

HOSPITALITY AND TOURISM MARKETING

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Lecture 5: Analyze market environment

Course outcomes

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

- Describe clearly **major actors** in the **microenvironment** of hospitality and tourism companies
- Demonstrate correctly the elements of **macroenvironment** for hospitality and tourism companies
- Explain clearly how to respond to market environment

Introduction

- ❑ Company's marketing environment consists of the **actors and forces outside** marketing that affect a company's ability to build and maintain successful relationships with its target customers.
- ❑ The marketing environment offers both **opportunities and threats**.
- ❑ Successful companies know the vital importance of constantly **watching and adapting** to the changing environment.

- “It is useless to tell a river to stop running, the best thing is to learn how to swim in the direction it is flowing” -Anonymous



Clément Bucco-Lechat, (2012) , People swimming in the Rhône river https://encryptedtbn0.gstatic.com/images?q=tbn:ANd9GcRo8Zd_w3ud4u1Y25OTV4q2IP77KTUJUWxJzA&usqp=CAU

- ❑ Managers who practice marketing will be the **trend trackers and opportunity seekers.**
- ❑ Good marketers have two special aptitudes.
- ❑ They have **disciplined methods—marketing intelligence and marketing research—**for collecting information about the marketing environment.
- ❑ They also spend **more time** in the customer and competitor environments.

❑ By carefully studying the environment, marketers can **adapt marketing strategies to meet new marketplace challenges and opportunities**



Sam Valadi, (2022) ,Burj Al Arab in Dubai Hotel, UAE<https://traveltolist.com/wp-content/uploads/2017/02/burj-al-arab-1024x683.jpg>

Parts of Marketing Environment

- ❑ The marketing environment is made up of a **microenvironment** and a **macroenvironment**.
- ❑ The microenvironment consists of factors close to the company that affect its **ability** to serve its customers, the company itself, marketing channel firms, customer markets, and a broad range of publics.

□ The macro environment consists of the larger **societal forces** that affect the entire microenvironment, that is, ***demographic, economic, natural, technological, political, competitor, and cultural forces.***

The major actors in the Company's Microenvironment



The Company

- Marketing managers do not operate in a vacuum. They must work closely with top management and the various company departments.



Seth BUTERA, (2021), The Importance of Using a Tour Operator To Book Your Vacation, <https://sethbutera.com/wp-content/uploads/2021/06/travel-agent.jpg>

- ❑ The **finance department** is concerned with finding and using the funds required to carry out the marketing plan.
- ❑ The **accounting department** has to measure revenues and costs to help marketing know how well it is achieving its objectives.
- ❑ **Housekeeping** is responsible for delivering clean rooms sold by the sales department.

- Under the marketing concept, all managers, supervisors, and employees must “**think consumer.**”
- They should work in **harmony** to provide superior customer value and satisfaction.
- Together, all departments have an impact on the marketing department’s plans and actions

Existing Competitors

- ❑ We include competitors in both the microenvironment and macroenvironment.
- ❑ Existing customers are part of the microenvironment because we can identify and observe them closely.
- ❑ Every company faces a broad range of existing competitors.
- ❑ The marketing concept holds that a successful company must satisfy the needs and wants of consumers better than its competitors.

- ❑ In general a company should monitor **three variables** when analyzing each of its competitors:
- ❑ **share of market:** The competitor's share of the target market.
- ❑ **Share of mind:** The percentage of customers who named the competitor in responding to the statement, ***“Name the first company that comes to mind in this industry.”***

- **Share of heart:** The percentage of customers who named the competitor in responding to the statement, ***“Name the company from whom you would prefer to buy the product.”***

Suppliers

- ❑ Suppliers are firms and individuals that provide **the resources** needed by the company to produce its goods and services.
- ❑ Trends and developments affecting suppliers can, in turn, seriously affect a company's marketing plan.

Marketing intermediaries

- ❑ Marketing intermediaries help the company promote, sell, and distribute its goods to the final buyers.
- ❑ Intermediaries are business firms that help hospitality companies find customers or make sales.
- ❑ They include **travel agents, wholesale tour operators, and hotel representatives, and online travel agencies (OTAs), such as Expedia, Travelocity, and Orbitz.**

Customers

- ❑ The hospitality company needs to study five types of general customer markets closely.
- ❑ Consumer markets consist of **individuals and households** that purchase hospitality services for leisure activities, **medical needs**, and **gatherings** such as reunions, weddings, or funerals. **Business** markets buy hospitality services to facilitate their business.

Publics

- ❑ The company's marketing environment also includes various publics.
- ❑ A public is any group that has **an actual or potential interest** in or impact on an organization's ability to achieve its objectives.

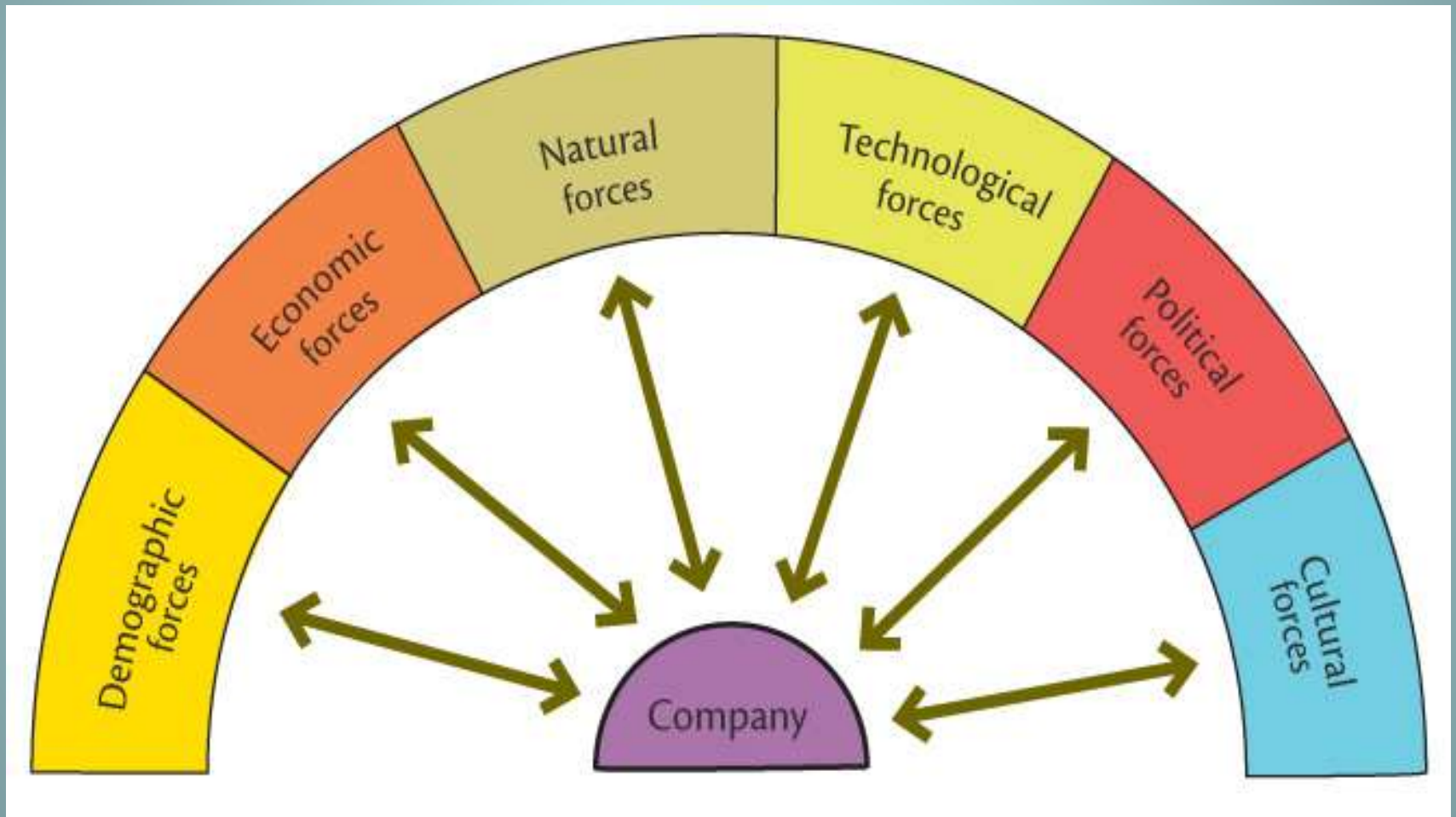
□ We identify seven types of publics:

□ **Financial publics, Media publics, Government publics, Citizen-action publics, Local publics, General public, Internal publics**

The Company's Macroenvironment

- The company and all of the other actors operate in a larger macroenvironment of forces that **shape** opportunities and **pose** threats to the company.

Elements of Company's Macroenvironment



Getmerit, (2018), THE MARKETING ENVIRONMENT: Company's macro environment <https://getmerit.files.wordpress.com/2015/10/macroenvironment.jpg>

Demographic Environment

- ❑ Demography is the study of human populations in terms of **size, density, location, age, gender, race, occupation, and other statistics.**
- ❑ The demographic environment is of major interest to marketers because it involves people, and people make up markets.

Economic Environment

- ❑ Markets require **buying power** as well as **people**.
- ❑ The economic environment consists of factors that affect **consumer purchasing power and spending patterns**.

Natural Environment

- ❑ The natural environment involves the natural re- sources that are needed as inputs by marketers or that are affected by marketing activities.
- ❑ The natural environment consists of many amenities that attract tourists, such as **forests, clean beaches, pristine streams, wildlife, and clean air, may be lost.**

Technological Environment

- ❑ Technology has affected the hospitality industry in many ways.
- ❑ Guest services from the hotel such as room service, valet parking, dining room reservations, and spa services can be accessed from the tablet.
- ❑ External reservations at theaters, restaurants, golf courses, and airlines can also be accessed.

- ❑ One of the most powerful changes is from **social media**.
- ❑ Social media is changing how we market to customers, **creating a powerful media for customers to interact with other customers and with organizations.**

Political Environment

- ❑ Marketing decisions are strongly affected by developments in the political environment.
- ❑ The political environment is made up of **laws, government agencies, and pressure groups** that influence and limit the activities of various organizations and individuals in society.

Example of Political Trends

- ❑ Increased Legislation and Regulation Affecting Business
- ❑ Changing Government Agency Enforcement
- ❑ Increased Emphasis on Socially Responsible Actions and Ethics

Cultural Environment

- ❑ The cultural environment includes institutions and other forces that affect society's basic **values, perceptions, preferences, and behaviors.**
- ❑ As a collective entity, a society shapes the basic beliefs and values of its members.

Cultural characteristics can affect marketing decision making

- ❑ **Persistence of Cultural Values:** People in any society hold certain persisting core beliefs and values
- ❑ **Subcultures:** Each society contains subcultures, groups of people with shared value systems based on common life experiences or situations.

Responding to the Marketing Environment

- ❑ Many companies view the marketing environment as an “**uncontrollable**” element to which they must adapt.
- ❑ They passively **accept** the marketing environment and do not try to change it.
- ❑ They analyze environmental forces and design strategies that will help the company avoid the threats and take advantage of the opportunities that the environment provides.

- ❑ Other companies **take** an environmental management perspective.
- ❑ Rather than simply watching and reacting, these firms take **aggressive action to affect the publics and forces in their marketing environment.**

Environmental Scanning

- ❑ Use of an environmental scanning plan has proved beneficial to many hospitality and tourism companies. The following steps are involved:
- ❑ (1) Determine the environmental areas that need to be **monitored**;
- ❑ (2) determine how the information will be **collected**, including information sources, the information frequency, and who will be responsible;

Environmental Scanning (cont')

- ❑ (3) **implement** the data collection plan; and
- ❑ (4) **analyze** the data and use them in the market planning process.

References

- 1] Kotler ,.B (2014) Marketing for Hospitality and Tourism Industry, p 63-91, <https://www.pdfdrive.com/marketing-for-hospitality-and-tourism-6th-edition-e178412795.html>
- 2] Mark Anthony Camilleri, (2017), Travel Marketing, Tourism Economics and the Airline Product, p 51-63, <https://www.pdfdrive.com/travel-marketing-tourism-economics-and-the-airline-product-an-introduction-to-theory-e181864124.html>

Thank you!

Next lecture: Model of consumer behaviour

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