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MARKETING AND MANAGEMENT IMPLEMENTATION ON MEGATRENDS IN MODERN TOURISM

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Abstract:

During recent five decades, remarkable growth of tourist traffic and tourist spending was recorded in the international scale so, eventually the tourist market recorded great changes. The appearance of the mega trends in the tourist market is a direct consequence of rapid expansion of the entire tourism industry and the development of global tourism supply and demand has contributed to the improvement of many tourism products customized only for needs of modern consumers. These mega trends are primarily related to: timesharing, incentive travel, and frequent user programs. As the phenomena that largely determined development of global tourism, mentioned trends are presented in this paper, mostly from the aspect of marketing and management in tourism but with special emphasis on the elements of their marketing mix (product, price, promotion and distribution).

Key words: mega trends in tourism, tourism market, marketing in tourism, management in tourism.

INTRODUCTION

Research of the global tourist market, its supply and demand, and changes that occur in it, are the main condition for setting a correct business and developed tourist policy. During first decade of the 21st century, great number of mega trends experienced expansion and have faced the numerous challenges of recession. The dynamic rate of tourist products on the international market, in conditions of high competitiveness, puts management and marketing business to a higher level. Some of these, representative mega trends are: timesharing, incentive travel, fast food industry, theme parks and the

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concept of frequent users. All of them today, have characteristics of mainstream tourism and affect large segments of consumers. International tourism industry earns millions of dollars of mega trends revenue. Despite their contribution mega trends are leading the fight for survival in the global market.

1. ACHIEVED LEVEL OF TIMESHARE DEVELOPMENT

Explaining the term “timesharing” binds to different forms of defining which is understandable because it is a concept that grows and develops along with actual changes in the market. Generally speaking, timesharing could be defined as: *ownership of certain shares of accommodation facilities, where a form of share considers purchasing time (one or more weeks) in pre-determined number of years (exp. 25, 30, 50, 80, 100 and more) in specific units of accommodation facilities.* In other words, timesharing is part time, usually measured as one or more weeks, reserved for spending free and leisure time in the tourist area. Reservation can be permanent or for a certain number of years and the contract specifies the type of the accommodation unit (rooms, apartments, villas, etc.) and the duration of the lease (such as one or more weeks and sometimes less portions of time during the year).² As a global industry, timeshare today offers a lot more than buying certain time usage of accommodation units. Evolution of entire concept brought it in line with industry of organized trips and gave enough reasons to consider it as mega trend in tourist market.

In international tourism, timesharing is a particular market with its own characteristics, the internal rules of the business policy and its own competition. Therefore the market performances of organizations are different where the role of the Internet is very important and the marketing aspect is crucial.

The main feature of a timeshare product is to ensure various consumers to own the capacities which in regular conditions, according to their income, they would not be able to afford. Most of these products includes luxury hotels, villas, houses, and even yachts and planes. Considering the popularity of the concept and its international character, specialized timesharing companies started to develop on the market and their primary function is to provide users desired capacity and the conditions for its use on a particular destination.

Leading companies that represent the timeshare supply today are: RCI – Resort Condominium International, I. I. – Interval International, ARDA – American Resort Development Association, RDO – Resort Development Organisation, etc. In addition to these, supply includes organisations such as: promotion companies, real estate companies, insurance companies, banks and credit companies, construction companies, travel agencies, hotel chains and tourist centers. Large international hotel chains like Marriot Co., Hyatt, Sheraton, Hilton Ritz-Carlton and many others constantly invest in the development of new timeshare resorts worldwide. Even the governments of some countries support the development of this system for various reasons. Government of Greece, Morocco, Tunisia, Israel, Egypt (by state competent authority) encouraged this system with the desire to experience tourist spending effects on the social product and national income, employment, regional development, development tourism and other

² Published in the journal *Turizam*, No.3, 1988.

activities in the tourism industry involved.³ According to a number of organizations that define timesharing tourist offer, demand for these systems grows rapidly. Customer profiles are different (can be a family as a user, to large corporations), their expectations are high (consumers value quality, flexibility and availability of products and services that enable them to experience the timesharing) and consumption during the holidays is focused on various forms of activities such as shopping, sports, transportation, sightseeing, etc. Some of the reasons to buy timeshare capacity are the following: saving money on future trips, opportunity for exchange, investment and resale, buy high quality accommodation, avoidance of inflation.

When it comes to the process of selling timeshare unit, it takes place in three basic ways:

1. One that builds the system also develops and sells through its own sale system,
2. Sales through specialized agency,
3. Sales through the clubs.

Timeshare unit selling price includes the following structure: cost of accommodation units (30-50%), marketing (35-40%) and other expenses included in profit and the like (30-35%). Promotional activity is a very important instrument in business policy for selling timeshare capacity.

Most productive ways to promote timesharing are:

- Through specialized journals for timesharing ("*Holiday Timesharing*", "*International Timeshare News*") to inform readers and inform stakeholders about the latest news and benefits in the industry.
- Through "*Word of mouth*" concept. The recommendation was an incentive to buy in more than 50% cases.
- Internet as a means of promotion. This type of promotion has proved to be the fastest and most productive. The advantage of the website is reflected in the fact that it can present to buyers as many information, in easy way. Potential buyers can visually experience what is the offer like, how much it costs, location and other features.

Timeshare Industry in the United States has contributed about 77 billion dollars in consumer and business spending in the national economy, 588.800 full and part-time jobs, more than 25 billion dollars in wages, and over 10 billion dollars in tax revenues in 2007. Getting to know the experiences of other countries which integrated timeshare system in their tourist offer, can be indicative for determining tourism policy to our country, as well. Surrounding countries such as Hungary, Bulgaria, Montenegro and Greece, in recent years, are the focus of global timeshare organizations and are expected to become popular timeshare destinations.

2. INCENTIVE TRAVEL AS A MEGA TREND IN TOURISM

Change, as a constant phenomenon in tourism, through decades has contributed creating new and improving existing mega trends in the tourist market. That as well includes the emergence and development of incentive travel. The concept emerged during 1980s and its purpose was to motivate employees in companies to improve the business productivity and their business results. Since then, the popularity of incentive

³ Unkovic S., Chacic K., Bakic O., *Contemporary trends in tourism*, Faculty of Economics, Belgrade, 2002.

travel growth and it became the industry in global tourism. It created an entirely new segment of tourist demand in the tourist market which many destinations along with numerous airlines, hotels, rent-a-car, etc. were ready to meet.

Incentive travel is defined as "*a modern means of management (control functions) to motivate the sales staff, distribution channels, customers and employees through specific awards in the form of tourist travel, and to improve their contributions to company goals*"⁴. Incentive travel is determined by high quality service such as first class transportation, hotel accommodation of high quality, excellent service, etc. Until today the U.S. market achieved 5.7 million incentive travels annually, of which 25% focused on international destinations. Recorded growth rates on 2007 amounted to 15-20%⁵.

Depending on whether they are intended for smaller or larger number of employees, incentive travel can be divided into group and individual. Group incentive travel is intended for a number of employees and focus on increasing enthusiasm and motivation as well as the strengthening of interpersonal relationships in the team. They are mainly focused on domestic destinations or cruises. In USA, 35% of corporations use them for motivating their employees. Individual incentive travel is intended for individuals who have achieved excellent results and influenced the increase of company profit. With the personal travel organizer, awarded can go on cruises around the world, safari, suitable destination for extreme sports, cultural tours, etc. However, most corporations use the combined type of incentive travel, group and individual.

Price of an incentive travel is relatively high today. It varies from 1000\$ and reaches even more than 4000\$ (in some cases may be 15.000 \$). Costs of incentive travel could be funded from two sources: from special funds foreseen for this type of stimulus or from funds intended for promotional activity. The cost structure of an average incentive trip includes the following: 30% goes to transport costs, accommodation costs of 21%, food and beverages 21% other expenses (promotions, trips, tours, entertainment, insurance and transport to the destination) 28%.

Incentive travel promotion is usually performed on the internet or magazines that are devoted exclusively to this market segment (exp. "Incentive Magazine", "Corporate and Incentive Travel") Word-of-mouth concept, printed or electronic promotional material, meetings, written and electronic media and e-mail, also contribute promotion (Incentive Travel IQ Survey Results 2008.).

Incentive destinations, besides the criteria for regular trip destination, include places that will be held various conferences and meetings, a number of workshops planned incentive programs and everything else which can support business meetings and conferences in destination.

Elements that are first taken into consideration, while choosing incentive destination are⁶: price of the trip should fit into the companies predicted cost; selected destination is generally known, desired, famous; receptive capacities, particularly in hotels must be top categories; other features such as food service objects, accommodation, shopping, entertainment, must also mean high quality; conference facilities are necessary to incentive destinations; accessibility of the destination must be

⁴ Unkovic S., Chacic K., Bakic O., *Contemporary trends in tourism*, Faculty of Economics, Belgrade, 2002.

⁵ *Incentive Statistics*, Sales Driver, 2007

⁶ Unkovic S., Chacic K., Bakic O., *Contemporary trends in tourism*, Faculty of Economics, Belgrade, 2002.

good (the existence of the airport, transport connections); currency of the host country should provide opportunities for additional spending (benignity of course).

Forecast for 2009 and 2010 predicts the negative impact of the world economy on incentive travel planning and development. Hence, the majority of incentive travel organizers modify incentive programs and the reaction of companies that buys incentive travel were the following⁷: 44% of companies redirected its incentive programs from foreign destinations to domestic, 35% of the company has reduced the planned period of stay at the destination and the number of employees who receive a stimulating journey is less, 33% of companies believe that a paid meals, spa treatments, and related additional services on the prize trip are not necessary.

3. INTERNATIONAL FAST FOOD CHAIN RESTAURANTS IN THE MODERN TOURISM

Fast food chain restaurants represent a direct globalization influence on the market and it hit the hospitality and tourism sector as a mega trend. Today, fast food is one of the symbols of modern living. Modern life has caused a lack of available time and it didn't exclude taking meals. Eventually, the fast-food restaurants have become the places where the large part of the population is having a daily meal. From alternative concept on the market, fast food has grown into the global industry.

Fast food products and services include some of their main and unique characteristics: fast service, the stuff is directly delivering the meal on the sales counters, food is always fresh and its preparation is quick (usually high quality standard of mechanism for food preparing with modern technology, etc.), recognizable food taste, range of products and quality is standardized, product prices low, hygienic conditions are of the highest possible level.

Table 1: The largest fast food restaurant chains worldwide (2008)

| Rating | Fast Food Company | Number of worldwide restaurants |
|--------|--|---------------------------------|
| 1. | McDonald's Corp. Oak Brook Illinois, SAD | 32.000 |
| 2. | Pizza Hut, Wichita, Kansas, SAD | 34.000 |
| 3. | Burger King, Miami, Florida, SAD | 11.100 |
| 4. | Kentucky Fried Chicken Louisville, Kentucky, SAD | 11.000 |
| 5. | Baskin- Robbins Ice Cream Co., California, SAD | 6.000 |
| 6. | Taco Bell Irvine, California, SAD | 5.800 |
| 7. | Intl. Dairy Queen, Inc., Minneapolis, Minnesota, SAD | 5.700 |

Source: www.marketresearch.com

In order to make holiday more pleasant, majority of visitors expect the fast food offer on the local restaurant offer. Luckily, tourist destinations have a large range of fast food restaurants integrated into the offer. Also, most hotels have special restaurants that serve pizza, burgers and other fast food meals.

⁷ <http://www.theirf.org>

McDonald's, as the most developed fast food company has the tendency to capitalize the global capabilities of the company. It is oriented towards increasing market share, increasing profits stability and increase customer satisfaction. Vision is long-term defined, to achieve the status of the world's best quick service restaurant, with the support of several global strategies:

- Employees at all levels of the organization have the possibility of advancement and development,
- Stimulating innovation in the menu domain that offers consumers a variety of good quality products, improving the quality of service tract, marketing operations and technology,
- Long-term expansion of areas for possible new investments and new areas of competitive bidding.

Slow Food is a worldwide movement that exists since 1989 and it emerged as response to fast food eating concept. It encourages slow and time enjoying while having a meal, but also awareness of the permanent responsibility towards food and its origin. Slow food is produced in a way to protect the environment and human health which is considered to be better way than fast food production. As this movement stands up against fast food basic principles, it is believed that it represents one of the major market threats.

4. THEME PARKS IN THE MODERN TOURIST MARKET

Theme Park is a collection of various attractions and content for entertainment, leisure and recreation, designed on the selected theme, composed for the purpose of entertainment larger groups of people. From the standpoint of tourism, theme parks are one of the mega trends of modern tourist market, building tourist attractiveness of the selected themes, which today attracts millions of tourists.

The initial development of the theme parks in the area of the United States started at the beginning of the twentieth century. Crucial year for development was 1955 when Disneyland was inaugurated in Southern California, where the specific types of tourist offer in the area of entertainment and recreation was placed on the market. The investments were helped by a number of companies, which included famous TV network ABC. In a couple of years number of visitors exceeded the number of 4 million. After huge popularity in USA the development of theme parks went towards the internationalization of business.

International theme park management relies on:

- Strategy of maintaining existing market share;
- Product differentiation strategies in the park domain (highlight special attractiveness as unique differentiated products among total offer and it also includes creating new partial products from the domain of entertainment, leisure and recreation);
- Strategy of linking activities (theme Parks in cooperation with modern shopping centers in order to improve the offer).

It is important to emphasize that modern theme park supply delivers multifunctional centers for food, entertainment, leisure, shopping and spending leisure time for consumers. Modern theme parks are creating tourist offer which is built on natural attractiveness, the attractiveness of anthropogenic factors and all together, supported

with modern technology, contributes to the uniqueness and differentiation of partial products from this domain.

Ten most popular theme parks in global market are: MAGIC KINGDOM at Walt Disney World, Lake Buena Vista, Florida, USA; DISNEYLAND, Anaheim, California, USA; TOKYO DISNEYLAND, Tokyo, Japan; DISNEYLAND PARK PARIS, Marne-La-Vallee, France; TOKYO DISNEY SEA, Tokyo, Japan, etc. As the USA market is the most dominated market in global domain, the following table represents its characteristics:

Table 2: Theme parks visitor number in USA market

| Year | Visiors | Revenue |
|------|-------------|----------------|
| 2002 | 324 million | \$9.9 billion |
| 2003 | 322 million | \$10.3 billion |
| 2004 | 328 million | \$10.8 billion |
| 2005 | 335 million | \$11.2 billion |
| 2006 | 335 million | \$11.5 billion |
| 2007 | 341 million | \$12.0 billion |
| 2008 | 342 milion | \$10.7 bilion |

Source: www.marketresearch.com

Cooperation and connection among theme parks and other mega trends in tourism is becoming a trend itself in the modern tourist market which is in the initial stage of its development. Integrating fast food restaurants in theme park offer contributes raising services to a higher level. Through the construction of facilities (hotels, congress capacities) to attract the corporate sector of demand, the goal is to connect and enter the incentive travel market which is one of the most popular mega trends in global tourism. Also, the frequent user programs are increasingly taking part in the international market, especially since the integration of hotels to theme parks supply.

5. FREQUENT USERS AS A TREND IN GLOBAL TOURIST MARKET

Many authors consider marketing as a skill of finding and retaining customers. However, the definition should be expanded and say: "*Marketing is the science and skill of finding, nurturing and retaining profitable customers*".⁸ Lost customer is more than just a lost sale, because the company actually loses profit which it could achieve in the future from exactly the same customer, if it would have kept it. Today's struggle for survival on the world market produced a wide variety of resources which serves for numerous companies, not only to keep the current customers but to obtain new ones. Along with the situation companies have created a variety of loyalty programs that provide certain privileges for consumers. Frequent user programs and loyalty programs are extremely important to a lot of companies today.

⁸ Kotler P., *How to create, rule and dominate the market*, Novi Sad, 1999.

Since the early 1980s, frequent user program appeared as a marketing strategy, and its main goal was to create loyalty among current consumers and on that basis to increase capacity utilization. At first big airline companies were using frequent flyer program and after that, a large hotel chain and rent-a-car companies used the frequency programs to provide rewards to those customers who were buying frequently and spend considerable amount of money. *Frequency marketing* is being aware of the fact, that 20% of customers could cover 80% of the company business.⁹

Depending on the company main activities, programs are different: frequent flyer, frequent guest, frequent renter etc.

American Airlines was one of the first companies who introduced a program of the frequency, nearly 30 years ago, when it decided to offer its passengers a reward after a certain number of collected flight miles. Hotels turn out to be the next who accepted frequency programs, and the Marriot Hotel was the first one with his *Honored Guest Program*. Today, to become a member of a loyalty program is very easy. After filling a form at the hotel, car rental agency, the airline counter or cruising company, that consumer used, automatically becomes a frequent user. As a member, consumer receives special payment card (which is similar to the credit card) with personal data and personal number. During the usage of services, consumer (as a frequent user) is collecting points into his personal account in order to get numerous benefits.

Loyalty programs overflow the modern tourist market and many emphasize that those programs are much more present than their participants. Often, companies made mistake by selecting target consumers for their frequent program. The most important goal is to choose and identify those consumers who will spread their positive impressions on others and attract them to the company's loyalty program. Such behaviors of consumers, without additional investments gets even more customers.

Loyalty programs help to establish long term cooperation with major customers, increase the number of regular clients, shape consumer behavior and direct it to buy product or use service of particular loyalty program. Well designed loyalty program can significantly increase the number of repeated purchases by the same client. Depending on the industry, it is estimated that companies can increase profits from 25% to 100%, by increasing the number of regular customers in only 5%.

Membership in loyalty program represents the value for the customer in both, the financial and emotional aspect. The financial value of the program is reflected in the targeted discounts which stimulate additional purchases. Sending personalized e-mail messages and sms messages, organizing various events for members of loyalty programs, create a sense of belonging to the community.

The customer is happy and proud and that ensures customer's emotional connection with the brand. There is no universal loyalty program that suits all companies in tourist market. Depending on what motivate the customers, companies are creating a unique program based on a system of reward points, reward or commodity targeted discounts etc.

⁹ Kotler P., Keller L., *Marketing management*, Data Status, Beograd, 2006.

CONCLUSION

Mega trends, such as *timeshare*, *incentive travel*, *fast food industry*, *theme parks* and *loyalty programs* determine actual domain of modern tourist market. All of the analyzed trends are participating in creating modern tourism supply and get enormous demand feed back. Global destinations are implementing contents of actual trends in their tourist offer system in order to achieve proper competitiveness and market share. Positive experience of other destinations can be indicative for all countries and destinations which are planning to step out in international tourist market. It is not rare that all of mega trends are presented in one destination tourist offer at the same time which can be condition to accomplish many future brownfield investments.

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