

Subject: Tourism & Hospitality

Production of Courseware

-Content for Post Graduate Courses



Paper 14: Tourism and Hospitality Marketing

Module 07: Service characteristics of tourism and Hospitality Marketing



THE DEVELOPMENT TEAM

Principal Investigator	Prof. S. P. Bansal <i>Vice Chancellor, Indira Gandhi University, Rewari</i>
Co-Principal Investigator	Dr. Prashant K. Gautam <i>Director, UIHTM, Panjab University, Chandigarh</i>
Paper Coordinator	Dr. Rajesh Verma <i>Mittal School of Business, Lovely Professional University, Punjab</i>
Paper Co-Coordinator	Dr. Rahul Sharma <i>Mittal School of Business, L.P.U, Punjab</i>
Content Writer	Ajay Chandel <i>Assistant Professor Mittal School of Business, L.P.U (PB)</i>
Content Reviewer	Prof. Balram Dogra <i>Campus Director, Rayat Bahra University, Kurali, Punjab</i>

TERMS	DESCRIPTION OF MODULE
Subject Name	Tourism & Hospitality
Paper Name	Tourism and Hospitality Marketing
Module No.	7
Module Title	Service Characteristics of Tourism and Hospitality Marketing
Objectives	Basic understanding of concept of Tourism marketing, Services marketing, Characteristics of services
Keywords	To understand the service characteristics of Tourism and Hospitality marketing

Table of Contents
1. Learning Outcome
2. Introduction
3. Service characteristics of Tourism and Hospitality
4. Unique Characteristics of Travel and Tourism Services

QUADRANT-I

Service Characteristics of Tourism and Hospitality Marketing

1. Learning Outcome

After completing this module students will be able to:

- i. Understand the service characteristics of Tourism and Hospitality marketing
- ii. Understand service characteristics unique/peculiar to Travel and Tourism Services

2. Introduction

The tourism and hospitality industry represents an ever growing sector that comes well within service industry and is composed of activities like accommodation, transport, event planning, theme parks, cruise line, and much more. With the rise in the travellers segment coupled with the

rise in the disposable income, tourism and hospitality industry has become a multibillion-dollar industry which has been further incentivized by the increased leisure time and better connectivity across the globe. Understanding the nature of the product to be sold is paramount in the success of the product category. Given to the complex nature of the tourism and hospitality product, it becomes even more important to demystify the hybrid nature of tourism product; especially the service like characteristics. Since, tourism marketing is the application of principles and practices of marketing management in the tourism and hospitality industry, it is very important to understand unique features of tourism and hospitality products that differentiate them from regular tangible products. The goal of marketing in the tourism and hospitality industry is the production and placement of tourism and hospitality products to better suit a broader range of tourism and hospitality customers. Since tourism and hospitality product is complex in nature that spans over numerous industries such as lodging and transport etc., marketing such a complex process assign a very complex nature to the marketing activities as well. In the tourism and hospitality industry not only the tourism product varies in its nature but also to gauge at the diverse needs and preferences of the tourists adds more complexity to the over all marketing process. As the number of international tourist arrivals is already touching billions each year with highly positive growth forecasts in coming years, there are countless opportunities in the tourism industry. Despite such growth potential, many Indian tourism and hospitality firms don't see another day each year and struggle with consistent losses. A close examination reveals the failure of such tourism and hospitality firms in appropriately marketing tourist destinations in a competitive market place. Marketing by such firms is usually taken as a problem or burden, but it must be understood sooner than late that marketing is a solution and not a problem.

Tourism marketing was defined as the management process through which the global Tourist Organisations find their target audience, interact with them to determine and take note of their needs and preferences in terms of likes and dislikes on global (global + local) levels to develop and amend their tourism products to accomplish the objective of satisfying the tourists thereby fulfilling the enterprise's financial objectives (Wahab et al.;2004). As per yet another notion, tourism marketing is the combined effort of national, international or network of global tourism

organizations to accomplish growth in pertinent sector by identifying and satisfying needs and preferences of tourists. In return, tourism organizations expect superior financial returns.

Trying to be precise, short and sharp in a wider sense, tourism marketing is the process of enticing tourists to a particular tourist destination through strategic use of tools and techniques offered by the discipline of marketing.

3. Service characteristics of Tourism and Hospitality

a) Intangibility: Tourism products are similar to any service product. However, tourism products possess characteristics which are an amalgamation of the features of a product as well as that of a service. Put in simple words, tourism products possess both intangible nature as well as some tangible and concrete elements. The job of any tourism and hospitality manager pretty much revolves around making the tourism product more tangible to be better able to apply tools and techniques available in the marketing mix to the tourism and hospitality services they provide. An obvious outcome of the fact that tourism products are intangible is that the tourism and hospitality products cannot be transferred, displayed or tested well before the real service encounter. This simply means that the tourism products are unique and unlike the tangible products, tourism products are actually composed of memories. Intangible nature of tourism product also means that a buyer is never sure of what he/she will get until the actual service encounter takes place. Probably this is the only reason why customers start searching for the complete tourism product information well in advance so as to avoid an uncertainty in the future that might arise due to the intangible nature of the tourism product.

Further, tourism and hospitality services have been assigned intangible nature because a relaxed stay in hotel in the woods, a week well spent on a cruise, a friendly and safe flight with polite flight crew, and a friendly, warm and knowledgeable guide taking a tourist to the amazon forests etc. all can be very well considered as experience that is intangible. The products/services created/offered by tourism companies cannot be replicated or reclaimed at a later stage. Tourists can simply attempt to store their memories with photographs and videos but the real essence of such happy moment is beyond capturing. Tourism hence is a very personal picture that customer creates in his/her mind after a great tourism experience.



Table 1: Intangibility: challenges and management response

b) **Perishability:** Perishability is used in services marketing to define how services are unpreserved and cannot be warehoused for future usage. Service products have a very peculiar characteristic that it cannot be warehoused, refunded, or resold once they have been used. Once a customer is provided with a service product, another customer cannot be serviced with the same product thereafter. Service products are attributed to be perishable in two ways. First, it has to be remembered that a service gets wasted if not used in time. For example, a movie theatre can only sell tickets before the show. The customers can attend the show during the defined show timing only. An empty seat in the theatre cannot be utilized and charged for after show has ended. Secondly, services get vanished once consumed by a consumer. For example, as a tourist has been transported to his destination through Indian railways, he/she cannot be transported again to this location at this point in time.

Perishability forces hospitality industry to operate in a way that they must either sell at the market going rate or well in advance. The tourism services must be availed as they are produced lest they get wasted. Hotel rooms availability, international and national flight schedules, and movie theatre seats etc. cannot be produced in the present and stored for future sales. Once a plane has left for the destination, empty seat cannot be sold afterwards. As there will always be an uncertainty in exact demand forecasting, tourism and hospitality firms have a tendency to overbook available capacity.

Implications of Perishability

- It is difficult to synchronize supply and demand with services
- Services cannot be returned or resold
- Cannot be stored or inventoried
- Mass production not possible

Figure 2: Implications of perishability of services

c) **Variability:** Service delivery depends upon people. Hence services cannot be separated from the people who deliver it. They are produced and offered by individuals (service staff and the customers respectively). As a result, quality of service differs from person to person, and from time to time with the same individual and hence these cannot be standardized. Another reason for variability of services is involvement of the guest or customer in the process of service production, delivery and consumption system as this again varies from customer to customer thereby differentiating the service experience from customer to customer. On the similar fashion, products of the tourism industry are variable. Similar cuisine in the same restaurant can taste differently due to the mood of the chef. Not only the taste of food but also the way it is being served might vary being delivered by a less experienced service staff than an experienced one. Rational service product attributes like price and additional services can only be compared to a minor degree. It is challenging to deal with the perceived quality as it is highly affected by numerous uninfluenceable aspects such as weather, construction sites, other customers etc. Therefore, the product is very inconsistent/variable and cannot be standardized.

d) **Inseparability:** Buying and selling of tourism is not like buying and selling of regular products. It is actually like buying of a service. Buying and selling of the tourism product actually doesn't involve any real transfer of ownership as compared to other tangible counterparts. Moreover, most of the tourism and hospitality services are created, sold and rendered at the same time. This feature evidently differentiates a tourism product from tangible counterparts. Buying of a new refrigerator involves production and shipping before the consumer can actually see it in the company showroom/retail outlet or on the e-commerce website. The consumption of refrigerator i.e. being able to refrigerate food

items takes place after purchase at user's place. In contrast, a customer cannot take the hotel room or a skiing site or a cruise at home. Tourism and hospitality products hence can only be used up at the service provider's premise.

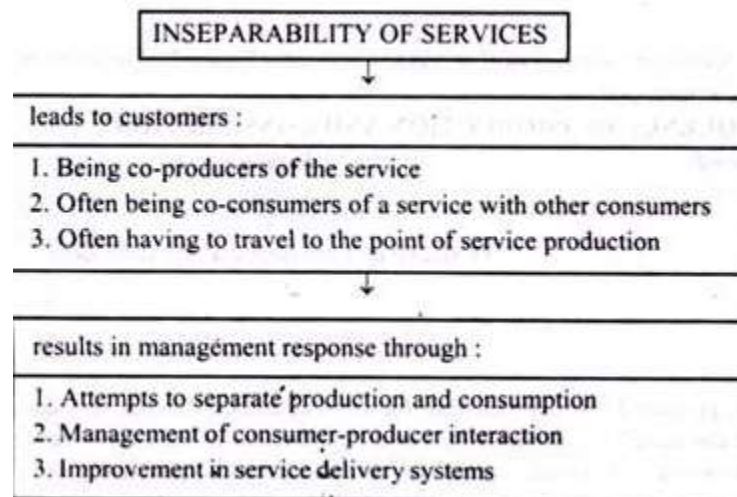


Figure 3: Inseparability implications

e) **Participation of Customer:** Customer acts as one of the integral part of service delivery process. In selling – production – consumption delivery system, the end user is involved literally at every stage of service delivery. A person willing to take a haircut must be present at the salon for getting this service. Similarly, a person willing to fly to Paris to watch Eiffel Tower can ask a friend to book a ticket for flight and a room in a hotel, at the time of actually availing the service, the person must be physically present. The service cannot be produced and hence cannot be consumed by the person while he being absent.

Lack of Ownership: In real world when a consumer pays for a car, the car after the transaction belongs to the buyer. This simply means a real transfer of ownership takes place in such regular day to day transactions. However, this doesn't hold true in case of consuming a service. This is possibly the reason lack of ownership is usually referred to as one of the most commonly quoted characteristics of services like tourism and hospitality. This characteristic is very much in sync with

f) other service like characteristics such as intangibility, perishability, inseparability.

In addition to these basic characteristics, people oriented nature of tourism and hospitality industry must be discussed;

g) **People oriented:** Any service industry requires skilled manpower to be able to deliver the service to the consumers and hence to be better able to compete effectively in the market. The tourism industry is no exception as it also flourishes on skilled and talented staff. This is the reason, People constitute one of the most important P's of the marketing mix of tourism marketing. It is the interaction between the service staff and the consumers which is referred to as perceived service quality. A tourism product's quality is mainly determined by the quality of personal interactions a customer makes right from information acquisition to the final consumption of the service.

4. Unique Characteristics of Travel and Tourism Services

Besides the basic characteristics common to all services, there are some other features that are particularly relevant to travel and tourism services. These are:

Table 4: Unique characteristics of travel and tourism services

Sr. No	Unique Characteristics of Travel and Tourism Services
1	Seasonality and demand fluctuations
2	Interdependence of tourism products
3	High fixed costs of service operations

These unique characteristics have been discussed below:

a) **Seasonality and demand fluctuations:** Seasonality is one of the important factor that governs the operating cycle of many industries. Tourism is one of the most seasonal industries and these seasonal changes greatly affect the demand. Demand of tourism product/service depends upon many factors such as seasonality, politics, religion, socio-economic conditions and other special events etc. Seasonality is very important factor to be taken care of while framing strategies in tourism and hospitality industry as it may lead to creation of jobs during some seasons while may cause unemployment in the season of slow growth, may develops idle investment on staff, transportation, office charges and might increase the cost of production. It is not surprising to know that in tourism industry demand fluctuates greatly specially on inter-year basis. Such huge inter-year seasonal demand variation lead to an increase in the occupancies in many tourism businesses to 90 to 100 per cent in the appropriate season but might as well drop to 30 per cent or even less in the adverse season. These demand variations in tourism are an

area of major concern because of nature of the tourism product being perishable. Thus, generating demand during low growth seasons is always the greater concern for majority of tourism marketing managers.

- b) **Interdependence of tourism products:** Tourism product is an amalgamation of products and services that span over a varied group of industries like transportation, food and lodging etc. The affluences of tourism industry thus depend upon how collaboratively these products or services work together to create a unique and satisfying experience. In simple words, it can be concluded that a tourism product cannot be provided by a single firm but is the work of many specialized products and services.
- c) **High fixed costs of service operations:** Tourism and hospitality products constantly confront the issue of having higher fixed costs and relatively lower variable costs. This simply means that tourism firms must work towards generating surplus demand. Majority of tourism and hospitality firms work on a strict margin between total cost and total revenue caused by severe competition, even a slight change in the average load factors makes a substantial difference between profit or loss.

5. The Marketing Response to better deal with such complex Characteristics

Given to the characteristics of the tourism and hospitality services as mentioned above, there is an immense need to devise unique marketing approaches that need to be implemented in tourism and hospitality industry for better competitive position.

Some of such unique approaches in hospitality and travel marketing are discussed below:

Table 5: The Marketing Response to better deal with such complex Characteristics

Sr. No	Marketing Response
1	Use of more than 4 Ps
2	Extensive use emotional appeals in promotions
3	Greater significance of word-of-mouth advertising
4	Increased importance of consistency
5	Increased importance of relationships with complementary organizations

- a) **Use of more than 4 Ps:** Because tourism and hospitality products have particular characteristics of inseparability, perish ability, seasonality etc., it calls for developing an

extended marketing mix. Most of the academic literature attributes 4Ps (product, place, promotion, price) as the main marketing mix essentials. Since the services are different than products, the marketing mix of services must have some additional component. On the same note, tourism and hospitality services are attributed with additional marketing mix components which are: people, processes and physical evidence.

- b) **Extensive use of emotional appeals in promotions:** Because of the intangible nature of services, customers tend to make purchase decisions on the basis of emotional and experiential factors. Distinctive features of a tourism and hospitality product are important to attract customers but creating a distinctive personality to the product through excellent services showcased by integrated marketing communication is far more important. E.g. Hilton is usually associated with a personality attributing it as “America’s Business Address”.
- c) **Greater significance of word-of-mouth advertising:** Since there are very few sampling or testing opportunities in tourism and hospitality industry, customers have to rely upon the review and advice of others, including peers, friends, relatives, and business associates. That is why, positive “word-of-mouth” is very important to the succeed for most tourism and hospitality organizations. Providing a consistent quality of service and associated facilities as promised plays a key role in getting positive “word-of-mouth”. It is also the basic fundamental of marketing any product or service. The phenomenon has become even important with the advent of web 2.0 and emergence of social media and online reviewing websites. People write their positive experiences and share negative as well.
- d) **Increased importance of consistency:** Being able to develop products and services that not only satisfy the needs and preferences of current customers but also appeal to the prospective and competitor’s customers is at the heart of successful marketing. Those products and services should not only be designed keeping industry benchmarks in mind but must be delivered consistently as well. Consistency means being able to give same or higher level of service to customers so as to create a very unique and positive image in highly competitive market. Customers sometimes are known to assign an image to

company on the basis of their overall evaluation of service quality. Thus, it is extremely important to be consistent in performance for firms in tourism and hospitality industry.

e) Increased importance of relationships with complementary organizations:

Organizations in tourism and hospitality industry have several unique relationships with each other that might help decide how these firms are marketed. Creating and sustaining such healthy relationships is an extremely important job that the tourism and hospitality managers must perform. All key factors having any direct or indirect impact on each other in tourism ecosystem (suppliers, destinations, transportation service providers, visitors etc.) lend a helping hand in creating overall positive service quality.

6. Summary

As discussed in the chapter, tourism and hospitality is a part of much broader services industry. The products of tourism and hospitality industry have characteristics of typical services. Just like services products of tourism and hospitality industry are well-known to be perishable. Thus, time element has great implication in their marketing. Unlike tangible products, service cannot be touched, tested or felt before they are consumed. A tourism and hospitality product works in similar fashion and is an abstract phenomenon. Tourism and hospitality products are inseparable sometimes call for simultaneous creation and consumption. Since services are provided by people, service delivery suffers from heterogeneity and hence is variable. Unlike in regular products, customer acts as one of the integral part of service delivery process. In tourism and hospitality industry, sales transaction does not mean buying things like regular products. It doesn't involve actual transfer of ownership. These attributes must be kept in mind while defining the nature of tourism and hospitality industry and devising strategies for effective marketing.