

CUSTOMER VALUE AS A PREREQUISITE FOR THE COMPETITIVE ADVANTAGE OF THE AREA OF TOURIST RECEPTION IN GLOBALISATION

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Annotation

Globalisation is a phenomenon characteristic for the contemporary world. It stems from lifting the country borders with the resultant rapid development of exchange among countries and the emergence of the world economy. Its implications are apparent everywhere, also (if not primarily) on the tourist market.

The purpose of the paper is to present how the globalisation impacts on the activity of institutions in the tourism. A process of changes in the market strategy of organizations on the tourist market has been traced. It has been noted that the competition on this market takes place mostly among the areas of reception rather than tourist companies. Special emphasis has been laid on the basic category of contemporary management of travel destinations, i.e. customer/tourist value, highlighting its substance, elements and building process.

1. Globalisation versus the evolution of marketing in tourism

For many years encyclopaedias and dictionaries have been defining tourism as an activity meant to satisfy curiosity and kill time. It used to be considered as an exceptional pastime deserved solely by the members of the high society. However, in the second half of the 20th century tourism became a common commodity. There are many reasons that contributed to that condition, such as:

- economic development connected with raising the standard of living of people in many countries of the world,
- extension of leisure time (longer paid vacation, the introduction of additional holidays, etc)
- rapid development of transport and relative decline of the cost of travel, and
- globalisation, viz. combination of economic, technological, social, cultural and political forces (including various forms of integration), leading to liberalisation of border formalities.

Hence, the 20th century brought about the emergence of a modern tourism industry. Initially (due to the rapidly increasing demand and difficulties in matching supply) the industry was targeted on the product and sales – that is, development of a product and searching for the prospective customers. In the 1960s, the buyers' market stabilized in the consequence of on-going globalisation processes and the resultant increase in sales, and by the same token competition for customers became much more intense. Consequently, the operators of tourist

industry began to change their marketing strategy – product orientation had to give way to focusing on the needs. The surveys of needs, preferences and expectations of the current and prospective tourists became a prerequisite for succeeding on the market and anticipating the buying decisions of customers. That process led to the emergence, and then the development of marketing in tourism industry (more: Altkorn, 2002, str. 11 – 14).

The basic premise of a marketing concept is striving for the best possible satisfaction of needs of a selected group of buyers. That objective may be reached with the use of marketing mix (an appropriate product, price, distribution and promotion) that can be established by surveying the market (more: Otto, 2004, str. 5 – 16). In practice that method may be implemented in a number of ways. Observations have proved that a large number of tourism operators place emphasis only on some elements of the marketing mix, i.e. promotion and distribution. Yet, in the conditions of the on-going globalisation there is a strong need to approach marketing not only as a process of communicating and delivering benefits to consumers (viz. tourists), but also as a process of identifying their needs and creating new ones (with the use of information gained from marketing research) as well as matching the characteristics of a product and its price to the already identified target consumers. Hence, as it can be easily observed, making use of the whole range of marketing instruments and activities is quite significant for the efficiency of operators' performance on contemporary, globally integrated market of tourist services, for their competitiveness and the right image they project within their environment. All the instruments must be mutually interdependent, complementing one another marketing subsystems, and that is why there were given the name of marketing mix.

Originally, marketing on the tourism market had a classical representation, i.e. its aim was to regulate the external relationships (Fig. 1). At present, it is more and more frequently maintained that the establishment of proper relationships with the environment calls for internal activities, that is to say the use of personal marketing (internal marketing). That concept rests on the premise that the provision of service by a satisfied, efficient and loyal employee is a prerequisite for the satisfaction of a customer/tourist. That is because a rendered service is an important, if not a crucial part of tourist industry product by its very nature (more: Kornak and Rapacz, 2001, str. 199 – 202).

Another consequence of the on-going globalisation is the rise of costs of winning new customers. Hence, to secure revenue from tourism it is important to concentrate on retaining the current buyers and, by the way of appropriate contacts, turning them successfully into repeat buyers. The concept of relationship marketing was based on that foundation (more: Otto, 2004, str. 35 – 44). It should be added that partnership marketing is a term also used in relevant literature, yet it seems to have a narrower application since partnership is undoubtedly just one of many possible relationships (even though these terms are often used as equivalents).

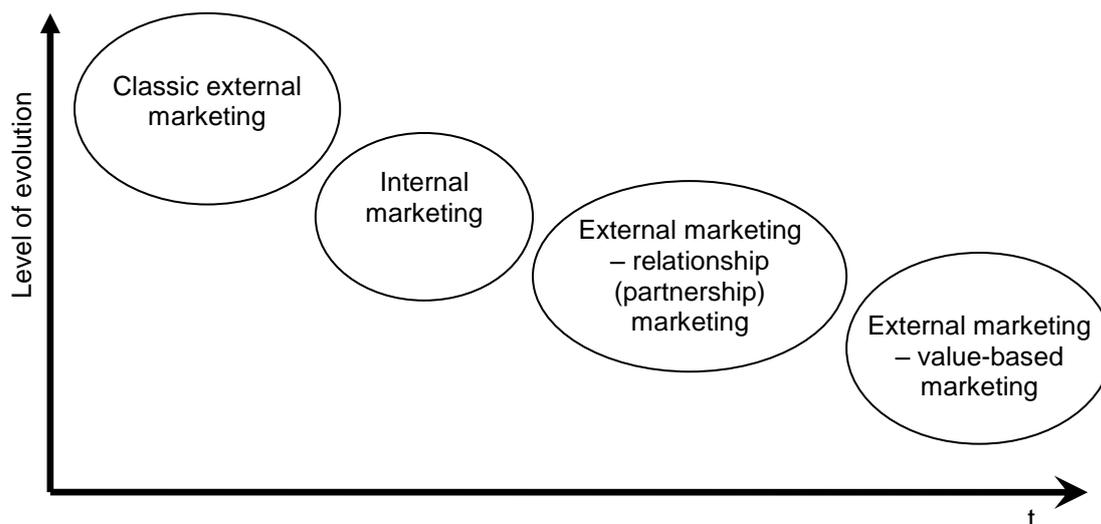


Fig. 1. The development of marketing concepts in tourism in the result of globalisation processes.

Source: Author's own

In addition, in view of the expansion of hotel chains, transportation companies and travel agencies to new international markets, which process poses a huge competition for domestic tourism companies, creating value for investors (shareholders, stockholders) should become the primary objective for marketing. That value is closely related to the customer value, since the satisfaction of buyers ensures a long-term cash flow for the company that attracts and satisfies investors. The concept of value-based marketing was built on those premises (more: Doyle, 2003, str. 23 – 24).

2. Area as a subject of contemporary tourism marketing

Properly understood marketing in tourism industry goes beyond the confines of a company and it has a mezzo- and macroeconomic dimension. This is the consequence of the fact that, while planning his itinerary, a tourist begins with the selection of a destination for his visit (realising the leisure, cognitive, religious, business, etc, aspect or, if you will, the primary objective of a trip). It is only then that he selects certain tourist companies whose services he may use within the area of his visit (as they satisfy his secondary needs, i.e. accommodation, meals, entertainment, etc). In addition, usually he does not purchase the services from one provider, but from a few. This is because he has a variety of needs, and a single provider, possessing limited means and specializing in one area (lodging, entertainment, etc), may not satisfy them all. The foregoing leads to a conclusion that it is whole destinations and not merely individual companies that make basic supply entities on the market of tourist industry. On the other hand, since globalisation and opening the borders increased the interest in foreign travel, the areas of tourist reception must compete with one another, and it is here that the battle for the tourist is fiercer and fiercer (Cracow is competing with Prague and Budapest, Croatian coast with French or Italian beaches, etc). That is why marketing meant as a co-ordinated policy of institutions and

organisations on the territorial level (cities, regions, countries), targeted on satisfying to the best possible extent the needs of visiting tourists, should be applied to the activity of reception areas (more: Gaworecki, 2003, str. 215 – 217). The aims of this policy (mostly increasing competitiveness to other territorial entities) may be reached only with the use of modern marketing concepts – Fig. 2.

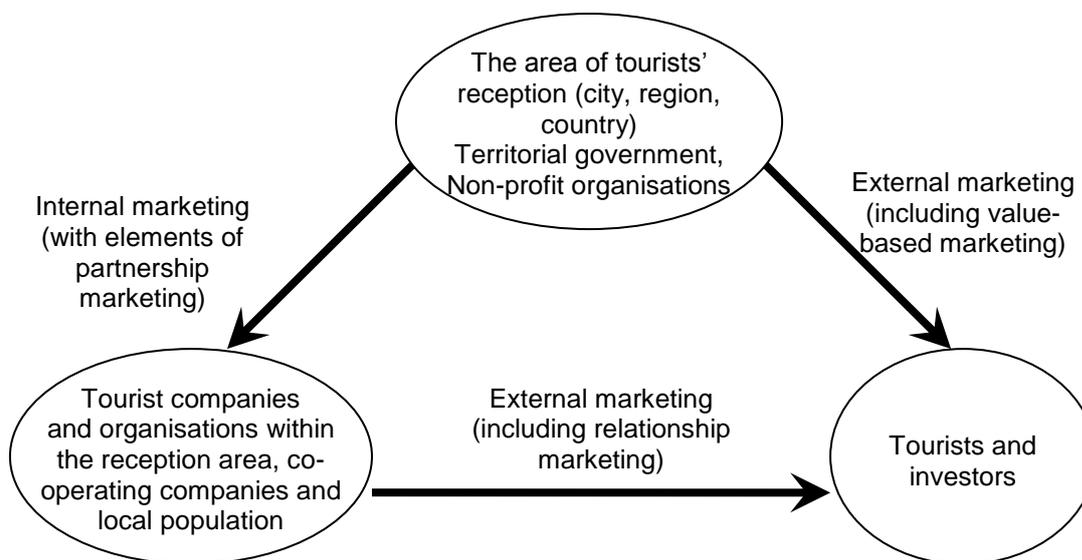


Fig. 2. Relationships among the basic concepts of contemporary tourism marketing – territorial approach
Source: Author's own

Tourists and investors are the key external beneficiaries of the facilities offered by final destinations. They should become the target of value-based marketing aimed at the implementation of the ultimate goal, viz. social and economic development and the creation of wealth for an area. Provision of adequate value to the beneficiaries requires a close co-operation of all internal operators of the reception area – territorial government, non-profit organisations (e.g. regional and local tourism offices, all kinds of chambers of commerce), tourism enterprises and their stakeholders (banks and other financial institutions, insurance companies, etc), the residents (including those providing services to tourists), and the institutions forming public opinion (representatives of media, education, etc). The latter may be compared to corporate workers; hence the application of internal marketing provisions, though slightly modified, seems appropriate to their case. Since each institution is self-supporting in the conditions of the market economy, one may only consider building a partnership network among them (more: Seweryn, 2007, str. 202 – 205). In turn, all internal operators should apply the principles of relationship marketing while liaising with tourists so that they are involved in the generation of added value.

In conclusion, trying to gain competitive advantage in the conditions of tourism market globalisation, a city, a region, or a country must employ all modern marketing concepts.

Nevertheless, since tourists are the primary beneficiaries of the area products, providing them with adequate value (value-based marketing) is of paramount importance.

3. Marketing of tourist reception area versus customer/tourist value

Four elements of the management process through customer value – its identification, creation, communication and provision may be already found in the classical, instrumental form of marketing (more: Szymura-Tyc, 2005, str. 84 – 90). At the same time, the very customer value has become the basic category of this process. It is not a simple difference between the benefits derived from a visit and the price that has to be paid for the product. Customer value is the relation between tangible and intangible benefits derived by a tourist during his trip and his visit to the destination, and tangible and intangible costs that have to be borne due to travel – Fig. 3 (more: Kotler, 2005, str. 60 – 85). It is important to note that these are not objective features of a product, but the way they are perceived by the buyers, hence this category is wholly subjective (perceived value).

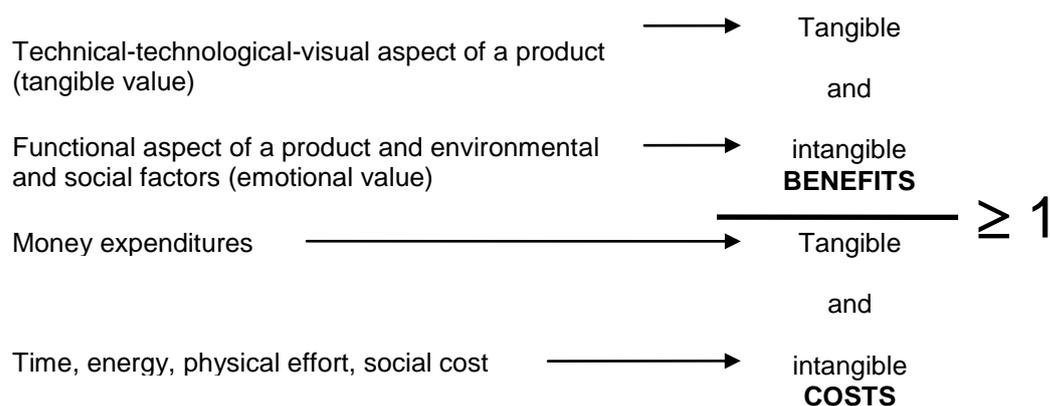


Fig. 3. Tourist added value

Source: Author's own

Tangible benefits include proper standard of accommodation facilities, their appearance and reliability, Internet access, tasty meal in a restaurant, proper snow cover on the slope, or clear trail markings. In turn, intangible benefits include all kinds of experiences and impressions that are shared during the trip and the visit to a destination, and even after departure. In this place one should mention the quality of service since tourist consumption is mostly the consumption of a service that in turn is inseparable connected with its provider. Extremely caring, available, kind, responsive and professional personnel is able to make up to a tourist the discomfort of worn out equipment, bad weather or bad conduct of fellow travellers. (Dąbrowska, 2006, str. 100 – 101). On the other hand, even the time of day (influencing tiredness of staff) may result in an unfortunate encounter with the buyer. A misleading method of reducing dissatisfaction of a visit to a destination has frequently advocated “industrialisation” of tourist services. That is

because the possibilities for replacing people with robots are quite limited on the tourist market; the more so as tourists demand highly individualized contacts. That is why proper service rendered to the tourists visiting a destination still remains an important element of customer value. Intangible benefits may include buying a branded product, a visit to a trendy, well-known resort, experiencing another climate, nature, culture, socialising with fellow travellers or local inhabitants. In turn, money expenditures fall into tangible costs category, and since they usually are greater than a month's remuneration, they require reaching for savings (more: Hudson, 1999, str. 7 – 33). In particular, intangible costs include time, energy and physical effort that are involved in the preparation for the trip and the visit to a certain area. Their level depends on personal needs, experience to date and competencies, as well as the promotion of an area. Sometimes social costs are involved, such as the loss of prestige and becoming a laughing-stock.

Customer (added) value appears when the proportion of perceived benefits and borne costs is greater than one. Hence, the operators of tourist reception areas aiming at creating that value should concentrate on increasing benefits and/or lowering costs. They should do appropriate research and analyse a wide range of mutually dependent elements. The basic problem is that, quite frequently, they do not have information about the value that is expected by the visitors. Besides, a tourist cannot define it before setting off for the trip since, as a rule, he has a limited knowledge about the target destination. At the moment of purchasing the trip he cannot see the product (all he has is a picture in a brochure), touch it or check it out. Hence, he purchases a dream, an expectation about the trip (more: Um and Crompton, 1999, str. 81 – 102). That value can materialise only in the course of tourist consumption. What is more, since the product he has purchased viz. the travel and visit to the reception area comprises a number of services, tourist's satisfaction is a composite of them all. Thus, tourist's benefits should be regarded as a complex issue, and not a simple total. Competitive advantage of that complex value in relation to other spatial entities is decided by the tourist attractiveness of a destination – its natural and anthropogenic quality, culture and other aspects of social existence and activity, as well as communication links, tourist technical and social infrastructure, image and security (more: Seweryn, 2002, str. 61 – 76). When any element of that attractiveness falls below tourist's expectations, he will perceive all other constituent parts, and in the final count the destination, as negative. Tourist's dissatisfaction is carried even further by the fact that while he can make up for the financial loss, there is practically no other compensation for the lost leisure time (which quite frequently is more important than money), wasted energy and futile physical effort, and any proceedings to claim a compensation frequently entail more problems. Most likely, a dissatisfied tourist will never return to such an area, and what is more, he will pass the word about his discomfort to many others. In the final count, not only does a destination lose a customer it has acquired, but also it has a lesser chance for winning others. Consequently, the following can be concluded from the foregoing; the reception areas (understood as partnerships of local governments, non-profit organisations, tourist operators and local communities) that

want to remain on the globally competitive market and become a leader should survey the satisfaction levels of their visitors. The results of such analyses will be used to define the value sought by the visitors and will constitute the basis for common efforts targeted on generating satisfaction from a visit. Such activities may lead to creating a positive opinion about a destination, repeat visits and high profitability of all the involved parties.

Summary

The foregoing considerations allow ascertaining that, under the current conditions, reception areas that want to compete successfully on the tourist market must employ more and more recent marketing concepts. They are pressured to do so by the ever-increasing globalisation processes and the on-going internalisation of the industry. It seems a prerequisite to elaborate a development strategy targeted on tourist benefits. It is apparent that a competitive advantage may be gained by bringing satisfaction to a customer by providing him with an added value greater than the competitors can offer. Presently, that value is a crucial instrument for creating markets and satisfying their changing needs. In turn, that translates into improved efficiency of local operators and raises the standard of living of local communities.

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