

PLANNING AND IMPLEMENTING MARKET-SEGMENTATION STRATEGY IN TOURISM BUSINESS

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Brief: Tourism businesses exist in an environment which is under a constant competition pressure, situation that asks for permanent measures taken by the companies that want to exist on the market. Companies are conceiving strategic marketing plans that will help them act better in this environment. They have to come up with strategic plans and to implement market strategies helping them to survive and to develop.

All these plans have a base in the companies 'missions and all the efforts will start from this point. Strategic plans are split into phases , more easier to be explained to all the personnel involved and more easier to be put into practice, phases organised for each of the plans' steps. Generally, a strategic plan is perfectly shown on a diagram that presents all the phases and steps to be taken from A to Z in order to achieve the results that the plan has stated.

An important step is the one that says that everyone from the stakeholders to the last worker , should understand and assimilate every phase of the plan, its purpose, its values, the strategy, and the standards and the behavioural code in order to be perfectly involved in the development of the activities.

Keywords : market strategy, market analysis, implementing strategy, market segmentation, strategic plan, company's mission, strategic analysis, marketing audit

Tourism companies exist and operate in a business environment under constant change, and, in order to position and keep themselves on a tourism market, they have to conceive those strategic plans of implementing the market-segmentation techniques which they consider to reduce the uncertainty of the unpredictable business environment .

The strategic plans are differentiated according to the objectives stated by the tourism companies : they can focus on the tourism company seen as a whole , or limited to a set of activities, or they can be only restricted to day –to-day current activities.*]

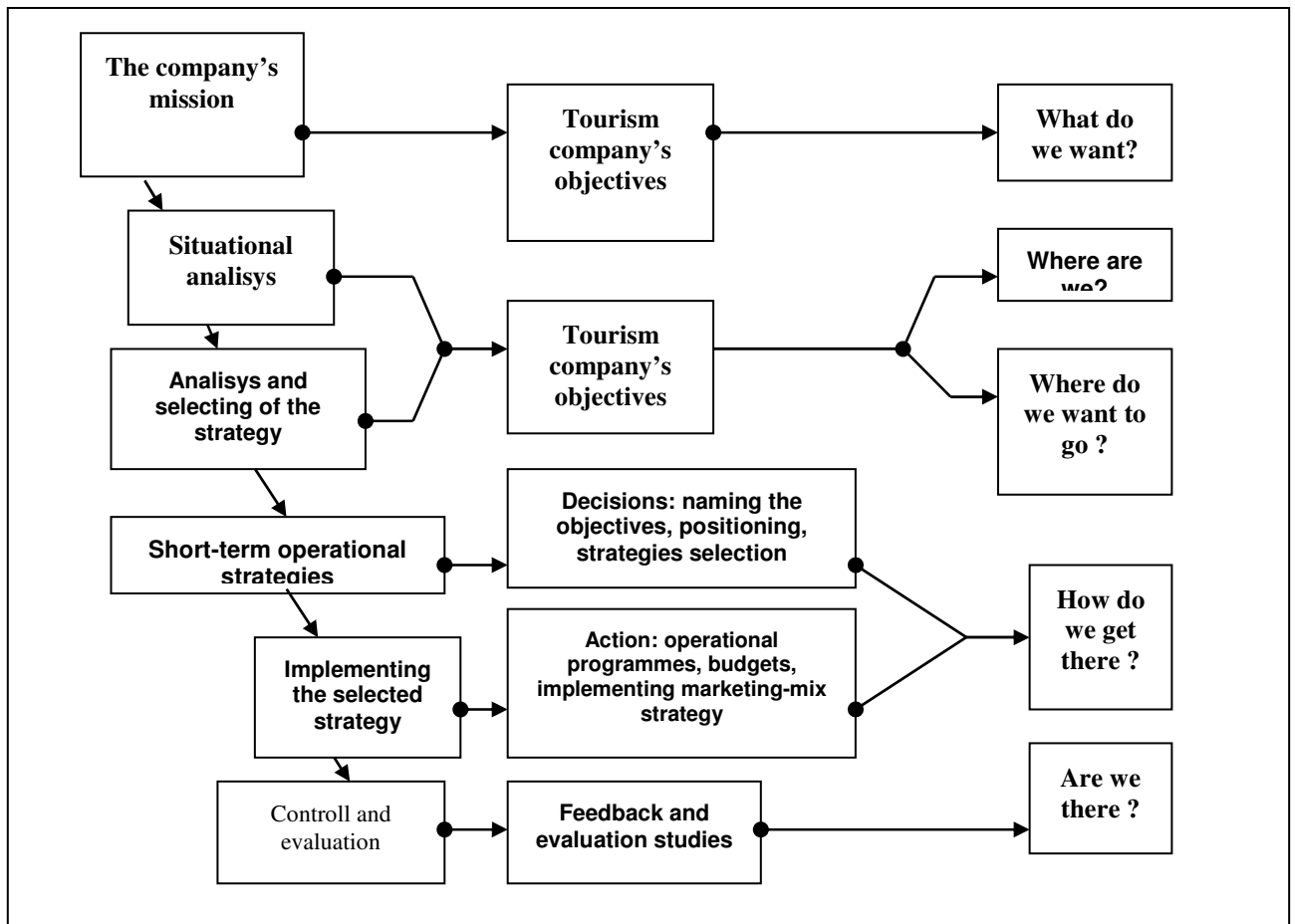
Therefore , market-segmentation strategic planning reflects the objectives of the tourism companies that have to be achieved in a definite time sequence, and select the most appropriate methods for achieving the respective objectives. Helped by the strategic plans, companies follow to obtain measurable results; therefore, the plan must be constantly monitored in order to achieve the results in due time, at the stated terms.

The strategic plan has the mission to serve to the tourism company as an orientation guide, from which they expect answers to the next questions: What do we want ?, Where are we now?, Where do we want to go ?, How will we reach there?, What do we have to do for accomplishing this goal ?

The phases of the strategic planning process are synthesised in the diagram presented in no. 1image**]

Based on the diagram, tourism companies elaborate for each of the phases of the strategic planning process the according measures to be taken, following their integration in the values of the respective companies .

Image no.1 PHASES OF THE STRATEGIC PLANNING PROCESS



The answers expected for the questions put in the diagram are referring to the main six phases of the strategic planning process :

1. Company's mission.

Explains the purpose the company (organisation)was created for and which are its aspirations ,values, strategies, behavioural standards followed by the company seen as a whole. The explanation of the mission gives information to the clients and stimulates the employees to identify themselves with the assumed mission and to consider it as being also their own.

The stakeholders (investors, shareholders, sponsors, non-governmental organisations that support the company, etc) have to understand also the contents of the next major elements taken out of the company's mission statement:

- Purpose :..... it defines for what has been created and the reason for existence of the company;
- Its values:..... they define the credo of the organisation and its moral principles;
- The Strategy:..... it explains the company's position versus competitors and its competitive advantages;
- The Standards and the behaviour code : They define the way organisation's staff operates and the action methods used for achieving the stated objectives;

The way a tourism company presents its mission differs from a company to another; some resume this mission in a single phrase , others detail it on several pages.

2.

Situation
analysis.

The research done by a tourism company follows the understanding – for its managers and employees - of the way it will evolve in the future ; what kind of factors will influence this development, how well is the company ready (equipped)for the confrontation with this evolutionary processes, what kind of profits hopes the company to extract out of this development.

For a better understanding of the existing situation , companies may resort, based on the haphazard necessities , to the next analysis instruments :

- Marketing audit - an instrument of situational analysis, - that searches an answer for the question : „ Where are we now ?”
- The answer for the above question follows to clear up through audit of the influence of the impact factors on the tourism company: analysis of the external environment, the structure and efficiency of the organisation, the structure and the mix of the marketing instruments.
- PEST* analysis] examines the macro-economical environment influenced by the factors that can not be controlled by the tourism company;
- Analysis of the market trends:
- Analysis of the competitors’ products compared to the diversity and quality of the own tourism products;
- Analysis of tourists’ consumer behaviour , characteristics of various market shares;
- SWOT** analysis] in order to know the situation regarding the environment and of the company’s level of preparation for the confrontations with the environment threats.

3.

Strategy analysis
and selection.

Follows to identify the next scenarios that may result from various market - segmentation strategies and the selection of the best in order to achieve the company’s goals and objectives

4.

Short term operational strategies.

During this stage , operative plans become more real and the most appropriate operational strategies in accordance with the economy power that the tourism company has, are elaborated. In tourism and travel industry, the environment realities , that have unpredictable and de-stabilizing effects , are constraining the economy agents to be prudent in strategic planning and to limit their operational strategies for a medium horizon for two years at the most.

Taking in account the above mentioned prudence, the economy agents have at their disposal, the next future prediction methods :

- Research upon the buying intentions helped by the opinion polls made on a representative consumer sample ;
- Statistical analysis of the tourism demand evolution ; this is a method that takes in consideration the variables that have influenced the demand in the past and it uses mathematical-statistical analysis techniques in order to foreshadow the future development trends .

Implementing the selected
strategy

5.

Implementing the strategy considered by a company as being the most appropriate for its business, searches for an answer to the question :

„How are we going to reach there ?”

This phase of elaboration of the strategic plan is crucial for the companies active in the travel and tourism business. After a company has defined its options regarding the desired market position and after the evaluation of the existing resources that will help it reach the durable hoped performances, it will have to focus its attention on gaining a superior competitive advantage compared with the offer of other competitors that operate on the same market or on the same market share.

In his famous book „Competitive Advantage”, Michael PORTER foresees two ways for a company to get advantage over competition :*]

- By making a product / service with costs lower than the competitor’s costs, having thus a tendency to seize the cost leader position on the market ;
- By offering unique products/services (or strongly differentiated of those belonging to the competitors) and having a superior quality, that can be sold at higher prices.

Thus one can reach personalised shares (or mini-shares – markets of one), where a small market share benefits of a superior competitive advantage if it can be differentiated by other products / services through various “extra” components or by mixing together both elements : superior quality and different characteristics.

During the time used for putting together the strategic plan, inside the tourism business company’s environment many changes and dysfunctions, both internal and external may occur . Companies are constrained to adopt a critical position towards such unpredictable environment changes, that sometimes may affect even the initial mission of the organisation, requiring its re-wording.

Not rarely , companies’ managers ascertain that budget allocations for implementing the strategic plan do not correspond to the market realities any more , thus being necessary to be revised also in support of the implementing the operational programmes .

6.

Evaluation and control

The evaluation and control of the strategic plan will answer to the question :

„ Have we reached the desired place ?”

The plan, the operational programmes and the company’s budget must be under constant monitoring and control , in order to ensure the managers that established goals have been reached inside the planned time schedule, with the use of the existing material and financial resources .

In the opinion of Philip KOTLER , in order to successfully implement a plan, companies must have in sight four types of managerial control :

- Annual plan control - in order to ensure that the plan evolves inside the established limits;
- Profitability control - in order to know the level of achieving the expected income;
- Efficiency control - in order to evaluate the efficiency of the marketing costs ;
- Strategic control - in order to determine whether the strategy of market segmentation has been rationally selected ;

Finally the established strategic plan must be known by the whole company personnel, and the duties towards the assumed objectives must be judiciously distributed to each of the company’s departments in order to ensure that new, unforeseen problems should not only be detected, but also rapidly corrected .

As a conclusion, in elaborating a competitive tourist services strategy, tourism companies managers have a focus on several components. The first aspect is the identification, analysis and selection of the basic elements of the strategy. Another major importance aspect refers to understanding the necessities that come out in implementing the strategy. At the same time, there comes as a necessity the integration of the basic elements in a comprising strategic plan.

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