

EMERGING DESTINATIONS AND COMPETITIVE TOURISM MARKETING

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Competitive marketing relates to the questions how to cope with

- 1) Changes in consumer preferences and consumer behaviour
- 2) New opportunities versus old habits
- 3) Limited possibilities and the risk to invest too early or too late

What are emerging destinations?

- Destinations that want to have a bigger share of the profit-cake as they regard themselves as sufficiently competitive,
- Destinations that are prepared to invest in modern products and modern marketing to meet today's needs (and thus are not limited by some obstacles and impediments from the past as they exist in classical destinations),
- Destinations that have, unjustified, been neglected as potential new competitors.

Elements of competitiveness

- The region, so the distance to countries of origin
- The intrinsic attractiveness, including authenticity, variety and quality
- The price and the quality of service as supplied by the tourism industry
- Aspects as distribution, reservations, accessibility etc. etc..
- Promotion, as part of the marketing mix

Promotion as part of the marketing mix

- Facts on European Tourist Boards
- Facts on NTO-budgets
- Facts on NTO-budget data

Promoting destinations (1)

Facts on European Tourist Boards (NTOs)

- In total the budgets stabilise and does not exceed the inflation ratio
- The share of government investments in the budgets tends to increase slowly
- The share of operating costs in the budgets tends to stabilise or slowly decrease

Promoting destinations (2)

Facts on NTO-budgets

- Budgets differ because of strategies chosen (PM: strategies chosen are limited by the available budgets)
- Budgets differ because the importance of tourism for the national economy differs
- Budgets differ because of political pressure and the level of organisation of the industry and its ability to convince on relevant policies
- The budget differs by the quality of NTO-management to make necessary funds available

Promoting destinations (3)

Facts on NTO-budget data

- Only the out of pocket costs inform on marketing input
- The industry investments (including regions) in destination marketing outside NTOs are excluded
- The budget gives no explanation of marketing effectiveness (incl. ROI)

Present Mediterranean NTO-budgets (mill. of €)

➤ Greece	(2006)	111.0
➤ Spain	(2005)	96.2
➤ Turkey	(2006)	57.6
➤ France	(2006)	54.9
➤ Cyprus	(2005)	51.9
➤ Egypt	(2005)	40.8
➤ Tunisia	(2005)	34.7
➤ Italy	(2006)	31.1
➤ Malta	(2005)	22.7
➤ Croatia	(2004)	17.7
➤ Israel	(2007)	15.7
➤ <i>Portugal</i>	<i>(2006)</i>	<i>40.7 *</i>

* Excluding operating budget

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Present NTO budgets of Mediterranean countries (annual growth rates %)

➤ Greece	(2003-2006)	30.1	
➤ Malta	(2002-2005)	20.7	
➤ Cyprus	(2002-2005)	6.3	
➤ France	(2002-2006)	3.8	
➤ <i>Portugal</i>	<i>(2002-2006)</i>	<i>0.6*</i>	
➤ Spain	(2002-2005)	-4.4	
➤ Italy	(2002-2006)	-5.8	
➤ Turkey			?
➤ Egypt			?
➤ Tunisia			?
➤ Croatia			?
➤ Israel			?

- *Excluding operating budget*

NTO-budgets outside Europe (millions of €, 2005)

➤ Australia	91.1
➤ Canada	47.1
➤ Dominican Rep.	17.7
➤ Guatemala	14.8
➤ India	19.4
➤ S. Korea	32.0
➤ Malaysia	94.8
➤ Mexico	119.9
➤ New Zealand	37.1
➤ South Africa	56.4
➤ Thailand	25.8
➤ United States	4.9

Competitiveness in marketing abroad

(excluding the measurement of success by in depth ROI-research)

Four ways to look at it

- Available parameters: arrivals and nights
- NTO-offices abroad
- NTO-websites
- NTO-investments in countries of origin

The available parameters to benchmark NTO performance

- There is no significant relationship between NTO-budgets and the spending by foreign tourists in general
- There is no significant relationship between NTO-budgets and the number of arrivals of foreign tourists in general (though a bit more than on spending)
- There is a semi significant relationship between NTO-budgets and tourism receipts as the percentage in the national export of services

Offices and websites

All the competing NTOs have offices in the major countries of origin and

All the competing NTOs have websites in the languages that are spoken in the major countries of origin

Budget investments in markets/countries of origin

Germany is number one

Great Britain is number two

United States is number three

France is number four

The Netherlands, Japan, China, Spain
and Italy rank at level five

The example of Great Britain (1)

Relevant as a Brit spends in 2007 +53% versus 2001, or on average 8.9% more per annum (Febr.19th 2007)

- The annual amount of promotional investments by NTOs is around 75 mill. Euro
- About 50 millions are from European destinations/European NTOs
- About 50% from European NTOs is from Mediterranean destinations

and that means that

one third of all the NTO-destination marketing in the UK originates from the Mediterranean area

The example of Great Britain (2)

- An increase by NTO-x with one million Euro is an increase of 1.5 % in total and 4 % for the Mediterranean area
(assuming that there is no in- or decrease by other NTOs and relevant as short term fluctuations in budget allocations by NTOs are rather normal)
- The question is if this increase is to be noted by the consumers that are already “suffering and closing their mindset” on destination marketing
- And the subsequent question is if an increase in the promotional budget of NTO-x is a good investment on return?

What is the rationale for an increase of the NTO-budget?

- A not satisfied industry?
- Political pressure?
- The assumption that an increase in the promotional budget will successfully result in more tourists or at least stabilise demand?
- NTO – arguments about increasing competition?
- Other reasons

Basic questions

- Can you fight increasing competition by increasing the budget for promotion?
- How to adjust to fundamental changed market conditions as e.g. Internet and LCC's?
- What is your answer, when destination fidelity decreases, to compete with emerging intercontinental destinations?

News clippings between February 13 and 20 2007 (1)

- Jordan invests in culture
- Malaysia wants to market more aggressively
- Sri Lanka implements tourist act
- South Africa starts to market Gulf states
- Investment programme of 2 billion in Iran
- Hong Kong focuses on high end visitors
- TIA develops long term plan to reverse decline in inbound US-tourism
- The Philippines have developed a new strategic portfolio for global use
- “Global refund Singapore” supports tourist boom

News clippings between February 13 and 20 2007 (2)

- Tourism “as next oil boom” for Nigeria
- Prices for dental treatment in Hungary 50% of UK
- Hunting tourism in Belo Russia
- Brunei to promote tourism on a global scale
- China and India strengthen tourism ties
- Tourism city for 10 million visitors planned along Red Sea/Saudi Arabia
- Tourism Australia new campaign to attract more Mice
- Indonesia to reopen tourism offices abroad
- New holiday villages for hot-spa tourism in Turkey

News clippings between February 13 and 20 2007 (3)

- Memorandum of understanding S.Korea and Spain
- Vietnam 47 million on new tourism facilities
- UK firm begins review of national tourism policy
- Medical tourism for the Philippines
- Kenya for honeymooners
- Greece more popular for second homes
- New Eco-village close to Disneyland Paris
- New Spanish hotel brands on Aruba
- Flemish coast should rejuvenate
- South America benefits from increasing Europe demand

Reflecting: of course there is increasing competition within the Mediterranean from emerging destinations

- Turkey invested 10 million \$ campaign in Russia in 2004
- Turkey invests 2 million Euro in Holland in 2007
- The UAE is the major tourism investor in Tunisia today and intensified tourism marketing is successful
- Israel wants to double tourism in 2009 by boosting the marketing budget by 40 mill. Euro (= +200%, news of Febr. 9th 2007)

It is for you to decide on
strategy, on methods and
means

Thank you for your attention