The act of obtaining a desired object from someone by offering something in return.

Exchange Process

The act of obtaining a desired object from someone by offering something of value in return.

Experiments

A research method where variables are controlled and manipulated to test cause-and-effect relationships in marketing scenarios.

Exporting

Selling products or services to foreign markets from a domestic base, offering low initial investment but limited control over foreign operations.

External Environment

Factors outside a company that it cannot control but must adapt to, divided into microenvironment and macroenvironment.

Fair Trade

A movement promoting ethical and sustainable trade practices, ensuring fair prices, better working conditions, and support for producers in developing regions.

Firmographic Segmentation

The segmentation of business markets based on characteristics such as company size, industry, location, and organizational structure.

Fixed Costs

Stable expenses like rent and salaries that do not vary with production levels. Pricing strategies must account for recovering these costs over time.

Focus Groups

A qualitative research method where a moderator leads a small group discussion to gather insights about products, services, or concepts.

Franchising

A business model where a franchisor (the original business owner) grants a franchisee (the buyer) the right to use their business name, branding, and systems in exchange for a fee and ongoing royalties, allowing for rapid expansion with local market knowledge but potential loss of brand control.

Gap Model of Service Quality

A framework that identifies gaps between customer expectations and perceptions of service quality.

Geographic Segmentation

Dividing the market based on location, such as countries, regions, cities, or neighbourhoods. This method is particularly useful for businesses that need to cater to regional preferences or climate conditions.

Global Marketing

The process of planning and executing the conception, pricing, promotion, and distribution of goods and services to create exchanges that satisfy individual and organizational objectives on a worldwide scale.

Herzberg's Two-Factor Theory

A theory distinguishing between dissatisfiers (hygiene factors) and satisfiers (motivators) in consumer behaviour.

High-Performing Business

Organizations that consistently outperform their competitors by excelling in areas such as strategic focus, operational efficiency, customer satisfaction, and employee empowerment.

Hofstede's Cultural Dimensions Theory

A framework for understanding cultural differences across countries and their impact on behaviour and values.

House of Brands

A branding strategy where a company maintains separate and distinct brands for different products or services.

Hybrid Channel

A distribution approach that combines both direct and indirect channels to reach consumers.

Importing

Purchasing goods or services from foreign markets for domestic use, allowing access to products or resources not available locally.

Indirect Channel

A distribution channel that includes one or more intermediaries between the producer and the end consumer.

Information

Data that has been processed and organized to provide meaning and insights for decision-making.

Inseparability

A characteristic of services where production and consumption occur simultaneously.

Intangibility

A characteristic of services where they cannot be seen, touched, or physically experienced before purchase.

Integrated Marketing Communication (IMC)

A strategic approach that unifies all marketing communication tools and channels to deliver a consistent and persuasive message to the target audience.

Intermediary

An individual or organization that acts as a link between producers and consumers in the distribution channel, facilitating the movement of goods or services.

Internal Environment

Factors within a company that can be controlled and managed, including company culture, resources, capabilities, and processes.

Internal Records

Data generated within an organization, such as sales data, customer interactions, and financial records.

Interviews

A qualitative research method involving one-on-one conversations to gather detailed information about opinions, experiences, and preferences.

Joint Ventures

Partnerships between domestic and foreign companies to create a new entity in the target market, sharing financial risk and local knowledge but potentially facing conflicts with partners.

Key Performance Indicators (KPIs)

Quantifiable metrics used to evaluate the success of an organization, employee, or project in meeting objectives for performance.

Levels of a Product

A framework to understand the different layers of value a product offers to customers, including core, tangible, augmented, and promised benefits.

Licensing

Granting a foreign company the right to use intellectual property, such as patents, trademarks, or technology, in exchange for royalties or fees, with lower investment but potential risks to quality and control.

Lifestyle

A person's pattern of living as expressed through their activities, interests, and opinions (AIOs).

Loyalty Programs

Marketing strategies designed to encourage repeat business by rewarding customers for their continued patronage. Examples include points systems or exclusive member benefits.

Macroenvironment

Broader external factors affecting a business, often referred to by acronyms like PEST, PESTE, PESTEL, or STEEPLE.

Margin Pricing

A pricing method where profit is expressed as a percentage of the selling price, calculated as:
 $\text{Margin} = (\text{Selling Price} - \text{Cost}) / \text{Selling Price}$.

Market Development

A growth strategy that involves selling existing products to new markets or customer segments.

Market Penetration

A growth strategy focused on selling existing products to existing markets, often through increased marketing efforts or competitive pricing.

Market Skimming Pricing

A strategy involving high initial prices for new products to maximize profits from early adopters before gradually lowering prices.

Marketing

The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing Decision Support System (MDSS)

Tools that assist marketing managers in analyzing data through statistical analysis, modeling, and simulations to make informed decisions.

Marketing Information System (MIS)

An organized framework for collecting, analyzing, interpreting, storing, and disseminating marketing data to support decision-making.

Marketing Intelligence System

A component of MIS used to monitor external environments for trends, opportunities, and threats.

Marketing Mix

The four key elements of marketing strategy, also known as the 4Ps: Product, Price, Place, and Promotion.

Marketing Objectives

Specific, measurable goals that a company aims to achieve through its marketing efforts, typically aligned with broader organizational goals.

Marketing Orientation

The evolution of an organization's approach to marketing, progressing from production-centric to customer-centric and societal-focused approaches.

Marketing Planning

The process of creating a detailed roadmap for an organization's marketing activities, typically including situation analysis, goal setting, strategy formulation, and tactics development.

Marketing Research

A systematic process of collecting, analyzing, and interpreting data to address specific marketing challenges or opportunities.

Marketing Strategy

A subset of strategic planning focused on identifying and executing initiatives to attract and retain customers, support organizational goals, and establish a competitive edge

Markets

Sets of actual or potential customers who might transact with a seller.

Markup Pricing

A pricing method where profit is expressed as a percentage of the cost, calculated as:

$$\text{Markup} = (\text{Selling Price} - \text{Cost}) / \text{Cost}$$

Maslow's Hierarchy of Needs

A theory explaining why people are driven by particular needs at specific times, arranged in a hierarchy from physiological needs to self-actualization.

Media Tours

Organized events where journalists are invited to experience a product or service firsthand. These tours aim to generate positive media coverage by providing journalists with in-depth knowledge and experiences related to the brand.

Message Consistency

Ensuring that all communication efforts align with brand values and deliver a unified message across all channels.

Microenvironment

External factors closely linked to a company, including customers, suppliers, competitors, and intermediaries.

Micromarketing

A targeting strategy that tailors products and marketing programs to suit the tastes of specific individuals and locations.

Needs

Basic human requirements such as food, water, shelter, and safety.

Niche Marketing

A targeting strategy that focuses on a small but well-defined segment of the population.

Observational Research

A method of collecting data by watching and recording behaviour in natural settings without direct interaction.

Online Travel Agency (OTA)

A digital platform that allows consumers to book travel services such as accommodations, flights, and activities.

Organizational Markets

Markets consisting of businesses, governments, and institutions that purchase goods and services for use in their operations or to resell to others.

Pay-Per-Click Advertising (PPC)

A model where businesses pay a fee each time their ad is clicked, commonly used in search engines and social media platforms for immediate visibility.

Penetration Pricing

A strategy where low initial prices are set to quickly gain market share and discourage competitors from entering the market.

Perception**Perceptual Mapping**

A visual representation of how consumers perceive a brand in relation to competitors. It helps identify positioning opportunities by showing where brands are located in consumers' minds.

Perishability

A characteristic of services where they cannot be stored for later use.

Personal Selling

A promotional method involving face-to-face interaction between a salesperson and a customer to build relationships and close sales.

Positioning

The process of designing a product or service to occupy a distinct and valued place in the target customer's mind relative to competing products.

Post-Purchase Touchpoints

Interactions that occur after a customer has made a purchase. Examples include follow-up emails, customer service interactions, and loyalty program communications.

Pre-Purchase Touchpoints

Customer interactions before making a purchase decision. Examples include social media posts, online reviews, and advertisements.

Predictive Analytics

Employing data, statistical algorithms, and machine learning techniques to forecast future trends or behaviours based on historical data.

Press Conferences

Public events organized by companies or organizations where they announce significant news or developments. These events are attended by journalists who report on the announcements made during the conference.

Press Release

An official statement issued by an organization to the media with the aim of generating news coverage. Press releases typically announce new products, services, events, or other noteworthy developments within an organization.

Prestige Pricing

Setting high prices to create a perception of superior quality, exclusivity, or luxury.

Price Bundling

A technique where multiple products or services are sold together at a combined price that is typically lower than if purchased separately, increasing perceived value.

Price Elasticity of Demand

A measure of how sensitive consumers are to price changes. Elastic demand occurs when small price changes lead to significant changes in quantity demanded, while inelastic demand sees little change in demand despite price shifts.

Price War

A competitive situation where businesses continually lower their prices to undercut each other, potentially leading to unsustainable profitability levels.

Primary Data

Original data collected specifically for a research project through methods like surveys, interviews, or experiments.

Product

Anything that can be offered to a market that might satisfy a need, want, or demand — encompassing physical goods, services, experiences, and ideas.

Product Adoption Curve

A model showing how different consumer groups adopt new products over time.

Product Development

A growth strategy that involves creating new products or services for existing markets.

Products

Anything that can be offered to a market that might satisfy a need, want, or demand, including physical goods, services, experiences, and ideas.

Profit-Oriented Pricing

A strategy focused on maximizing profits by setting prices above total production and selling costs, often calculated using margin or markup methods.

Promised Product

The long-term benefits and experiences associated with the product, including brand reputation and customer satisfaction.

Promotion Mix

The combination of six key promotional tools: advertising, public relations, personal selling, sales promotions, direct marketing, and digital marketing.

Psychocentrics

Consumers who prefer familiar destinations and experiences. They tend to be risk-averse and seek comfort in known environments.

Psychographic Segmentation

Segmenting the market based on psychological characteristics, including lifestyle, values, interests, and personality traits.

Psychological Pricing

Techniques that influence consumer perceptions, such as anchoring (using reference prices), charm pricing (e.g., \$199 instead of \$200), and bundling (offering multiple products at a combined price).

Public Relations (PR)

Efforts to manage an organization's reputation by generating positive publicity and handling communication during crises or events.

Publicity

The act of attracting public attention or interest through media coverage. Unlike advertising, publicity is not paid for directly but is earned through newsworthy activities or events that capture media interest.

Pull Strategy

A promotional strategy aimed at creating demand directly among consumers through advertising or influencer partnerships so they actively seek out the product or service.

Push Strategy

A promotional strategy focused on encouraging intermediaries (e.g., retailers or travel agents) to promote products or services to end consumers.

Qualitative Data

Non-numerical information that explores motivations and attitudes through methods like interviews or focus groups.

Quality

The degree to which a product consistently meets or exceeds customer expectations.

Quantitative Data

Numerical information that can be measured and analyzed statistically to identify patterns and trends.

Quotas

Government-imposed limits on the quantity or value of goods that can be imported or exported during a specific period, used as a form of trade restriction.

RATER Framework

A tool for measuring service quality through Reliability, Assurance, Tangibles, Empathy, and Responsiveness.

Reference Groups

Groups of people that an individual looks to for guidance on social norms, values, and behaviours.

Relationships

Strong, enduring connections with customers built through repeated exchanges and transactions.

Retailer

A business that sells products or services directly to end consumers.

Revenue Management

An evolved form of yield management that incorporates broader data points and advanced forecasting techniques to optimize total customer value.

Sales Promotion

Short-term incentives designed to encourage immediate purchases or actions. Examples include discounts, contests, or limited-time offers.

Satisfaction

The extent to which a product's perceived performance matches a buyer's expectations.

Search Engine Optimization (SEO)

The process of optimizing website content and structure to improve visibility and rankings in organic (unpaid) search engine results, driving more traffic to the site.

Secondary Data

Pre-existing data collected for another purpose but repurposed for current research needs. Examples include government reports or industry publications.

Segmentation

The process of dividing a larger market into smaller segments based on shared characteristics such as demographics, behaviour, or geography. This allows businesses to tailor their products, services, and marketing strategies to meet the specific needs of each segment.

Segmented Pricing

Charging different prices for the same product or service based on customer segments, timing, or purchase volume to maximize revenue.

Selective Attention

The tendency of consumers to notice stimuli that relate to their current needs or interests.

Selective Distortion

The tendency of people to interpret information in a way that supports their existing beliefs.

Selective Retention

The tendency of individuals to remember information that aligns with their attitudes and beliefs.

Service Profit Chain

A model linking employee satisfaction to customer satisfaction and ultimately to profitability.

Services Marketing Triangle

A framework showing the relationships between company, employees, and customers in service delivery.

Shopping Products

Products purchased less frequently that involve more planning and comparison.

Situation Analysis

A comprehensive examination of an organization's internal and external environment to inform strategic decision-making.

SMART Objectives

A framework for setting goals that are Specific, Measurable, Achievable, Relevant, and Time-bound.

Social Media Marketing

Using social media platforms to promote products or services, engage with audiences, and build brand awareness through both organic posts and paid advertisements.

Societal Marketing Concept

A marketing orientation that balances customer satisfaction, company profits, and societal well-being.

Specialty Products

Unique items that consumers specifically seek out and are willing to make a special effort to purchase.

Stimulus-Response Model

A framework used to understand how consumers make purchasing decisions, assuming that consumer behaviour is a response to various stimuli.

Strategic Planning

A comprehensive process that defines an organization's long-term goals and outlines the steps to achieve them, aligning resources and efforts across all levels.

Supply Chain

The network of all individuals, organizations, resources, activities, and technology involved in creating and selling a product, from the supplier to the end customer.

Survey

A research method using structured questions to collect data from a sample of respondents.

Sustainable Competitive Advantage (SCA)

The unique, long-term advantage a company holds over its competitors, built on distinctive resources or capabilities that are difficult to replicate.

Sustainable Marketing

Marketing practices that consider long-term environmental and social impacts, aiming to meet present needs without compromising future generations.

SWOT Analysis

A framework for assessing an organization's Strengths, Weaknesses, Opportunities, and Threats to inform strategic decision-making.

Synthetic Data

Artificially generated data that mimics real-world responses while addressing privacy concerns and data scarcity.

Tangible Product

The physical attributes and features of the product that can be seen, touched, or measured.

Targeting

Selecting one or more market segments to focus marketing efforts on. The goal is to reach the most attractive segments that align with the company's objectives and resources.

Tariffs

Taxes imposed on imported goods, making them more expensive and less competitive against domestic products, used as a form of trade restriction.

Technographic Segmentation

The process of segmenting consumers based on their technology usage patterns and preferences. This includes factors like device ownership and online behaviour.

Touch Point Wheel

A visual tool illustrating customer interactions across three stages: pre-purchase (e.g., social media), purchase (e.g., booking systems), and post-purchase (e.g., loyalty programs).

Tourism Supply Chain

The network of tourism organizations engaged in different activities ranging from the supply of tourism components to the delivery of tourism products and services in a tourism destination.

Trade Blocs

Intergovernmental agreements that reduce barriers to trade among member countries, promoting economic integration and cooperation.

Trademark

Is a type of intellectual property providing legal protection for brand names, symbols, and other distinctive brand elements. It includes any word, name, symbol, or design to distinguish the goods or services of one organization from those of others.

Transactions

The basic units of exchange, involving at least two things of value, agreed-upon conditions, a time of agreement, and a place of agreement.

Types of Consumer Buying Behaviour

Classifications of consumer buying behaviours based on involvement level and perceived brand differences, including complex, dissonance-reducing, habitual, and variety-seeking behaviours.

Types of Consumer Products

Classification of products based on consumer buying behavior, including convenience, shopping, specialty, and unsought products.

Undifferentiated Marketing

A targeting strategy that ignores segmentation differences and aims at the entire market with one offer or strategy.

Unique Selling Proposition (USP)

A marketing concept that defines what makes a product or service unique compared to competitors. It highlights specific benefits that set it apart in the marketplace.

Unique Value Proposition (UVP)

Similar to USP but focuses more on the overall value offered to customers rather than just unique features. It emphasizes how a product meets customer needs better than alternatives.

Unsought Products

Products that consumers do not actively seek out until a specific need arises.

Utility

The value or benefit a customer receives from consuming a product or service, including form, place, time, and possession utility.

Value

The customer's perception of a product's overall capacity to satisfy their needs against the costs of acquiring it.

Variability

A characteristic of services where quality can vary depending on who provides them, when, and where.

Variable Costs

Costs that change with production volume, such as raw materials and labor. Prices must be set above these costs to ensure profitability.

Wants

Desires for specific products or services that satisfy needs, influenced by culture, personality, and societal factors.

Web 2.0

The second stage of development of the internet, characterized by the change from static webpages to dynamic or user-generated content and the growth of social media.

Web Analytics

Tools and methods used to measure and analyze website traffic and user behaviour.

Wholesaler

A business that buys products in bulk from manufacturers and sells them to retailers or other businesses.

Yield Management

A pricing approach used in industries like airlines and hotels to maximize revenue by adjusting prices based on demand forecasts and inventory availability.

Version History

This page provides a record of changes made to this learning resource, The Marketing Map (<https://marketingmap.pressbooks.tru.ca/>). Each update increases the version number by 0.1. The most recent version is reflected in the exported files for this resource.

If you identify an error in this resource, please report it using the TRU Open Education Resource Error Form ([#back-matter-tru-open-education-resource-error-form](#)).

| Version | Date | Change | Details |
|----------------|-----------------|--|----------------|
| 1.0 | January 1, 2025 | Open creation of this learning resource is added to the TRU Open Press Collection. | |
| 1.01 | April 15, 2025 | Minor typos corrected, Acknowledgements updated. | |
