

## Strategic marketing positioning of Ohrid

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*Having in mind the fact that tourism is an industry that involves the work of lots of providers, it is of great importance to especially analyse the strategic marketing approach of a destination. That should be done in order to improve the image and the position in the mind of the consumer. This paper has the aim to show an overview of the strategy in marketing overall, as well as the image that Ohrid has as a destination in terms of tourism. The SWOT analysis provides efforts in order to improve the image and to help in the strategy creation and positioning in terms of tourism. The paper is ought to be part of a bigger research project in this regard, a research project that should help Ohrid in the pursue of gaining a distinctive image and proper marketing strategy.*

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## Introduction

Since the 1950s, the tourism industry has played an increasingly prominent role in urban economies. Its expansion has been driven by an increase in demand and in the efforts of suppliers. The growth of tourist travel has been attributed to numerous factors. These include the rise of global, decentralized corporations, as well as the thickening of linkages among people around the world through shared publications.

Tourism is one of the fastest growing service industries that contributes significantly to the growth of many national, regional, and local economies. In an economy such as the Macedonian, in which a significant part of export revenues should be due to active tourism, it is important for policymakers to understand the sensitivity of the tourism demand with respect to its main determinants.

In the context of the tourist industry, the 'product' is an experience achieved through the combination of a diverse range of products and services. Nowadays tourism destinations face new and increasing marketing challenges arising from changing tourist behavior and environmental conditions. Strategies are needed to suit the changing and more demanding competitive environment.

The capacity of tourism to promote economic expansion stems from the fact that, as an export industry, it induces new spending within the local economy. This new direct spending generates new jobs and secondary economic activity.

The tourism 'product' is an experience achieved through the combination of a diverse array of products and services (Heath & Wall, 1994; Scott, Parfitt & Laws, 2000). For visitors, the product is the total experience, covering the entire amalgam of all aspects and components of the product, including attitudes and expectations. According to Middleton & Clarke (2001), the overall tourism product is a package, and might be defined in terms of five main components:

- destination attractions,

- destination facilities and services,
- accessibility of the destination (including transport),
- images, brands and perceptions,
- price to the visitor.

Hence, one destination is a provider of experiences. Destinations can increasingly be seen as 'clusters' or aggregations of businesses, consisting of mainly Small Medium-sized Tourism Enterprises (SMTEs). Destination marketing thus involves many stakeholders and a complex product offer (Goodall & Ashworth, 1997). Through new web technology tools and interoperability, SMTEs can develop an integrated infrastructure and assist each other in providing the customer with a 'complete' experience, including the delivery of complementary products (Buhalis, 2005). Destinations are among the most difficult entities to manage and market, owing to the complexity of relationships between stakeholders (Buhalis, 2000; Pike, 2004). Complexity and interdependency among stakeholders have resulted in the creation of many local tourism marketing alliances and partnerships between the private and public sectors (Palmer & Bejou, 1995; Selin & Myers, 1998).

These forms of cooperative marketing are particularly efficient in the destination marketing. Effective collaborative marketing efforts require more than strong leadership and administrative support. A number of internal factors including a shared vision, goal accomplishment, and open communication between members will contribute to effective collaboration and member satisfaction.

### **Market Research**

According to the observation from previous experience, it has to be stressed out that Ohrid has so far attempted to market itself as tourist destination without accurate information about its resources (facilities, services, staff), image (projected vs. actual), and without proper

customer satisfaction goals. Without this information, it is difficult to make other decisions in the planning process.

In the past decade, a new situation has emerged on the international tourist market. Technological development and advances have brought changes to the market structure, as well as to the use of marketing, thus allowing for a concentration of service providers. With pressure from ever growing competition, as well as the battle for market share, service providers have entered into vertical and horizontal integrations, which make them cost effective and competitive in terms of quality. Smaller market players have been forced to find their place in market niches.

One crucial thing when conducting a market research is to assess the impact of environmental factors (such as economic, social and political) on present and future markets. Changes in these factors can create marketing opportunities as well as problems.

There are many diverse strategies which players in the tourism field offer to provide a more specialized offer (all-inclusive, wellness, romantic holidays, club-style holidays, holidays for art or food lovers, specialized offers for singles, nudist, or various sports aficionados (tennis, golf, equestrian), day care/children's centers). The classic one-purpose hotel may soon be a thing of the past. The competitiveness in the global market of capital investments in tourism is increasing by the day. As the flow of venture capital progressively moves to the global level, the competition between destinations in this field grows. The crucial factor is a return on investment which may come as a result of lower costs, more lenient regulations, available incentives, or other things. Investment into improved quality and reduced seasonality of the tourism product will result in a growth of return on investment, and consequently, an increase in the interest of investors, i.e. a shift in capital flow into the area of higher yields.

Greater expectations of tourists are in part supported by the media and advanced telecommunications, by higher education level, prior

personal experiences, and knowledge. These same factors also have influence on the quicker transfer of information and the growing power of word-of-mouth marketing.

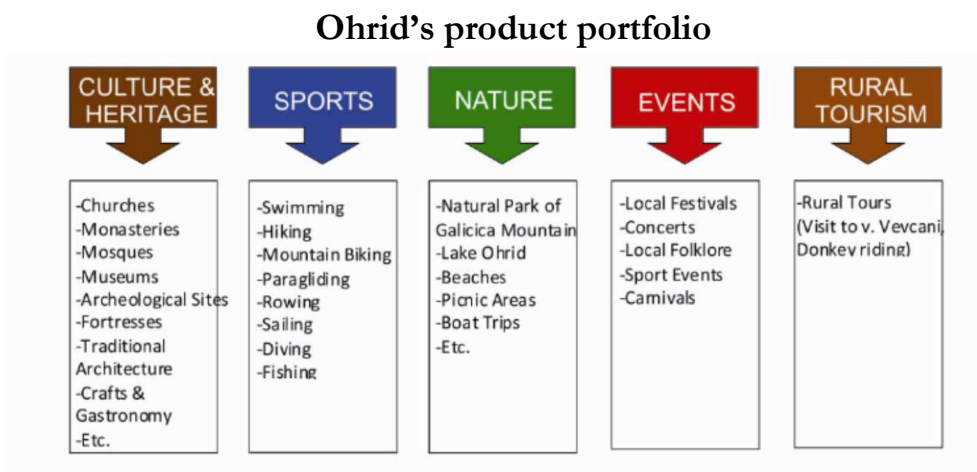
Changes in the needs of potential tourists - With the increase in the standard of living, people have more and more disposable funds available and increasingly less free time, which are two basic preconditions for their integration into the tourism flow. The results of these changes are the growing popularity of short trips and cruises.

As a response to the rate of the contemporary urban way of life, the demand for untouched, ecologically clean areas is increasing. Personal safety has become one of the main criteria, while a trend towards personal healthcare (wellness, fitness) has increased.

Today's tourists are more experienced and demanding than ever before. The tourist market is dynamic. Its supply and demand are mutually dependant and change accordingly. On the one hand, supply follows the changes in demand preferences. On the other hand, demand, which is accustomed to having its wishes and needs met, has seen a growth in expectations and they are becoming increasingly difficult to satisfy. To improve the tourism offerings, many destinations are raising the standards and in turn this increases the level of tourist expectations. The favorable Value for Money ratio is increasingly more implicit and no longer sufficient for a successful and good holiday. Tourists expect Experience for Money, in other words, Emotion for Money. All destinations which intend to maintain their market share are moving in this direction.

Based on the analysis of the market research, and the information regarding the basic world tourist trends, the table below shows the product portfolio for the future development of the tourism in Ohrid.

Table 1



Source: Author's research.

### Positioning

One of the most effective tools in tourism marketing is positioning. The objective of positioning is to create a distinctive place in the minds of potential customers, a position that evokes images of a destination in the customers mind; images that differentiate the destination from the competition and also as a place that can satisfy their needs and wants. Positioning is a communications strategy that is the natural follow-through of market segmentation and target marketing (DiMingo, 1988). Since market segmentation is based on the notion that different tourism destinations appeal to different types of tourists, target market segments must be selected before tourism marketers can begin to entice these potential customers. An effective positioning strategy provides a competitive edge to a destination that is trying to convey its attractiveness to the target market.

The purpose of this part is to discuss the vital role played by positioning in tourism marketing and to present various approaches to positioning a tourism destination, i.e. Ohrid. Positioning is more than just image creation. This important form of market communication

helps to distinguish Ohrid from similar destinations so that customers can choose Ohrid as the most attractive. Thus, true positioning differentiates a destination from its competitors on attributes that are meaningful to customers and gives it a competitive edge. However, this is a complex process that requires careful analysis of the attributes that Ohrid possesses and the needs of the target markets.

According to the basic principles of marketing, products and services are created to solve customer "problems" (i.e., to satisfy needs and wants) and provide benefits. Thus, to be effective, positioning must promise the benefit the customer will receive, create the expectation, and it offers a solution to the customer's problem.

Although positioning can be applied for an entire country, a given area, or a specific city, tourism officials should develop a consistent message if Ohrid plans to use one market to generate business for another. There are two tests of effective positioning. First, the position must be believable in the tourist's mind. Second, the destination must deliver that promise on a consistent basis.

One of the biggest challenges faced by tourism marketers is that the product is largely intangible. Some would argue otherwise, because what is more important than the hotel room, the meal, the beach, the lake, and the mountains? These are all tangible aspects of the tourism destination. However, these tangibles are what is being "sold", but not what is being "marketed". If we were selling beaches or mountains, what difference would it make where the tourist went, assuming a comparable level of quality?

'What we are marketing, of course, are intangibles. The tangibles are essential and necessary but as soon as they reach a certain level of acceptance, they become secondary. Because they are so difficult to differentiate, to be competitive, the intangibles have to be marketed. Even as tangibles, mountains and beaches have a measure of intangibility because they are experienced rather than possessed (Ryan, 2005).

Market positioning is the first step and is defined as the process of identifying and selecting markets or segments that represent business potential, to determine the criteria for competitive success (DiMingo, 1988). This must be based on a thorough knowledge of the needs, wants, and perceptions of the target market, along with the benefits offered by the destination. To do this, a few crucial questions must be answered. These are:

1. What is important to the target market?
2. How does the target market perceive Ohrid as a destination?
3. How does the target market perceive the competition?
4. What attributes should Ohrid as a destination use to differentiate itself to make the best use of its limited resources?

The reality of the matter is that if the target market doesn't perceive the image, the image does not exist. According to observations from previous research, the following shows the top ranked activities identified by foreign visitors:

- Sightseeing of the lake
- Shopping
- Dining out
- Guided tours
- Visiting landmarks
- Taking pictures
- Beach activities
- Swimming
- Visiting galleries.

The three highest ranked activities (Sightseeing of the lake, Shopping, and Dining out in Restaurants) seem to provide an advantage to Ohrid because these are readily available. In addition, foreign visitors who are planning to travel to Ohrid, initially, do not have specific places to visit. Instead, they search for a trip that has several attributes similar to those listed below:



- Some place where other people went
- Reasonable price.
- As many places as possible to cover.
- Minimum contact with local community.
- Good food.
- Absolutely free.

Combining these attributes with the top activities listed above, an indication can be made of the needs of foreign visitors. During the trip they like to go to places that have been previously visited by others and where they have opportunities for sightseeing, shopping, and dining.

Proper positioning also requires an evaluation of the image that customers have for Ohrid as a tourist destination. The beauty of Ohrid, the architecture of the city, and the historic artifacts, museum and cultural heritage as a whole are examples of attributes that may produce a benefit, or may be a tangible representation of an intangible benefit, but are not themselves the benefit. The benefit itself is what the attributes do for the visitor, for instance, a sensation of grandeur, an aura of prestige, or the gaining of knowledge.

### **Marketing and strategic approach**

According to Kotler (2008), marketing is a managerial process involving several activities: establishing marketing goals and objectives, formulating marketing strategy, preparing and implementing plans. According to Tribe (1997) 'Strategy... [is] the planning of a desirable future and the design of suitable ways of bringing it about.' Marketing strategy specifies the long-term goals and objectives of an organization, identifying opportunities and the scope of activities needed to realize them. Strategies therefore show how objectives may be pinpointed. Calver (1994) pointed out that the use of the term 'strategy' as a description of longer-term planning is helpful, but may

prove equally ineffective unless it provides the right guideposts. The strategic plan should provide a blueprint for action that can be interpreted at any organizational level. Marketing strategy is therefore an action-based discipline and must provide clear indications of which markets are to be targeted and the means by which they will be targeted in the long term. The two terms 'marketing strategy' and 'marketing planning' are often used interchangeably. A marketing strategy offers an overall analysis of a given organization and provides its environment with means of achieving overall objectives. On the other hand, a marketing plan should be prepared for the long term, with clear guidelines for action and tactical details for implementation, dealing with specific marketing activities.

From the above brief discussion, it might be pointed out that: (a) Strategy shows how to pinpoint objectives; (b) Strategic marketing entails a stream of decisions and actions, which leads to the development and implementation of effective strategy (Crawford-Welch, 1996); (c) Strategy is not only about deciding on future directions, but also the actual implementation at operational level. The crucial point is how to convert strategy into action; and (d) Strategic marketing is as much an art as a science and is not a panacea or a prescription for success (Kotler, 2008).

Marketing strategy in the tourism industry faces a particular challenge as it deals with a multifaceted, poorly standardized product, and a volatile, fastidious customer (Middleton & Clarke, 2001). To be successful in the tourism markets, DMOs must be able to interpret the needs of their visitors, identify appropriate ways of segmenting the markets in which they compete, develop and launch the appropriate products and effectively communicate with potential visitors. These issues are closely interrelated, as they form the basis of the marketing interface between the DMO and its business and market environment. Tourism takes place in a complex, dynamic and constantly changing

environment that must be monitored and adapted to by all tourism enterprises.

It is estimated that only those destinations that recognize the changes occurring in the marketplace and proactively respond to these challenges will continue to be successful in the future (Chon & Singh, 1995). These tasks require a strategic marketing approach, as well as more reliable information through proper long-term strategic planning and decision-making. It should be noted that information is the basis of planning and decision-making, and is needed in order to develop meaningful and effective strategies.

Scanning the environment for trends that dictate strategic postures is a necessary and vital part of strategic marketing. The one certainty of the future is that change will continue and those tourism destinations which are both aware of economic, social and technological changes, and develop effective responses to them, will achieve longer-term viability (Moscardo, Faulkner & Laws, 2000). Predictions are that the industry will continue to be volatile, consolidation will continue, consumer satisfaction will become even more important and technology will play an increasingly more important role (Matovic & McCleary, 2003). Therefore, a strategic approach is of paramount importance to all significant areas of marketing function. Strategies allow the DMO to address the more demanding competitive environment. As for implementation, it is worth noting that: (i) in order to implement a strategic marketing approach effectively, appropriate marketing systems - information, planning, and evaluation - are required; (ii) one aspect of strategy implementation is resource planning, at both the organizational and operational levels. The former refers to the allocation of resources within the various parts of the organization to support the strategy. The later refers to the identification of critical success factors needed at the operational level; and (iii) there is a need to develop and implement action plans in all related fields, such as human resources and quality (Varvaressos &

Soteriades, 2005). Recent studies have suggested innovative approaches; for example, Edgell, Ruf & Agarwal (1999) proposed a new approach to strategic marketing planning in the tourism industry, emphasizing quality, efficiency and effectiveness in the marketing process. The authors recommend a six-step approach to strategic marketing planning, including needs analysis, research and analysis, creative infusion, strategic positioning, marketing plan development, as well as training, implementation, evaluation and adjustment. The suggested framework is designed to provide a road map for almost any tourism organization or destination and to help improve their marketing efforts. In terms of the above-mentioned, Ohrid does not have the necessary marketing nor strategic framework in order to be present on the tourism market. As a young and immature destination, the need of profiling the tourist products and the formation of a DMO which will be in charge of the tourism development is more than needed. This statement will be supported even more with the following explanations regarding the strategic model that a destination should choose.

### **Evaluating the strategic planning model**

The strategic planning model is an approach having various merits. Without strategy, organizations are susceptible to strategic drift – a consequence of failure to monitor and respond to the changing external environment. Tribe (2005) argues that organizations that do not use strategic planning tend to make ad hoc decisions and be reactive rather than proactive to events. This is more relevant to destinations, which are not single organizations but rather represent a coalition of interested parties. This approach is useful where decisions are taken in terms of the direction of the product offering and the markets to target. It provides an effective framework for the consideration of these issues, while also planning clear advantages for resorts (Cooper, 1995), e.g. take proactive decisions about their

product and market portfolios. This involves choosing facilities to offer, anticipating the demands and changing tastes of their visitors and attempting to influence the nature of their experiences. This proactive approach contrasts to the often ad hoc, opportunistic entrepreneurial responses that characterized the early development of many resorts (Laws, 1995). Laws & Cooper (1998) stress that ‘the process of goal setting provides a common sense of ownership and direction for the many stakeholders in the resort, whilst at the same time sharpening the guiding objectives. The coherence provided by the approach provides a framework for joint initiatives between the commercial and public sectors and demands the clear identification of roles and responsibilities’. However, the strategic model encompasses some pitfalls and limitations. First, the traditional approach to destination marketing strategy has been derived from the literature on organizational strategy. However, there is a fundamental weakness in an approach to destination management, which relies on the assumption of strong leadership and clear goal-driven decisions to which all participants adhere. Destinations are conglomerates of attractions, operators and agencies which each have individual objectives. Often these are in direct conflict, and managers may regard competition with local organizations as their main policy concern. In contrast to the classical organizational strategy paradigm of clarity and consensus based on a rational process of analysis, destinations experience tension between operators and lack cohesion in the way in which the area promotes its image externally (Scott et al., 2000). The heart of the problem for destinations is their complex nature, resulting in policy/implementation conflicts between operators. Typically, the destination experience for visitors comprises of products from a wide range of organizations of differing scales and levels of business sophistication presented within a general ambience derived from a combination of the area’s primary attractions and the ways in which tourists perceive its image (Laws, 1995). Not only are destinations

complex, but they lack the formal relationship frameworks between operational departments that enable large organizations to act consensually. Approaches to strategic marketing differ on two dimensions, the outcomes of the strategy (profit maximizing or pluralistic) and the processes by which strategy is made (deliberate contrast with emergent styles). The classical approach to strategy assumes a particular rationality of those working in organizations that cannot always be relied upon. Finally, with regard to electronic marketing, DMO needs to be able to offer a full service to any user, and its web pages need to act as a portal for those operators, attractions and accommodation providers that exist within its region (Ryan, 2005). However, as many other DMOs, Ohrid also has scarce resources. The lack of financial resources as well as the know-how, at the moment it is very difficult for us to say that this can be done in Ohrid at the moment. But, the theoretical framework should be used as a model for the future creation and development of the strategic model for the destination as a DMO. It can be also said that Ohrid should develop both external and internal marketing mix for different target markets.

The initiation requires inclusion of the following four important elements:

- (1) Hospitality and Guest Relations - A wide emphasis on hospitality and guest relations, including a customer oriented attitude on the part of the owners and managers as well as the employees.
- (2) Quality Control - A program which focuses on improving both the technical quality (the standards associated with what the customer receives) and the functional quality (the standards associated with how the customer receives the service). All employees who come into contact with customers should receive hospitality training.
- (3) Personal Selling - Training the staff in the selling aspects of the business or community. This also includes rewarding them for their

efforts. By being informed about the marketing objectives, and their role in accomplishing those objectives, they can help increase sales.

### **Conclusions**

The growth in tourism turnover in recent years confirms that Ohrid can make tourism an active generator of its economic development. In order to increase the economic benefits of tourism, it is essential to adopt and implement a tourism strategy focused on sustainable development. Its orientation should be towards forms of tourism which will create added value to all those who engage in tourism.

The tourism development of Ohrid needs to be based on the preservation of exceptionally diverse natural and cultural wealth; on principles of sustainable development in the planning of quality in terms of the tourism offer; on adequate market positioning and promotion, as well as on cooperation of all individuals and professional institutions that directly and indirectly participate in tourism.

The consistent implementation of an adopted strategy will ensure the long-term growth of positive effects from tourism, which will strengthen its position as a significant factor of economic growth and a generator of new employment opportunities.

The development of a quality tourism infrastructure and offerings requires significant resources, at least one part of which will have to be provided by foreign investors and financial institutions. In order for Ohrid tourism to become attractive enough to foreign capital, the return on resources invested in tourist projects needs to reach the same rates as investments in similar projects on offer to investors in other destinations. Development in this direction will be possible only by properly positioning tourism offerings in Ohrid on the global tourism market with respect to the diversity and quality of offerings, and providing for an adequate price – experiences ratio. With the fulfillment of these conditions and the adequate promotion of Ohrid

as a tourist destination, it is possible to achieve an increase in the utilization of tourism capacities, and consequently, an increase in tourist spending, which will result in the growth of attractiveness of investment projects in tourism.

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