

Tourism Marketing and Management Handbook

Editors

Stephen F. Witt
University College of Swansea

Luiz Moutinho
University of Glasgow

Copyright 1993 by
Prentice Hall International (UK) Ltd.,
25 West Lane Road, Hemel Hempstead,
Herts, Herts, HP2 4NN
A division of
Simon & Schuster International Group

© 1993 Prentice Hall International (UK) Ltd.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form, or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission in writing from the publisher. For permission within the United States of America contact Prentice Hall Inc., Englewood Cliffs, NJ 07632.

Printed and bound in Great Britain at
the University Press, Cambridge

British Library Cataloguing in Publication Data

Tourism marketing and management handbook.
1. Tourism—Industry—Management. 2. Tourism—Marketing.
I. Witt, Stephen F. II. Moutinho, Luiz.
082.4701008

ISBN 0-13-925457-5

1 2 3 4 5 6 7 8 9 10 11

ISBN 0-13-925457-5



Prentice Hall

New York London Toronto Sydney Tokyo



First published 1989 by
Prentice Hall International (UK) Ltd,
66 Wood Lane End, Hemel Hempstead,
Hertfordshire, HP2 4RG
A division of
Simon & Schuster International Group

© 1989 Prentice Hall International (UK) Ltd

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form, or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission, in writing, from the publisher.
For permission within the United States of America contact Prentice Hall Inc., Englewood Cliffs, NJ 07632.

Printed and bound in Great Britain at
the University Press, Cambridge

British Library Cataloguing in Publication Data

Tourism marketing and management handbook.

1. Tourist industries. Management 2. Tourism.
Marketing

I. Witt, Stephen F. II. Moutinho, Luiz
338.4'791'068

ISBN 0-13-925885-X

1 2 3 4 5 93 92 91 90 89

ISBN 0-13-925885-X

Resort development

Introduction

With the combination of leisure facilities, accommodation and business facilities, tourist resorts are blossoming in developed as well as developing countries. Resorts are set up within virgin sites or in established villages or cities. Their size varies from a few hundreds to tens of thousands of beds, in the form of, for example, hotels, hotel-apartments, second homes, villas and campgrounds. Funding can be public, private or a combination of both.

A resort's birth may result from the initiative of a conveyor: for example, the Canadian Pacific Railway created 'chalets' in the Rockies around 1900, and later developed them into luxurious 500 - room hotels which still flourish today (e.g. Banff and Lake Louise). The creation of a resort may also result from local initiatives, or correspond to a side-effect of large projects (development of a marina on a dam lake, as in Page, Arizona, on the banks of Lake Powell). It is usually assumed that the tourist should be busy with some activity, therefore another condition of establishing a resort is to fashion it around an activity. In the nineteenth century, the wealthy might have enjoyed thermal springs; since 1930 they may have taken skiing holidays.

Behavioral and social attitudes may change over the years, making formerly thriving resorts less popular. Owing to a change in the attitude toward water and also to a reduction of the relative price of transport, European tourists abandoned, in favor of sunnier coasts, a number of seaside resorts on the English Channel or the North Sea. One of the most difficult problems which developers may encounter today is the resuscitation of these charming old places. At present, the most attractive features generating a need for lodging on the spot are, in order of decreasing importance:

1. Aquatic and nautical activities (mostly in warm waters under sunny skies).
2. Mountain skiing.
3. Thermal springs or spas.

One of the key problems in establishing a resort remains the accessibility to it. It is so important that it is sometimes suggested that resorts should not be developed where the natural conditions are best, but where the clients are, which could lead to consideration of artificial reproduction of natural elements.

The exceptional quality of a site may, nevertheless, counter persistent access difficulties, as in the case of Val d'Isère, a top class ski resort located in the French Alps. There, there are 1.5 million skier-days over a 5-month season. When the snowfields were 'discovered' around 1930, by the fringe of Paris high society, the village (situated at an altitude of 1850 m) housed no more than 250 inhabitants, completely lacking public utilities. In 1987, the community had grown to 1,600 residents, roughly 100 retail businesses and 21,000 beds. The resort employs 1,500 salaried personnel, of which one third are employed all the year round. The lodging capacity is increasing at the rate of 8 per cent per year and the condominiums sell for US\$2,500-3,200 per inhabitable square meter. Managing three cable cars, three gondolas and fifty chair- and ski-lifts, the 'Société des Téléphériques de Val d'Isère' makes a good profit, with a net income to revenue ratio of 12 per cent. It has been able to finance 80 per cent of the 'snow-funicular', a US\$10 million investment which was set in operation at the end of 1987. In addition to new improvements in accessibility (to the resort itself and to the snowfields) which are under way today, Val d'Isère plans to give its center an urban quality, and to increase the summer activity through the development of entertainment and specific products. Another subject of concern, without remedy until now, is the relative reduction in importance of hotels, which now represent only 11 per cent of the lodging capacity.

The Val d'Isère case clearly shows the benefits of a tourist development: multiplication of jobs and revenues, improvement of the roads and public services, demographic boost, revaluation of the residents' properties. Yet, at what price are the benefits gained? Huge investments must be taken on a long-term basis: it is assumed in France that the creation of one job related to mountain skiing corresponds to an investment worth US\$150,000-200,000 in lodgings and equipment. On the other hand, developments based on secondary housing have increased the lodging volume five- to tenfold, thus overcrowding the landscape and increasing the probability of damage to the environment. In Vail, Colorado, individual firecamps had to be banned on weekends to prevent air pollution. If one adds to this picture that, due to a lack of professional training, the host population often occupies only seasonal jobs which are poorly paid and have no prospect of promotion, it is easy to understand that some communities, seeing their culture and their

land degraded, may end up with an attitude of hostility against tourism and tourists, particularly in developing countries.

Once clearly aware that the resort constitutes a major enterprise for the community, there is a necessity to control all the resulting changes over the natural and human host environment. An honest process, analyzing thoroughly the costs and benefits for the host community, will therefore give evidence of a will to preserve nature's splendor and a prime concern to increase the community's welfare and wealth, rather than a desire only to maximize tourist spending. This implies an emphasis on synergism with the surroundings, in order to increase the benefits for the community given by income and employment multipliers.

Marketing and management

A resort's development takes place over a certain time. A thorough knowledge of the site's resources, and a careful study of the generating markets (present situation and long-term tendencies) are required in order to determine a range of varied products, compatible with one another and, if possible, complementary. Even if the main focus is on tourist stays, the market studies should not neglect the subsidiary demands which may contribute to stretching the periods of use (weekends, daytrips, training sessions etc.). The market shares liable to be captured depend on the one hand on the attractions available (quality, capacity) and, on the other hand, on the situation compared to rival resorts (accessibility, pricing levels).

The conceptual planning phase is intended to build on the experiences of this first study by identifying the following:

1. The project's aims and objectives.
2. The strengths or resources to be developed.
3. The equipment to be created.
4. The social and environmental implications.
5. The means to remedy the wrong effects.
6. The main lines of economic costs and returns.
7. Possibly, the aid (financial or other) to be granted by governments.

The achievement of a broad agreement over the global planning is a preliminary to the launching of expensive feasibility studies intended to specify and validate all of the quantitative data. These studies, necessary for the release of exterior financial support, are a first draft of the execution programs.

The government's role in the process may be extremely reduced and limited to the delivery of building authorizations. Thus, for example in North America and New Zealand, ski resorts or marinas are entirely financed (service roads included) through groups which own the property and manage the resorts. The intervention of public funds depends on the following:

1. The existence of a general political policy of aid for development.
2. The capacity for initiative of the regions or localities.
3. The fact that specialized investors create competition between the potential host communities.

Whatever the financing conditions, the developers must consider a certain number of thresholds determined by: the natural context (capacity of beaches, climatic conditions etc.), the state of equipment, and the economic conditions ruling the various businesses. In most cases, these thresholds may be overrun through an increase in expenditures, for example, a beach may be enlarged (as in Palma de Majorca), a delicate natural landscape may host a larger tourist population if it is properly protected and maintained. The most serious constraints result from climatic conditions which decide the season of a product. Keeping the facility open out of season sets a difficult problem of adjustment, because the number of the services needed to attract clients may risk economic losses due to low demand.

The existence of differentiated return thresholds for the different activities included in the resort's life emphasizes a specific characteristic of resort management. It is thus necessary to motivate, toward a unique objective, a set of professionals whose mentalities, capacities and perspectives are essentially heterogeneous. The requirement of a positive attitude toward both the client and cost control requires a constructive association of individual and responsible partners. In particular, the daily success of human resources management generates the most delicate and most significant product on which a resort depends: its atmosphere.

Drawing on the image which acts as a means of commercial communication, the atmosphere must adjust to a market segment with a touch of originality. Too general an image, such as 'skiing in the sun', is ineffective because this situation is found in lots of places. It is far more efficient to offer, as Val d'Isère does, 'J.-C. Killy's resort': it implies a strong sports oriented inclination, as well as the possibility to actually meet there the star of a generation.

The reduction to an oversimplified image, which mass communication tends to impose, is not without danger for management or client. It is interesting to note that complex parties such as families, where tastes and aptitudes are diverse, when not opposed, feel inclined at the same time toward sports, cultural life, shopping and gastronomy. The urban diversification which this implies, requires a richer image. Another problem is that a strong image and an excellent reputation gained during a given season do not constitute a capital sufficient to guarantee success during another period of the year. For example, when the tourist office and several hotel managers of Saint-Tropez, the well known resort of southern France, decided to open during winter and launched a radio campaign in 1981-1982, they received approximately 40 information calls which were not followed up.

The management and promotion of a resort's image is the role of the tourist office. In order to avoid any mixing of roles, it is better to limit the tourist office's activity to the field of information. This is, by itself, a demanding brief, since it includes: the collection of all data relevant to the resort's life, the advertising and direct information to clients, and a permanent survey of the clients' opinions. The information must be precise and correct. The reliability of the received information is, for the client, a major pointer of the service quality. Conversely, a striking picture of the clients' reactions is a valuable incentive to professionals.

Benefits

The economic benefits are direct, indirect or induced. The first type corresponds to tourists' purchases in the area, the second to purchases by tourism-related enterprises, and the latter to purchases by employees or local governments (if their incomes derive from tourism).

Another approach is to consider tourist spending as generating two sorts of revenue, according to the benefit to residents or nonresidents. The first step toward resort development may be to encourage direct benefits, but the key problem is to ensure the long-term maximization of indirect and induced benefits to the local community. As benefits are both economic and non-economic equal attention should be devoted to nonmonetary effects concerning public utilities, education, culture, and so on.

Implementation

Identification of tourist resources

There are two processes in identifying the sort of tourist development suitable for a site: the conclusion drawn from the existing practices, and the analogy with similar sites. Even if a group interested in a particular type of tourism is paying for the studies, it is essential to conduct open research covering the main markets of contemporary tourism. In the case of government-paid studies, political considerations should not impede an objective assessment of the value of available or potential attractions.

A survey of a site's resources mainly concerns the following:

1. Tourist attractions.
2. Climatic conditions.
3. Infrastructure and facilities.
4. Land reserves.
5. Labor availability.

The survey is completed with consideration of various qualitative elements: urban or rural quality, characteristics of architecture and landscape, cultural traditions, social and economic situations, attitude toward tourism (from host population and leaders) etc.

Development planning

The facilities chosen for the resort may address the main markets (such as beach and sun), or secondary ones (such as cross-country skiing). The values to preserve are collected in a program of concrete long- and short-term measures. This program concerns the natural and built heritage, the cultural values and the dignity of the host population.

The development program applies to the following:

1. The basic access equipment.
2. The public utilities.
3. The guest facilities (type, style, quantity).
4. Housing for employees and residents.

5. Sports, shopping and cultural facilities.
6. Informing and training the host population.
7. Marketing (advertisement, sales network etc.)

All the preliminary actions take place in space (land use planning), and in time (execution planning). While limiting the unproductive fixed assets, good planning aims at the delivery of coherent sets in a definitive state, in order to avoid repeated works liable to prejudice the resort's image.

Financing

The financing of major equipment, with returns stretching over a long period of time, is dominated by two problems: the role of imported capital, and the role of public funds. The need for imported capital applies in environments with limited or not very mobile capital. The risk of generating a tourist ghetto, isolated from the surrounding population, is toned down in the case of a joint-venture controlled by the host community.

The appearance of capital issued from local governments inevitably raises the question 'who pays, who benefits?', and requires that the taxpayers benefit as much as possible from the project. When communities enter risky operations such as the construction of chair- and ski-lifts, or the setting up of building operations, the public funding agencies tend to want benefits to be reinvested into public facilities, accompanying, reinforcing or serving a major business, or further development programs.

Image and awareness

The promotion of the resort's image is set through a continuous and strong effort of public relations, including actions as varied as the organization of cost-price stays for journalists and tourism professionals, or the organization of big events in order to get a large editorial coverage in the media. Another means of marketing relies upon word of mouth generated by satisfied clients and the local residents and employees. Lively internal communication within the community should mobilize all the residents to welcome tourists; public services, in particular, such as the post office and the police corps, should be correctly geared up.

The clients – the *guests* – must be continuously monitored without disturbing them or contracting excessive expenses. The processing, every season, of questionnaires left for anyone to complete is a good choice but the sample thus collected may be biased and it is important to periodically confirm the results (for example every 5 years) by a professional survey of 1,000–2,000 clients.

Details

Ultimately, it is the potential client who holds the key to the success of a development; he/she is sensitive to details. In a very competitive market, every detail counts, and any neglected item may give rise to a series of dangerous effects. As the project is settled, the chosen managers must be aware of all aspects of the operation. Are they able to give a coherent push, while still being responsive to remarks from clients, employees or... competitors?

Assessment

A project of some importance generally joins several partners and usually generates a public debate at some time during the planning process. During discussions with their partners or through meeting with opponents, the developers will face extremely varied questions.

The first type of question tends to put the project into its context. Who finances the studies? Who are the participants in the project and what are their respective roles? What objectives are set? According to the project's type, what are the key points of the process?

The complex quality of the development justifies questions corresponding to the multiple interests involved. What are the resources needed? What are the values to preserve? Considering potential demand, what products are valuable for the studied site? How are projected lodging types and capacities justified? What are the needs for basic service equipment, for guest facilities and for labor? Who pays what? What are the expected returns, particularly concerning the host community?

Have the project's potential sequential results been well analyzed? What steps will be taken to avoid or remedy any detrimental effects to the environment and the quality of life of residents? What means will be available for that task? Do all the projected services form a coherent and attractive grouping? How is the resort to be individualized to make it a more desirable destination than its competitors? How is its image to be promoted? How can results be improved in the low season?

Conclusion

A development project refers to political, social, environmental and economic factors which should not be limited to merely quantitative elements. The generation of marketable tourist products, in a given location, generally depends on several decision centers both local and external. Careful planning is necessary in fields ranging from construction to tourist communication. Items such as demand tendencies and partners' behavior, however, are liable to alter over a long period of time, requiring an evolutionary strategy, and flexible planning, allowing the possibility of reorientation after assessment of the results issued from the various phases of the action.

Focus on small business

A certain number of resorts are bound to remain small because of the characteristics of the site and product, or even because the main activity of the locality is of another type. Far from eliminating the usual problems (image, service quality etc.), a small size tends to increase risks of underemployment and overcrowding if initiatives are diffuse and poorly organized. The prosperity of family-type resorts relies on an internal and regional effort of coordination, led by the prospective studies, investments, training and marketing.

The small enterprise is not, however, a privilege of a small resort. In resorts created by large groups, the place reserved for small businesses represents the domain open to local initiatives. This approach properly managed, leads to more varied services for clients (particularly in catering and arts and crafts), while avoiding overcrowding which could destroy this aspect of the resort.

Further reading

- Croizé, J.-C., 'Diversification et animation dans les stations de montagnes', *Revue de Tourisme* (January/March 1986), pp. 16–20. An approach to the actual evolution of the product and financing problems in alpine resorts.
- Goeldner, C. R. and Dyck, K., *Economic Analysis of North American Ski Areas* (Colorado University, 1986). This report offers an evaluation of all the ratios to which the management of ski-resorts may refer.
- Heskett, J. L., *Managing in the Service Economy* (Harvard Business School Press, 1986). In this basic volume Chapter 7 is particularly relevant: the author insists on the necessity for managers and employees to accede to 'service culture' in order to achieve good economic results.
- Hutton, G., *Introduction to Resort Management* (Nelson Hall, 1982). Referring to numerous examples, the author emphasizes the role of positive public relations (Chapter 5) and the priority of the natural environment, and quality of equipment and service (Chapters 7–11 and 17).
- Kaiser, C., Jr. and Helber, L. E., *Tourism Planning and Management* (CBI Publishing Co., 1978). This work, achieved by experienced professionals, describes the objectives and content of planning. It contains a large number of checklists (Chapters 3, 5 and 13).
- Krippendorf, J. and Muller, H., *Là-haut sur la Montagne* (Kümmerly and Frey, 1987). After an analysis of costs and benefits of tourism in a mountain locality (Chapters 1–3), the authors end with a report on the principles for a harmonious development between man and nature (Chapters 6 and 7).
- Labenne, C., 'Diversification thermique et stratégie de gestion', *Espaces*, no. 70 (October 1984), pp. 7–11. Based on a survey of 62 establishments, this article summarizes the situation and strategy of thermal resorts in France.
- Maybury, B., *Une Région et son Avenir: les Problèmes et les Chances du Tourisme en Bretagne* (SEATL, 1986) A brilliant case study raising the problems of adjusting old tourist regions to respond to changes in demand.
- Pearce, D. G., *Tourist Development* (Longman, 1981). A geographical approach, analyzing a fair number of European seaside and mountain resorts.
- Ritchie, J. R. B. and Goeldner, C. R. (eds), *Travel, Tourism and Hospitality Research* (John Wiley, 1987). This work presents the results and tendencies of research; Chapters 27–32 are particularly concerned with the problem of resort development. The authors present an analysis of all the operational techniques available in fields such as: cost-benefit analysis, human resources evaluation, social impacts and physical carrying capacity.
- Smart, E. et al., *Recreational Development Handbook* (The Urban Land Institute, 1981). The second part of this volume (pp. 25–151) is devoted to the principles of resort development planning. Many case studies enliven the text.

JEAN-CLAUDE CROIZÉ