

## **Conceptualising Destination Marketing during Economic Turmoil**

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### ***Abstract***

*It is common ground that tourism and hospitality industry as well as destinations are susceptible during periods of turmoil. Thus, sufficient marketing activities should be implemented in order to minimise the consequences of crisis events and maximise the potential beneficial impacts. The aim of this paper is to present the importance of destination marketing during crisis periods with reference to the current economic recession. It conceptually examines and evaluates a series of theoretical models and frameworks that can be implemented during turmoil in marketing activities. It also provides managerial implications for tourism and hospitality industry, whilst it suggests further research concerning risks and crisis.*

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**Key Words:** *Recession, destination marketing, tourism and hospitality, Theory of Planned Behaviour, Perceived Risk Theory, decision making*

## **1. Introduction**

Financial crisis has affected many sectors of human life and activity, constituting a fundamental factor influencing the role of current consumer. It would be interesting to search how people react when acting as tourists. This paper conceptually investigates the way recession, marketing, and decision-making process are interrelated discussing relevant models and frameworks. It contributes to the theoretical domain through the presentation of the main issues and characteristics that managers, stakeholders, locals, and national governments need to consider while drawing relevant policies, and emphasises on destination marketing during periods of turmoil with special references to economic crisis, highlighting successful destination marketing perspectives and destination image optimisation.

## **2. Literature Review**

### **2.1 Recession and Tourism Decision Making**

Stienmetz et al., (2015) support that recession highly influences the way tourists form their decisions on the choice of their holiday destinations. Furthermore, financial crisis modifies various aspects of tourist decision, with spending patterns and travelling mode being the most prevalent ones, which in turn affects the way marketing is practised when promoting destinations, highlighting in parallel its significance for the issue (Pratt, et al., 2010).

Research has indicated that the decision formulation is not only the result of the way that external promotional pathways are used but the combination of the way that marketing tools constitute a means of providing external information, with tourists' inherent beliefs and mindset (Stienmetz et al., 2015). This certainly creates a crucial factor which, having parallel financial dimensions, needs to be taken into account by stakeholders as well as policy makers when they are both engaged in marketing activities (Kennedy, 1998).

### **2.2 Investigating Tourism Behaviour**

Two main theories, the "Theory of Planned Behaviour" and the "Perceived Risk Theory" set an integrated basis for the marketer to discover the factors that formulate people's behaviour and choices in tourism. The first one, "Theory of Reasoned Action" (Ajzen, 1991) examines what do people intent and why they act in a certain way. In relation to the theory, Fishbein and Ajzen (1975) support that it is the synergy of: a. personal judgement, b. social judgement and c. esteemed feasibility that generates the final human/tourist action. This theory is regarded as possible to be well applied by the marketers focusing on tourist

destinations and used as a tool to interpret human behaviour during the ‘purchase ‘process of a ‘tourist’ product (Quintal et al., 2010).

In relation to the “Theory of Planned Behaviour”, the “Perceived Risk Theory” describes people’s need to reduce uncertainty when estimating the potential costs or risks of an undesirable outcome during their decision making process (Bauer, 1960, cited in Derbaix, 1983, p.19). This ‘uncertainty’ that is encompassed in the process (Dholakia, 2001) needs to be eliminated through appropriate promotional methods so as the supplier of the tourist product, e.g. locals and a destination’s stakeholders, are able to create a sense of safety (Lee et al., 2012).

Several scientific sources point out the repercussions of financial crises if tourism is considered to be a luxury good (Sheldon and Dwyer, 2010; UNWTO, 2011), highly influenced by income elasticity (Lanza et al., 2003). However, during recession, financial resources do not constitute the only factor on which tourist expenditure depends since not all people act homogeneously (Nicolau and Masiero, 2013). As Eugenio-Martin and Campos-Soria believe (2010) many tourists do not alter their behaviour and choice, while others are affected by a destination’s attractiveness or demographic and natural characteristics, which marketing actions need to elaborate. Thus, cutbacks do not always mean ‘cancellation of holidays’, instead, they are related to alterations in a variety of decisions with most prevalent ones being the ‘number of days’ and the ‘cost of accommodation/services’ (Bronner and Hoog, 2014; European Travel Commission, 2009). Within this context, it is expected that the destinations should engage in a variety of strategies concerning the elements of the marketing mix when passing through recession (Ritchie, et al., 2010; Smeral, 2010). This, in turn, entails the realisation of integrated market research by the destinations in order to successfully predict tourists’ ‘needs’ and ‘wants’ (Gokovali, et al., 2007), apply affordable policies (Ang et al., 2000) lead successful marketing strategies (Sheldon and Dwyer, 2010), attract tourists and enhance their competitiveness and sustainability (Hystad and Keller, 2008). An interesting question is arisen by Rosberg (1979) who supports that, paradoxically, practice has proved that businesses which during financial crises did not reduce, as is usually the case, or maintained the promotional expenses enjoyed huge profits shortly after the crisis period ended.

For the same reasons, accurate information is essential for the drawing and application of effective tourism policies by central governments (Okumus and Karamustafa, 2005), especially during their cooperation with the private sector (O’ Brien, 2012) for the

achievement of this purpose. Consequently, phenomena of changes in currency with respective influence of tourist investment (Ang, 2001) result from this. Respectively, Smeral (2009) points out the necessity of accurate information acquisition for the local decision makers as well. Since tourism constitutes a substantial means for a country's development it must be based on the three main cores of sustainability: a. environmental, b. economic and c. socio-cultural (Liu and Wall, 2006). Consequently, the marketing activities realised by central governments must follow the same standards (Ap, 1992; McGehee and Andereck, 2004). Donaldson and Preston (1995) clearly state that marketing activities as well as related promotional plans, facilities and events strongly influence tourist decisions, emphasising not only on the use of tourism as a tool by central governments but on the way it is used. A heavy duty for central governments during the realisation of marketing activities is to show care and responsibility (De Oliveira, 2003; Puczko and Ratz, 2000; Yuksel et al., 1999) towards every stakeholder's interest (Clarkson, 1995). Central governments are supposed by nature to have the power to impose laws safeguarding sustainability, increasing destinations' quality and respectively attracting tourists of high income (Beeton and Benfield, 2002).

It is showcased that the criteria used by tourists in order to select a destination, substantially surrounded by personal values and culture (Rokeach, 1968-1969; Frias et al., 2011) influence the way the involved stakeholders, DMOs and managers organise relevant marketing activities, (Bigné et al., 2001; Chen and Tsai, 2007), build an area's image (O' Leary and Deegan, 2005; Tapachai and Waryszak, 2000), and communicate relevant messages to tourists (Grosspietsch, 2006). A concrete and clear message (Pike, 2012) demonstrating elements of locality (Markwich, 2001) has the power to make a visitor revisit a place (Sirgy and Su, 2000; Sonmez and Sirakaya, 2002) and eliminates the eventual tension and anxiety of the decision making process (Buckley, 2012; Fodness, 1994). As Pike (2012) points out, during crises the potential of small DMOs to successfully fulfil a big variety of positioning strategies and schemes weakens.

On the other hand, local authorities, because of being engaged in multidisciplinary promotional actions establishing public-private partnerships, (Bornhorst, 2010; Palmer, 1996) transfer their identity in the place they are active (O' Neill, 2006; Wood, 2006). Usually acting under the "social exchange theory" (Jurovski and Gursoy, 2004; Lawton, 2005; Wang and Pfister, 2008), and bearing the potential advantages and disadvantages while acting during their 'encounter' with visitors, makes them constitute a crucial factor in destination marketing. For this reason, central governments must definitely cooperate with them and incorporate their views in their actions (Garrod and Fyall, 2000). It should be also mentioned

that for local stakeholders in most cases, the financial dimension of sustainability is easier to be achieved than the socio-cultural and environmental one (Tosun, 2002), however, they have the duty to subjectively allocate and distribute the eventual positive outcomes generated by the application of their promotional plans (Easterling, 2004).

Frias et al., (2008) as well as San Martin and Rodriguez del Bosque (2008) identify that marketing activities address to the: (i) emotional and (ii) rational elements of the tourists' choice. However, even if they are powerful, they must not arrive at an overpromising level (Qu et al., 2011) while in parallel they must be better than the competitor's (Pike, 2012) in order to create an innovative character for the marketing strategies and demonstrate a Unique Selling Proposition that will stay sound in the mind of tourists (Mariadoss et al., 2011; Naidoo, 2010) and will manage to provide the best 'solution' to the problem of 'which destination to choose' (Pike, 2012). At this point online technology seems to be generous and helpful, through the intense use of Internet (Buhalis and Law, 2008) and elaboration of competitive sites (Pike, 2012; Auger, 2005). Tourist managers should bear in mind these factors that are predominant in the a. information receiving, b. cognitive processing and c. formation of attitude-cognition stages of the tourists' decision (Kaplanidou and Vogt, 2006) as well as the creation of another important tool used and widely spread online and offline among existing and potential visitors, the word of mouth (Inman and Zeelenberg, 2002; Tsiros and Mittal, 2000).

### **3. Conclusions and Recommendations**

It is common ground that tourist destinations are just one of the sectors being substantially influenced by financial crisis in multiple ways. For these reasons the intervention of destination marketing is proved to be essential in order to provide effective solutions for managers, locals, stakeholders, central governments and tourists. It constitutes a tool that can be used during different stages of the decision making process of the tourist choice. This paper has highlighted aspects of destination marketing during recession providing a theoretical perspective to aspects risen.

Still, several aspects of further research need to be highlighted. The first aspect deals with the different kinds of holidaymakers (packaged vs individual tourists) participating in different travelling modes (e.g., leisure vs business) on different island destinations suffering from the current recession (e.g., Cyprus, Ireland, Italy, Spain) or different kinds of crises (e.g., Arab spring; refugee crisis) may produce different outcomes. Thus, the conceptual framework may need to be adjusted carefully as it is inevitably context-dependent to a significant degree. Another issue that needs to be further examined concerns the psychological aspects of

consumers in terms of their connection of practicing tourism with ‘public health’ aspects. This may produce useful findings for the significance of tourism in wellbeing and psychological health matters, especially in communities that deeply suffer from economic crises. Finally, the inclusion of the respondents’ personal characteristics such as socio-demographics (e.g. level of education and income); disposable income available for tourism activities; and frequency of participation in tourism activities can further contribute to the understanding of tourism decision-making and perception variations. Such examination could provide useful findings for the formulation of decision making perspectives and the appreciation of purchasing behavior during periods of turmoil.

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