

The International Labour Office  
Toolkit on Poverty Reduction through Tourism  
Training Package Teaching Notes

**Module 4**  
**TOURISM MARKET**

## **Module 4 Teaching Notes**

Estimated time to complete Module 4:

- Lecture and discussion: Total 30 slides. 25 content slides approximately 60 minutes.
- Exercises including presentation: 60 minutes
  - o Exercise 1 – 30 minutes
  - o Exercise 2 – 30 minutes
- Total: 120 minutes (2 hours)

## Slide 1 – Module 4 The Tourism Industry

## Slide 2 – Module 4 Learning Objectives

Individuals or companies that have decided to start a tourism business, as well as those already operating, need to know in some detail the main features and trends in the global market demand to be able to plan the services to be offered according to the needs and preferences of the type of tourists they want to attract and capture. The purpose of this module is for participants to learn about the various ways to get a better understanding of the specifics of the tourism market that they are playing in.

*Then go over the learning objectives in the slide.*

## Slide 3 – Module 4 Overview

*Go through the items on the slide and explain the following:*

Tourism is subject to global market developments, both international and local economic laws of supply and demand. The 1<sup>st</sup> unit goes over this briefly while the 2<sup>nd</sup> and 3<sup>rd</sup> units talk about market intelligence needs and how to go about getting them.

*Headings for each unit in the module are shown on the slide. The following is the detailed content under each heading that can be used to describe the module.*

UNITS	CONTENTS
1. The Market	<ul style="list-style-type: none"><li>• Key concepts and definitions</li><li>• Stakeholders in the tourism market</li><li>• Competitive advantage and competitiveness</li><li>• Cooperation as a means to increase competitive</li></ul>
2. Market research	<ul style="list-style-type: none"><li>• Key concepts and definitions</li><li>• How to perform a market research exercise</li></ul>
3. Identifying a market niche	<ul style="list-style-type: none"><li>• General guidelines</li><li>• Research plan and resources</li><li>• Profile of potential consumers</li><li>• Tourism in the community/region</li><li>• My competitors</li></ul>

#### Slide 4 – Module 4 Unit 1 The Market

#### Slide 5 - The Market

**Tourism is an economic activity that links places and countries that send tourists (source markets) to places and countries that host tourists (host markets), thus creating a flow of tourists.**

**Supply** of tourism services includes attractions, activities, amenities, transportation, food and beverages and accommodation that are available for tourists to use.

**Demand** for tourism services depends on the total number of people who travel, how long they stay for, and what services they require while away from their normal work and residence.

#### Slide 6 - Stakeholders

The tourism market consists of all persons and businesses that buy and sell tourism services and products called **stakeholders**

*Go over the types of stakeholders on the slide.*

#### Slide 7 - Competitive Advantage and Competitiveness

**A competitive advantage is an advantage over competitors gained by offering consumers greater value**, either by means of lower prices and value for money or by providing greater benefits and service that justifies higher prices.

**Competitiveness is the capacity of a business or a business group to create, strengthen and increase over time the competitive advantages that position it favorably in a market.**

**The most frequent sources of competitiveness:**

- a) **cost leadership;**
- b) **flexible specialization and**
- c) **differentiation in terms of quality, innovation, technology and brand image**

*A more detailed explanation of the 3 strategies is below:*

- Cost leadership: minimizing the cost to the organization of delivering products and services. The cost or price paid by the consumer is a separate issue!
- Flexible specialization: the capacity to adjust very quickly to a fast changing marketplace and business environment.
- Differentiation: making your products or services different from those of your competitors and more attractive

### **Slide 8 –Cooperation to Increase Competitive Advantage**

*Give a copy of slide 8 as handout to each participant and go over each point with them. This handout will be used for the Exercise on the next slide. More detailed explanation is below. Use examples from real life to illustrate each point. E.g. The Pearl River Delta Tourism Promotion initiative by HK, Macau and Guangdong tourism authorities to leverage marketing database, knowhow and promotional platform of the HK Tourism Board. Macau hotels joined together to form a working group to purchase food products from China to break the monopoly of suppliers in a limited market.*

- Exchange of information, **knowledge** and experiences that generate collective learning processes.
- Implementation of efficient production structures, taking advantage of **economies of scale** and reducing production **costs**.
- Common **access to** development **services**, purchase of inputs, market information, training, administration and business management.
- Expansion of domestic and foreign **markets** through **marketing** strategies that enhance the functions of promotion, distribution and marketing of goods and services, including the creation of collective brands.
- Subscription to **beneficial business arrangements** for members, with either suppliers or corporate and institutional clients.
- Increased capacity of representation and **negotiation** of business partners on their behalf with different economic and institutional actors.
- **Access to public goods**: infrastructure and basic services.

*An example from the Toolkit is Gambia where the Association of Small Scale Enterprises in Tourism (ASSET) was established in April 2000 in order to bring together, advocate for and promote a large number of small enterprises that were active in the tourism industry in the Gambia. These businesses include craft market vendors, tourist taxi drivers, official tourist guides, juice pressers and fruit sellers as well as a number of small hotels, guest houses and ground tour operators. Achievements include:*

- *contribute to improving the tourism product in the Gambia and help to bring development for the country;*
- *provide assistance to members with product development, marketing, training, quality control and access to finance;*
- *work collaboratively; promote networking and joint activities amongst members;*
- *develop partnerships with government, other institutions and external organizations where appropriate;*
- *contribute to sustainable development within the Gambian Tourism Industry using principles and practice of fair trade in tourism;*
- *identify appropriate quality standards for members;*
- *promote good relations between ASSET and similar organizations in other countries; and*
- *protect small-scale business interests in the mass market tourist industry.*

### **Slide 9 – Exercise 1 Cooperating to Increase Competitive Advantage**

*In groups of 3-4, ask the participants to reflect on why cooperation could be of particular importance in enhancing your – present or future – tourism business.*

*Ask them to list key actors/businesses they would be interested in cooperating with and identify:*

- *what kind of cooperation they are proposing*
- *what they would expect to obtain with each cooperation linkage in terms of increasing competitiveness*
- *what the partners could expect to gain in competitiveness from cooperating with them*

*In case the subject of cooperation between MNCs and businesses in developing countries is brought up, the following is an example.*

*Worldwide large companies traditionally buy from established suppliers and service providers, and target middle- and high-income consumers. As a result, poor people find many essential goods and services too expensive and, as producers, struggle to sell enough to make a living.*

*“Inclusive Business” refers to an entrepreneurial initiative that contributes towards poverty alleviation by including low- income communities within the value chain of a company, while not losing sight of the ultimate goal of business, namely generating profit.*

*The concept was developed through an alliance between SNV and the World Business Council for Sustainable Development (WBCSD) to create win-win situations for both company and low income communities. This strategic association facilitates the development of specific Inclusive Business opportunities, which are not only attractive investment options, but also benefit low-income communities. This business strategy creates growth in new markets, reduces supply-chain related transaction costs, manages stakeholder and shareholder risks, and leverages blended financial mechanisms.*

*At the heart of the inclusive approach is the belief that understanding stakeholder needs – the needs of consumers, employees, suppliers, shareholders and society, and the environment – and incorporating them into enterprise strategy and sustainable value creation activities are central to the achievement of sustainable growth and competitiveness.*

#### Slide 10 - Module 4 Unit 2 Market Research

#### Slide 11 – Objectives of Market Research

The basis of any strategy for tourism development is market research.

*Go through the points on the slide. Explain that:*

The tourism market is one of the most competitive markets with limited resource inside each business. Thus it is imperative for tourism businesses to have information with which to analyze the market and identify the right target segments to create the right products to maximize business potential

#### Slide 12 - Key focus of market research

##### **Key focus of market research:**

- **Potential demand** – Who are the consumers? What do they care about? Which are their motivations? Which services do they request? What do they dislike?
- **Current supply** – What services, activities, routes and tours are currently offered in the community, surrounding areas and region?
- **Competition** – What similar, complementary and/or alternative tourist products are offered by other businesses in the area?

### Slide 13 - Types of Research

*Go through the definitions in the slide*

### Slide 14 - Conducting a market research exercise

*Go through the stages in the slide*

Quick tips for conducting research:

- Use existing knowledge to define what needs to be asked
- Listen carefully ... the obvious is not always the most important
- Analyze “between the lines” and establish links between pieces of information
- Try to find out cause–effect relations

Quick tips about sources of information:

Some of the best sources of valuable marketing information are current consumers. Reasons given by regular customers for coming back and factors that may deter them from returning are useful information.

It can also be very useful to ask for the opinion of the tour operators about their consumers or partners (tourists and service providers) with whom they keep regular contact. They can provide substantive information and updates about their customers’ activities and demands for services, the size of the groups and their travel habits in order to be able to respond appropriately to their tastes and preferences.



### Slide 15 – Module 4 Unit 3 Identifying a Market Niche

### Slide 16 - Market Segmentation

**The process of defining a large, homogenous market and subdividing it into clearly identifiable segments having similar needs.** It *helps business operators to identify and focus on the most potential parts of the business for them so as to design a marketing mix with the right combination of product, place, price, promotion and people that will serve the needs of the product's clients – that precisely matches the expectations of consumers in the targeted segment.*

**Four factors that affect market segmentation**

1. **clear identification of the segment**
2. **measurability of its effective size**
3. **its accessibility through promotional efforts**
4. **its appropriateness to the policies and resources of the segment**

### Slide 17 – Market Niche (or Niche Market)

*Go over the descriptions in the slide.*

### Slide 18 - Creating a Market Niche

Few mistakes are as serious as launching a business without fully knowing the market and, consequently, identifying your market niche, which is a common path to success for many small businesses. Because no matter how hard they try, no large business can be all things to all people, there are always going to be segments of the population whose needs for particular products and/or services are going unmet, leaving room for the small business. A small business can capitalize on these unmet needs, and find and dominate its own niche market, by paying attention to these four criteria:

- a) A unique product or service** is needed to master a niche market. Ideally, there should be no one else selling that product.
- b) A marketable product or service** means that someone somewhere has to want to buy the product. There's no point to create wonderful and useful products and/or services that no one wants.
- c) Choose a niche market that's available** because niche markets tend to be smaller so there's only room for so many players. Don't try to jump on a bandwagon only to fall off the back.
- d) Market, market, market.** Marketing is perhaps more important for niche market businesses than for any other kind, because the niche market business is, by definition, unknown and succeeds or fails on making the connection with exactly the right kind of consumer/client.

### Slide 19 - Motivations of Tourists

In tourism, the motivation is the reason why a person decides to travel. The travel motivations of tourists are complex and are related to a set of internal and external factors:

- the internal (endogenous) that are unique to the individual and relate to his/her age, sex, origin, social status, education level and income, travel experience and psychological profile; and
- the external (exogenous) that do not depend on the traveler but on the political and economic stability of a country, its social and cultural characteristics, transportation and communication, etc.

Motivations guide decisions and are thus a key element to consider in market analysis. In general, motivations can be subdivided in two groups, while most trips tend to be “mixed” and relate to more than one motivation. *Go over the points in the slide.*

### Slide 20 - Profile of Potential Consumers

Knowledge of the tourists visiting a community or region is crucial to determine whether the attractions have enough potential to attract new visitors with a similar profile, or to attract others with different characteristics. In new tourist destinations, emerging and remote, this task becomes more difficult, so it will be necessary to refer to studies on destinations with similar characteristics, or visit them directly.

In any case, it is imperative to have **information** to analyze **the market segment that the tourism product will target, and to define the degree of specialization – in other words, persons or groups with specific interests, social and demographic characteristics, origin and preferences for services and activities in the destination.**

This information should be used to shape the development of tourism businesses, creation of tourism products and the 5Ps of marketing.

### Slide 21 – International Profile of the New Tourist

*Handout a copy of the chart entitled International Profile of the New Tourist and go over the points. Participants can use this as a tool to ensure that they are asking all the relevant questions when they are doing market research on potential customers.*

*This will be used for the exercise afterwards.*

### Slide 22 – Identifying Potential Consumers

*Handout a copy of the chart entitled Identifying Potential Consumers and go over the points. This will be used for the exercise afterwards.*

### Slide 23 - Tourism in the Community / Region

**To design or adapt a tourism product, it is important to identify and analyze the characteristics and dynamics of existing tourism products and services, to better understand the flow of tourists, key market segments or niches already being satisfied and identify those niches with growth potential that have not yet been exploited**

#### Slide 24 – Available Tourism Products and Services

*Handout a copy of the chart entitled Available Tourism Products and Services. This will help the participants inventorize what is available in their destination.*

#### Slide 25 - The Competition

It is important and valuable to know more about the competition through **profile analysis** especially when choosing a specific **market niche**. It will provide for **better definition of the market niche**, where there is a greater value dimension for small businesses to compete with greater flexibility so as to identify the **key factors for market differentiation**, such as product design, quality of service, technology, innovation, branding and distribution channels

#### Slide 26 – Knowing the Competition

*Handout a copy of the chart entitled Knowing the Profiles of my Competitors. Ask participants to think of their biggest competitor and see how much they know about that competitor for the items on the list.*

#### Slide 27 - Exercise 2 Research Plan and Resources

*Handout a copy of the table to each participant and ask them to fill it in for their own business. This is an individual exercise.*

*The purpose of this exercise is to get each participant to work out a research plan for their own business. They need to identify existing knowledge and data sources and specify the key issues and questions that need further clarification using the format provided.*

*They should use the 4 handouts from the previous slides to help them focus on their needs. The result of their research should help them find the information to complete the following tables:*

- 1. Identifying Potential Consumers – Toolkit Chapter 4 page 13*
- 2. Available Tourism Products and Services – Toolkit Chapter 4 page 14*
- 3. Knowing the Profiles of Competitors – Toolkit Chapter 4 page 15*

*After they have worked out their plan, ask for volunteers to share their plan.*

### **Slide 28 - A Summary**

*Go over the points in the slide.*

### **Slide 29 - Relevant Market Research Topics**

*Go over the topics on the slide. These are the relevant research topics that have been covered in this module.*

### **Slide 30 – For More Information**

For more information on this, please consult the sectoral webpage at the address given on the slide.

Thank you very much for your attention.

## Module 4 Exercises

### Exercise 1 – Slide 9 Cooperating to Increase Competitive Advantage

In groups of 3-4, ask the participants to reflect on why cooperation could be of particular importance in enhancing your – present or future – tourism business.

Ask them to list key actors/businesses they would be interested in cooperating with and identify:

- what kind of cooperation they are proposing
- what they would expect to obtain with each cooperation linkage in terms of increasing competitiveness
- what the partners could expect to gain in competitiveness from cooperating with them

### Exercise 2 – Slide 15 Research Plan and Resources

Handout a copy of the table to each participant and ask them to fill it in for their own business. This is an individual exercise.

Ask participants to work out a research plan for their own business. They need to identify existing knowledge and data sources and specify the key issues and questions that need further clarification using the format provided.

After they have worked out their plan, ask for volunteers to share their plan.

## Module 4 Handouts

1. Slide 21 International Profile of the New Tourist – Toolkit Chapter 4 page 13.
2. Slide 22 Identifying Potential Consumers – Toolkit Chapter 4 page 13
3. Slide 24 Available Tourism Products and Services – Toolkit Chapter 4 page 14
4. Slide 26 Knowing the Competition – Toolkit Chapter 4 page 15