



## **Marketing Challenges before Small Tourism Enterprises: An overview**

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**Abstract :** This paper sought to identify marketing challenges in micro, small & medium Tourism Enterprises. Tourism businesses are predominantly focused on running their business and providing a quality service to their customers. "Tourism is usually described as a highly decentralized industry consisting of enterprises different in size, location, functions, type of organization, range of services provided and methods used to market and sell them"(Bjork Peter). "*Tourism* denotes temporary short-term movements of people to destinations outside the places they normally live and work" (Meidan Arthur). A list of factors creating challenges in marketing of MSMTEs in an entirely different dimension. The traditional marketing with its marketing mix have for long been the dominating marketing strategy, where focus have been on placing the product at the best place with the best possible price. Information was gathered from site visits and interviews with operators and enterprise managers. The outcomes will be of interest to micro, small & medium tourism enterprises, tourism operators and enterprise managers.

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### **I. INTRODUCTION**

Tourism in India is the largest service Industry, with a contribution of 6.23% to the National Gross Domestic Product (GDP) and 8.78% of the total employment in India. India witnesses more than 17.9 million annual foreign tourist arrivals and 740 million domestic tourism visit. Concerted efforts are being made o promote new forms of tourism such as rural, cruise, medical and eco-tourism. The Ministry of Tourism, Govt. of India, undertook a series of promotional initiatives to aggressively promote tourism to India. As part of the promotional initiatives undertaken, Road shows were organized in important tourist generating markets overseas with participation of different segments of the travel industry. Tourism industry is the largest employment generator of the world. This is the only industry which requires less or no investment, yet generates billions of foreign exchange to the country's exchequer. Many small nations viz. Singapore, Srilanka, Malaysia, Thailand etc. woo millions of foreign tourists and bag billions of foreign exchange. India, albeit, the country houses rich tourism locations, yet, figured in the bottom of the rank table in wooing foreign tourists. Considering the above facts, the marketing of tourism plays a vital role in any country's agenda. Tourism proved to be world's biggest industry, generates massive employment opportunities and revenues as well. It is unlike, other marketing concepts, it needs a well-planned integrated approach, because, it is marketing of a country. Positioning and promotion are twin eyes, which are to be emphasized more, in the minds of international population. It is integrated with leisure, entertainment, transportation, communication and all service sectors. Traditionally, the job is usually done by a Government to promote the country. The whole process has to be revitalized and a full-fledged marketing process to be undertaken. The same old STP (Segmentation, Targeting, and Positioning) Process can well be used in this marketing.

## **II. THE NEW TOURIST**

The travelling consumer of today (let alone in the future) is very different from any other time in history. The most successful businesses in the travel industry are those that respond to the challenge through the use of technology, innovative marketing programs, better training of staff and by developing closeness and understanding of its customers/guests. The differences in travel patterns in the next century will be more related to what consumers are seeking in a travel experience than in how they travel.

Today's traveler, the well-heeled or footloose back-packer, is usually informed, educated, and more often than not, fully aware of what he or she wants from their travels. For them the optimization of time and money is the key and they prepare for their trip by researching their destination through the Web and the experiences of friends and fellow travelers. Mass media has responded to this shift and further fuelled the search for experiences through the promotion of a vast range of lifestyle/adventure programs which have evolved more recently into experiential voyeuristic docu-dramas referred to as reality programmes. Attention is being turned to exploring new frontiers or daring to go where traditional thought did not allow.

In *Tourism, Technology and Competitive Strategies*, author Auliana Poon speaks about the changes in consumer behavior and values which are the critical driving forces for the new tourism. The new tourist is experienced, more flexible, independent, quality conscious and harder to please.

"New" tourists however, are increasingly being seen to be environmentally sensitive, displaying respect for the culture of host nations and looking to experience and learn rather than merely stand back and gaze. "New" tourists are participators not spectators. Things that would never appear on the list of the "mass" tourist such as adventure, getting off the beaten track and mingling with the locals are now the foundations of the new tourist experiences. Typically these tourists are turning away from travel and prefer to have a high level of involvement in the organization of their trip.

## **III. OBJECTIVES OF STUDY**

Main objectives of this study are as follows-

- Identify critical factors creating challenge in marketing of micro, small & medium tourism enterprises, based on published literature and case studies.
- Examine case studies of management practices that have contributed to identify the success of marketing practices for tourism attractions.
- Identify a set of factors that contribute to success in achieving viable marketing goals.

Information was gathered from site visits and interviews with operators and enterprise managers. The outcomes will be of interest to MSMTEs and tourism operators in the tourism sector for marketing purposes. The project aims focus on the operational side of marketing tourism. However, these two factors manifest throughout the description of what makes a successful marketing tourism enterprise.

## **IV. RESEARCH METHODOLOGY**

Success factors were identified based on a review of published research and observations during site visits by in the project and ranking and refinement discussions with operators and tourism enterprise managers. For sampling we use a convenience sample results when the more convenient elementary units are chosen from a population for observation. A range of factors were identified in the literature and subsequently were expanded as a result of site visits and interviews. More than half the success

factors identified were marketing operation related. This perhaps reflects that generic information relating to tourism business operations has not catered to the specific requirements of micro, small & medium tourism enterprise's marketing.

#### V. INCREDIBLE INDIA CAMPAIGN:

The Indian Ministry of Tourism launched the Incredible India campaign in 2002 to encourage visitors from around the world to experience India. The concerted marketing effort included Print, Radio and Television ads. The campaign also included road shows, which were planned for the UK, Canada, Singapore, Malaysia, Russia, Australia and New Zealand. The successful campaign received attention and praise from travel professional and is credited with increasing the number of tourists to the nation within just a few years. India is probably the only country that offers various categories of tourism. These include history tourism, adventure tourism, medical tourism (ayurveda and other forms of Indian medications), spiritual tourism, beach tourism (India has the longest coastline in the East) etc.

#### VI. ANALYSIS AND INTERPRETATION OF DATA:

Table No.1 shows about the Foreign Tourist Arrivals (FTAs) in India for the years 2002-2012. Here the values has been predicated by using, Trend analysis under the method of Least square for the years 2010-2012

TABLE NO:-1 Foreign Tourist Arrivals (FTAs) in India 2006-2016

Year	FTAs In India(in Million)
2006	2.38
2007	2.73
2008	3.46
2009	3.92
2010	4.45
2011	5.08
2012	5.28
2013	5.17
2014	5.79
2015	6.16
2016	6.53

Source: Bureau of Immigration, Govt. of India, for (2006-2016)

The table No.1 shows about the Foreign Tourist Arrivals in India for the year 2006-2016. It shows continues growth year after year, except for the year 2009, due to the Financial Crisis in the Global. So in that year there was decrease in the arrivals of the foreigners. But it has been recovered in the year 2013 itself and now it has been start increasing.

TABLE NO:-2 Growth rate for Foreign Tourist Arrivals (FTAs) in India 2006-2016

Year	FTAs In India(in Million)	Growth rate
2006	2.38	--
2007	2.73	14.70
2008	3.46	26.74
2009	3.92	13.29
2010	4.45	13.52
2011	5.08	14.15

2012	5.28	3.93
2013	5.17	-2.08
2014	5.79	11.99
2015	6.16	6.39
2016	6.53	6.01

Source: Bureau of Immigration, Govt. of India, for (2006-2016)

From the table No.2 it has been clear that in the year 2008 the growth rate is more compare to all the years i.e. 26.74. Growth rate shows negative value in the year 2013. This has been due to the global financial recession. After that it is recovered more in the year 2014 it is 11.39.

**TABLE NO: -3 Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India in 2011**

S.No	Source of country	FTAs In India(in million) (P)	Percentage (%)share
1	USA	.916	16.40
2	UK	.755	13.52
3	Bangladesh	.381	6.82
4	Canada	.240	4.30
5	Germany	.224	4.01
6	Sri Lanka	.219	3.92
7	France	.218	3.90
8	Japan	.165	2.95
9	Australia	.164	2.94
10	Malaysia	.160	2.87
Total of top 10 countries		3.442	61.64
Others		2.142	38.36
All countries		5.584	100

Source: Bureau of Immigration, Govt of India (2012)

The table No.6 shows about the top 10 countries for FTA's in India for the year 2010(P). USA places the first position, followed by UK and least place goes for the Malaysia.

**TABLE NO: 4 Comparison of Old and New Tourists**

	New Tourists	
Search for the sun	=>	Experience something different
Follow the masses	=>	Want to be in charge
Here today, gone tomorrow	=>	See and enjoy but not destroy
Just to show that you had been	=>	Just for the fun of it
Having	=>	Being
Superiority	=>	Understanding
Like attractions	=>	Like sports
Precautions	=>	Adventurous
Eat in hotel	=>	Try local fare
Homogeneous	=>	Hybrid

Source: *Tourism, Technology and Competitive Strategies*, Auliana Poon.

Travel is no longer a novelty to the new tourist. Studies support what industry executives have been noticing for the last few years. People expect more out of their vacations than they used to and they are more adventuresome. Surveys done by the Canadian Tourism Research Institute indicate a high degree of interest in getaway vacations, ecotourism, cultural tourism and combining a business trip with a pleasure trip.

Over the next ten years, tourism products and attractions will have to cater to visitors who are more demanding and discriminating, as well as more active and more purposeful in their choice of destination. There will be a shift in emphasis from passive fun to active learning, and the quality and genuineness of visitor experiences will be crucial to future success in a competitive market.

An Acronym that is relevant to describe the 'new' tourist is REAL, which stands for:

- **R**ewarding
- **E**nriching
- **A**dventuresome
- **L**earning Experience

A key underpinning concept for REAL tourism is authenticity of experience, which is often related to the environment and culture and seen to be unaffected by "mass" tourism

#### **Development of critical success factors list**

An initial list of factors was devised by the help of academic literature and the expertise of some operators' tourism. The list derived from the literature was used as the basis for interviews with tourism enterprise managers and other operators. To ascertain the character and breadth of existing published knowledge relating to marketing of MSMTEs and how this related to the issues identified in the critical success factors devised, large number of tourism marketing related references was analyzed for themed content. A text search using key words enabled us to conduct successful & comfortable interviews with all selected operators and tourism enterprise managers. This provided an indication of the proportion of publications represented by each success factor.

#### **Site visits and interviews**

A series of site visits and interviews with operators and tourism enterprise managers was conducted over a five to six month period in 2008 across three famous tourist places of Rajasthan (Ajmer, Jaipur and Udaipur). Specific sites included a range of heritage places from the chosen sites. Interviews were used to develop and refine the key success factor list based on the practical experience of a range of managers and tourism operators. An element of validation was inherent in this process where the most recent version of the developing list was used in successive interviews with operators and enterprise managers. The success factor list was further validated by circulating the revised list back to the managers previously interviewed, requesting further comment.

## **VII. KEY FINDINGS**

#### **Critical Success Factors**

Key success factors identified from the literature and in discussion with operators and managers of micro, small & medium tourism enterprises were as follows. They are in no specific order of importance but reflect a logical approach to the sequence of steps required for setting up a successful tourism marketing operation for Micro Small & Medium tourism enterprises.

### **Responsible Tourism**

Responsible tourism is treating others the way they wish to be treated. The trick lies in listening to the locals, listening to visitors and creating the opportunities that connect top-down and grassroots efforts. Travel agents, travel providers and travelers are the principal players. Travelers and locals are seeking ways of building constituencies with the shared goal of making tourism more responsible. Says noted author and activist Deborah McLaren: "Responsible tourism is based on ethics and human rights. It also means support for community-based travelers' programs, including home stays, guest cottages, ethno-museums, and educational programs that bring tourist dollars directly into communities." In responsible tourism basically stakeholders take responsibility in destinations to make a better form or forms of tourism. It is more like an ethical movement that calls on the conscience of tourism stakeholders to assume their responsibilities of taking the right choices and steps towards making destinations better places to visit and live. (Goodwin 2002).

### **Consumer Behavior**

"The success of a tourism destination is often measured in terms of growth in the visitor numbers and their expenditures" (Lew Alan). "When firms have tried to do similar things, they realize that there is a shortage of customers" (Bjork Peter) .

### **Value based strategic approach**

To bring about lasting and substantial growth, all elements of the tourism industry need to work effectively, together. The method of value-based strategy approach includes three main aspects like-

- Value retention

Keeping tourism earnings in the country, minimizing leakages

- Value addition

Maximizing linkages within the national value chain, providing information at the Welcome Meetings about the fruit pressers, fruit sellers, local guides and craft markets,

- Value Creation

Generating new value within the sector, Encouraging tourists to encounter and engage with local people in the markets.

### **Business Planning & Feasibility Study**

"Planning can help to sustain the destination, support the local community and at the same time contribute to the achievement of customer satisfaction" (Stephen).

- Planning Templates & Resources

This publication provides links to programs and resources that can assist with business planning.

- Tourism Businesses & developing Toolbox

Toolbox includes market analysis, industry trends and financial analysis information for different types of tourism businesses.

- Cost Benefit Analysis of local Tourism Development

Development of cost-benefit analysis for local tourism development.

### **Financial planning for Marketing**

Financial planning is a centre to the viability of the marketing tourism product. Requirements for adequate capital, access to grants and other sources of funding and the need for careful budgeting and financial planning are essential for continued success of a marketing operation. Some important factors are-

### **Effective marketing strategies based on sound market research**

An effective marketing strategy is necessary for tourism success and is highly dependent on market research and other key success factors, including objectives and clear concepts and financial planning. "The development of long-term, proactive strategies which are designed to develop the local area positively has to be the goal of marketing" (Stephen J. New, strategic marketing framework will directly affect public investment in the tourism sector. A significant amount of economic and social benefit, public intervention is essential, particularly when it comes to better market intelligence, image promotion and infrastructure development.

### **Destination and proximity to major markets and visitor flows**

Several aspects were considered important including: suitable relationship to destination image and branding; adequate accessibility, visitor flows, market proximity and transport access; and proximity of other nearby businesses (clustering).

### **Human resource management, including paid staff and volunteers**

Marketing approached typically relied heavily on volunteers and part-time staff. Many may have expertise in (or passion for) the tourism in question rather than experience in tourism services and the management of commercial ventures. A range of skills including business skills was considered ideal for success. There are specific issues associated with volunteers including training, coordination, rewards, recruitment and succession.

### **Planning for product differentiation, life cycles**

Life cycle planning is a key asset management tool that takes into account the whole-of-life implications of acquiring, operating, maintaining and disposing of an asset. It is an integral part of strategic asset management, and enables investment and operational decisions to be made using appropriate evaluation tools and decision-making criteria. A primary technique in undertaking life cycle planning is life cycle costing – a widely used method of financial evaluation of any asset, including buildings and their components.

### **Quality and authenticity of products and experiences**

In this tourism product development context, quality referred primarily to the quality of the experience. Quality of experience relates to the appeal, intellectual challenge and raised level of visitor interest. Experienced quality is relative to price, the expectations of visitors and comparisons with similar ventures. It therefore combines the need for quality heritage presentation with provision of quality services. Authenticity is a core value in heritage conservation and the tourist experience. It may be defined by the relationship between the practitioner and visitor conceptions of historical accuracy combined with visitor perceived entertainment value and how they make sense of the past.

### **Engage cultural heritage and tourism expertise in conservation and promotion**

Successful cultural heritage tourism requires a balance between commercial imperatives and the conservation of a suite of heritage values including historic, archaeological, architectural and aesthetic significance and the significance of the sites to associated communities.

### **Design interpretation as an integral part of the heritage tourism experience**

Interpretation provides meaning and understanding for the visitor. It is a central part of the visitor experience of cultural heritage and has significant ramifications on the quality and authenticity of a cultural heritage product. Effective interpretation requires knowledge about the heritage being presented,

expertise in communication and interpretive design and the ability to create an effective interpretation plan.

### VIII. RECOMMENDATIONS

- \* A greater focus on financial planning and value based strategic approach within the specific context of tourism marketing is required to address some more practical aspects.
- \* Develop a manual Business Planning & Feasibility Study and a guide for developing and improving effective marketing strategies based on sound market research for further development of the concepts and information gathering.
- \* The high rate of marketing operation failure, the manual could include an initial preliminary assessment tool including the factors identified for locations seeking to develop or commercialize micro, small & medium tourism enterprises.

### IX. FUTURE ACTIONS

This report identifies the specific key factors associated with successful marketing of micro, small & medium tourism enterprises and highlights the gaps in knowledge available through the literature. It forms the basis for the development of guidelines for use by those seeking to develop an effective marketing strategy or improve existing operations. Further funding is required to develop material in this report into an industry friendly manual. This would provide a detailed guide for development of tourism marketing operations, currently not available to would-be operators.

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