

HOSPITALITY AND TOURISM MARKETING

Lecturer: HABUMUREMYI Faustin, MTourMgt.

Lecture 3:

Target Market and Market segment

Course outcomes:

At the end of this lecture, you will be able to:

- Describe correctly market segmentation and market targeting
- Interpret clearly the benefits of market segmentation
- Identify perfectly strategies for market targeting
- Demonstrate correctly the essentials for effective market positioning

Understanding Marketing Management

- ❑ Marketing management is **the art and science of choosing target markets and building profitable relationship with them.**
- ❑ The marketing manager's aim is to find, attract, keep, and grow target customers by creating, delivering, and communicating superior customer value.

Understanding Marketing Management (cont')

- ❑ Marketing management is in a way, demand (customer) management.
- ❑ A company's demand comes from **two** groups: **new customers and repeat customers**. Marketing management deals with finding ways to:
 - **Attract new customers and create transactions with them and to retain current customers and build lasting customer relationships.**

Understanding Marketing Management (cont')

- ❑ To design a **winning marketing strategy**, the marketing manager must answer **TWO** important questions:
 - What customers will serve (what's **our target market**)?
 - How can we serve these customers best (what's **value proposition**)?

Selecting customers to serve

- The company must first decide who it will serve.
- It does this by **dividing the market into segments** of customers (**market segmentation**) and **selecting which segments it will go after** (**target marketing**).

Selecting customers to serve (cont')

- ❑ Some people think of marketing management finding **as many customers as possible and increasing demand**
- ❑ But marketing managers should know that they can not serve **all** customers in every way.
- ❑ By trying to serve all customers, **they may not serve any customer well**
- ❑ Instead, the company wants to select **only** customers that it can serve well and profitable

Examples of market segments for Tourism

a) For Tour operators:

- ✓ Young people 18-30 years old
- ✓ Families with children
- ✓ Retired /senior citizens
- ✓ Activity/sport seekers
- ✓ Culture seekers

Examples of market segments for Tourism (cont')

b) Destination attractions

- ✓ Local residents in the area
- ✓ Day visitors from outside local area
- ✓ Domestic tourists
- ✓ Foreign tourists
- ✓ School parties

Methods used to segment market in Hospitality and Tourism

- There are **seven main ways** of dividing up markets for segmenting purposes, all of which are used in practice in hospitality and tourism industry.

The main methods of segmentation

- Purpose of travel
- Buyer needs, motivations, and benefits sought
- Buyer behaviour (characteristics) of product usage
- Demographic, economic and geographical profile
- Psychological profile
- Geodemographical profile
- Price

Benefits of the Market Segmentation

Higher Rate of Success

Cost-Efficient

Increases Profitability

Higher Customer Satisfaction

Increases Competitiveness

Wise and Efficient Use of Resources

Know your Customer Better

Effective Market Campaigning

Retention of Customer

Provides Market Opportunities

www.educba.com

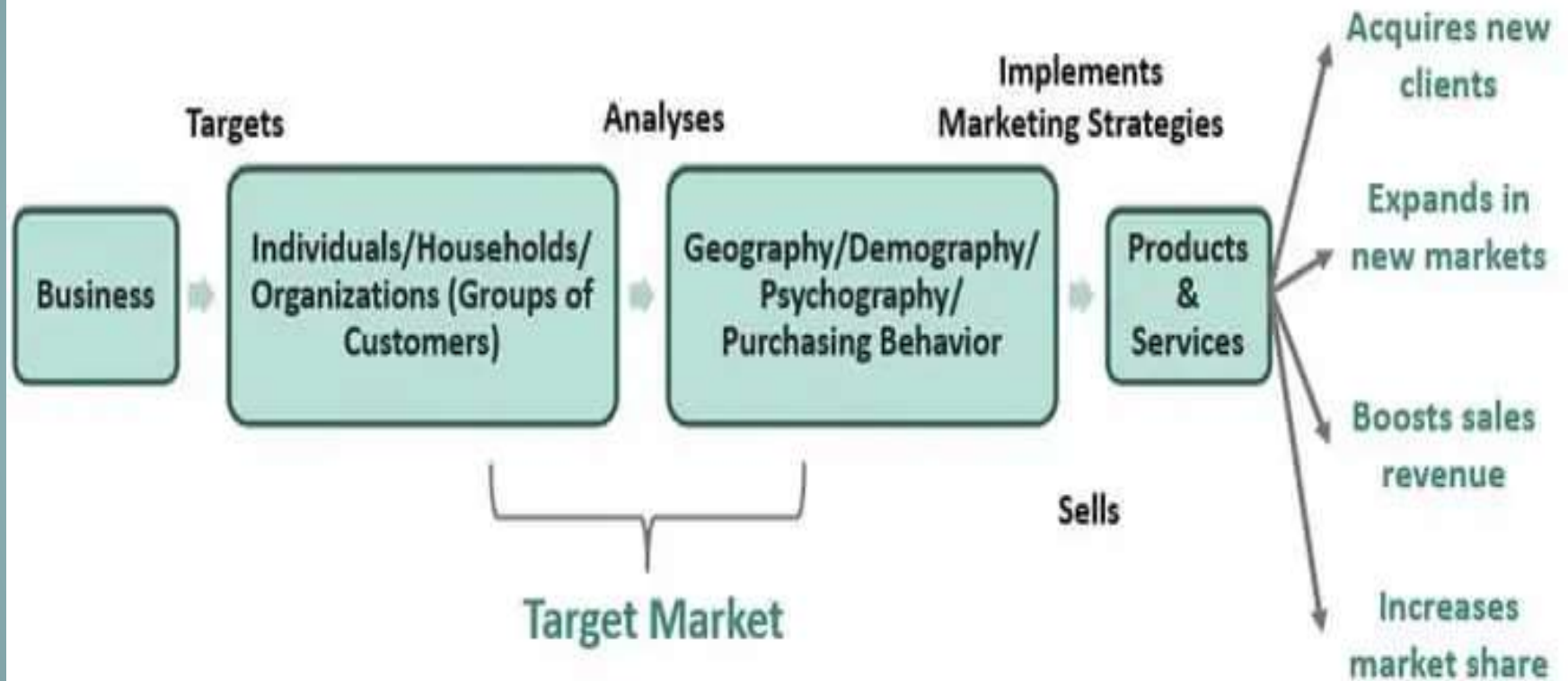
What is Target Market?

A target market is a **group of people with some shared characteristics** that a company has identified as potential customers for its products. Identifying the target market informs the decision-making process as a company designs, packages, and markets its product.



Epic, (2004), Target Audience, https://marketingepic.com/wp-content/uploads/2014/03/shutterstock_142764424.jpg

What Is Target Market?

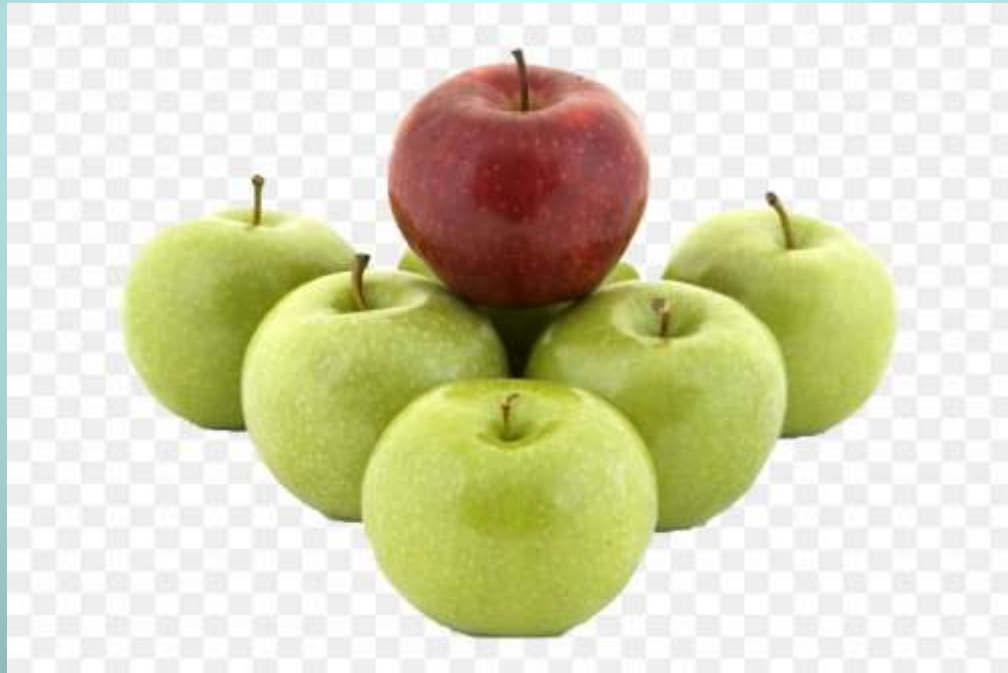


Tips in Target Marketing

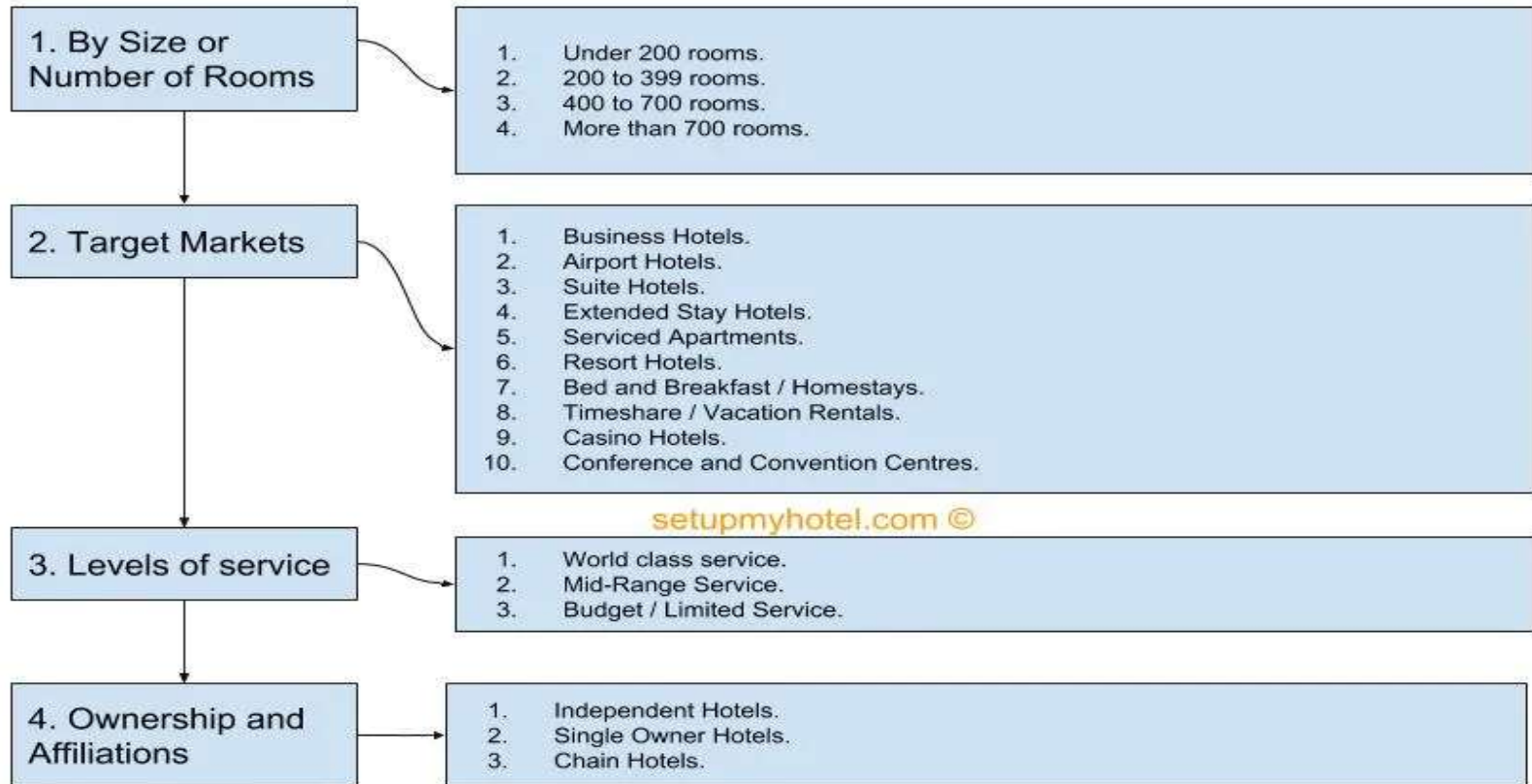
1. **Market segmentation:** dividing a market into distinct groups of buyers with different needs, characteristic behaviors who might require separate products or marketing mixes.
2. **Market targeting** : evaluating each market segment's attractiveness and selecting one or more of the market segments to enter

3. Market positioning :

- ❑ Setting the competitive positioning (**difference**) for the product and creating a detailed marketing mix.



Types of Hotels / Classification of Hotels



setupmyhotel.com ©

Market Targeting strategies

- ① Undifferentiated Marketing
- ② Differentiated Marketing
- ③ Concentrated Marketing

Market Targeting Strategies				
Undifferentiated (Mass) Marketing	Differentiated (Segmented) Marketing	Concentrated (Niche) Marketing	Micromarketing	
			Local Marketing	Individual Marketing
Whole market with one offer → Ignore segments	Decide to target several different market segments, separate offers for each	Concentrate on one or a few segments or niches	→ cities, neighbourhoods, specific stores	→ 1 person
Targeting broadly		Targeting narrowly		

Undifferentiated Marketing

- ❑ Using an undifferentiated marketing strategy, a company **ignores market segmentation differences** and goes after the entire market with one market offer.
- ❑ It focuses on what is **common** in the needs of consumers rather than on differences. Undifferentiated marketing provides cost economies.

Differentiated Marketing

Using a differentiated marketing strategy, a company targets several market segments and designs separate offers for each.

- **Accor Hotels**, a French company, operates under twelve trade names and manages several brands and types of hotels.
- Included in its brands are international **luxury hotels** (Sofitel), **three-star hotels** (Novotel), **two-star hotels** (Ibis), **limited-service hotels** (Formula One and Motel 6), and **extended-stay hotels** aimed at the elderly (Hotelia). This segmentation has allowed Accor to become the world's foremost hotel groups.
- Differentiated marketing typically produces **more** total sales than undifferentiated marketing

Concentrated Marketing

□ concentrated marketing, is especially appealing to companies with **limited resources**. Instead of going for a small share of a large market, the firm pursues a large share of one or a few small markets.



Weebly, (2022), Muslim Foods from Different Places in America,
<https://muslimfood128.weebly.com/>

HOW TO CREATE VALUABLE BENEFIT FOR CUSTOMERS?



Kiririgardenhotel, (2022), Kiriri Garden Hotel, <https://kiririgardenhotel.com/>

TO MAKE DISTINCTIVE ADVANTAGE...

Distinctive products



Kayak, (2022), Radisson Blu Hotel & Convention Centre, Kigali, <https://www.kayak.com/Kigali-Hotels-Radisson-Blu-Hotel-Convention-Centre-Kigali.2619006.ksp>

Distinctive service



Meygan Gerber, (2022), All you need to understand about Service Excellence, <https://hospitalityinsights.ehl.edu/service-excellence>

Distinctive staff



Malone, (2022), 4 Tips to Prepare Your Hotel Staff for the Busy Holiday Season,
<https://malonesolutions.com/4-tips-to-prepare-your-hotel-staff-for-the-busy-holiday-season/>

Distinctive location



The Diplomat, (2022), Accessible tourism identified as a 'paradigm shift' for tourism destinations, <https://thediplomatinspain.com/en/2020/12/accessible-tourism-identified-as-a-paradigm-shift-for-tourism-destinations/>

Distinctive image



Shivesh's Kitchen, (2000) ,Classical Garnish Shivesh's Kitchen,
<https://www.shiveshkitchen.com/2015/08/classical-garnish-and-history-behind-it.html>

Choosing a market –coverage strategy

Factors needed to be considered when choosing market-coverage strategy are:

- Company resources
- Product variability
- Product stage in the life cycle
- Market variability
- Competitor's marketing strategies

Positioning for competitive advantage

- ❑ Once a company has decided which segments to enter, it must decide what “**positions**” it want to occupy in those segments.
- ❑ A product’s position is the place the product in consumer’s minds relative to competing products.

Essential for effective positioning

- ❑ Information on the **needs of customers** in target markets and the benefits they look for
- ❑ Acknowledge of organization's **competitive strengths and weaknesses,**
- ❑ A **familiarity** with competitors' strengths and weaknesses
- ❑ Information on how customers **perceive** the organization relative to **competitor.**

Six positioning Approaches

1. Positioning on **specific product features**

- **Physical** attribute differentiation
- **Service** differentiation
- **Personal** differentiation
- **Location** differentiation
- **Image** differentiation

Six positioning Approaches (cont')

2. Positioning on **Benefits, problem solution, or needs**
3. Positioning for specific **usage occasions**
4. Positioning for **user category**
5. Positioning **against another product**
6. Positioning by **product class dissociation**

Reference

- 1] Kotler ,.B (2014) Marketing for Hospitality and Tourism Industry, p 93-123, <https://www.pdfdrive.com/marketing-for-hospitality-and-tourism-6th-edition-e178412795.html>
- 2] Rizwan Raheem Ahmed, Strategic Marketing Planning of Nike, (2016), DOI:10.13140/RG.2.1.1558.3122

Thank you!

Next lecture: Marketing 3.0

Lecturer :Faustin

Email:hfaus84@gmail.com