Strategic Marketing and the Tourism Small Business in Victoria

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3.0 EXECUTIVE SUMMARY

The author of this research comes from a tourism small business background. He has received considerable support for the research from the Small Business Development Corporation where he is currently employed as a Tourism Business Advisor.

The research concerns itself first with the survey and analysis of 163 tourism small businesses from both rural and city locations in Victoria which are a representative sample of the 5,000 to 9,000 tourism small businesses in the State.

In investigating the extent to which such businesses use a strategic marketing approach the basic premise underlying the investigation is that there is a positive correlation between strategic marketing and business performance. Following an extensive examination of the literature relating to business, tourism and marketing strategy, the author puts forward a strategy model which provides the framework for the research and quantitative analysis of the survey. This takes the form of a model strategy.

The research indicates the application and significance of the strategic marketing practice to both the Victorian and wider Australian tourism small business sector.

The mail survey consists of 32 questions and the quantitative analysis systematically analyses the following topics under the following headings:-

Business profile
Research and advice
Strategic thought
Target marketing
Product awareness
Price and Packaging
Distribution
Promotion
Competitive advantage
Monitoring the market
Barriers, weaknesses and training.

The response to the Small Business Development Corporation Tourism Marketing Survey was 30%. The author refers to recent comparable studies and concludes the response rate is acceptable. There are a number of minor limitations to the survey but these are not seen to lessen the extent to which significant findings can be drawn.

The qualitative analysis is conducted using a framework evolving from the three key questions underpinning any strategic business activity, of (1) Where are we now? (2) Where do we want to be in three-five years time? (3) How do we get there? In the process of considering these three factors, which emphasise the present and future, it should be stressed ' the past' should not be ignored. The importance of knowledge, experience and wisdom to the strategic approach and to business performance is acknowledged in this way.

Within this framework, the following key findings are made.

'Past'. There is little use of research and advice sources prior to establishing or entering tourism small businesses. This finding is consistent with other small business studies. The length of time in the business is shortest in country businesses with 56% having been in the business between zero and five years. Lifestyle is the most important factor attracting people to establish or purchase a country business, but it is ranked third in city businesses.

'Now'. Tourism small businesses are generally very aware of their position in relation to their competitors. Significant barriers exist, however, for country Victorian businesses to more effectively monitor their competitive environment.

The vast majority of businesses have identified a competitive advantage but only half the businesses have an adequate knowledge of target markets.

The main focus of tourism small business is towards product. The more strategically desirable customer and financial orientations are lower priorities.

Those businesses with a strong financial focus are most likely to be the trend setting business opportunists with a customer orientation.

'Where'. Future financial, customer and target market objectives are not thoroughly thought out. This is contrary to the desired strategic marketing approach which consists of:-

1. A concise business mission
2. Sustainable competitive advantage
3. Stated business goals, objectives, actions and targets
4. Market research including a S.W.O.T. (strengths, weaknesses, opportunities and threats) analysis of internal and external business environment
5. Target market selection
6. Marketing mix: product, price, promotion and distribution
7. Marketing plans and budgets
8. Marketing, monitoring and feedback mechanisms.

Tourism small businesses have a clearer perception of promotion than marketing but only half are able to state their promotional objectives. There is a stronger short term, tactical or action orientation in tourism small businesses than the more pro-active orientation associated with the three year or longer strategic approach.

The majority of tourism small businesses do not intend to develop new products in the future. This reinforces the short term business focus identified in the earlier findings.

'How'. Approximately one third of tourism small businesses allocate less than $5,000 per annum to marketing, which is defined most broadly as 'human activities directed at satisfying needs and wants through exchange processes'[1]. The majority allocate less than $10,000 to marketing activities. As a percentage of turnover, the marketing funds allocation may be considered too low in certain smaller businesses where the median allocation is between three and five percent of annual turnover.

Three quarters of tourism small business actually exploit or promote their competitive advantage while only half effectively target specific markets.

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[1]Kotler P. and Others. Marketing in Australia. Prentice Hall, 1989. p. 4.

Promotional methods used suggest an over-reliance on paid advertising at the expense of low cost targeted methods. Co-operative marketing is disappointingly low, as is the use of repeat client bonding mechanisms and trade promotions. Monitoring of promotions is unsophisticated.

Tourism small businesses lack creativity in their pricing. There is significant scope for more product packages particularly in the accommodation and attractions categories.

Tour operators in particular need to make more use of wholesale and retail distributors.

Country businesses are particularly receptive to the greater use of market intelligence and increasing distribution methods.

While recognising a less formalised strategy is acceptable for small business, the author concludes that there is an undesirably low use of strategic tourism marketing. The research identifies some priorities for addressing the non-strategic orientation.

The research then combines findings from the survey with observational, anecdotal, primary and secondary sources to identify external barriers to the development of strategic marketing in the Victorian tourism small business sector. The five most significant barriers identified are in the following areas:-

Research and advice

Training and education

Industry associations

Distribution networks

Accreditation and standards.

A number of actions are recommended relating to these five identified barriers.

The final section of the research identifies a number of implications for Victoria which flow from the significant research findings.

These findings concern the low levels of research and advice seeking and its link to business failure. In looking at the implications of low levels of strategic marketing, the research highlights the strong product, low customer and financial focuses; the lack of target marketing and the below optimal standards of the marketing mix (in particular, co-operative promotion and distribution). The minority view in the tourism small business sector to develop new products is also seen as having significant adverse implications.

In general, it is hypothesised that these implications inhibit Victoria's tourism visitor numbers in Victorian and interstate markets as well as the faster growing overseas market. Average visitor length of stay is being adversely effected. A number of the non-strategic marketing outcomes are retarding the perception of Victoria as a quality and competitive tourism destination. Finally, at the macro level, the net economic benefit to the state from tourism is being held back by the low level of strategic marketing as described in the research.

4.0 INTRODUCTION

The subjects of enquiry in this research are strategic marketing and the tourism small business sector. The extent to which strategic marketing is used by the sector is analysed and the quality of the marketing approach is assessed.

The analysis pre-supposes the linkage between increased strategic marketing, increased business success and decreased business failure. In the main, the considerable empirical evidence suggests a positive correlation between a planned strategic approach in large organisations and business performance.

For the smaller business, the level of formalised strategy is understandably less. As Lowe and Clemens (1990) note 'lower exit barriers, greater flexibility and a co-ordinating device embodied in a single entrepreneur, are important reasons why many small businesses are not overly concerned with planning, at least at a formal level[2]

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[2]Lowe J., Clemens T., 'Strategy Planning and the Smaller Firm in Australia' The Growing Small Business. Proceedings of the Fifth National Small Business Conference. Institute of Industrial Economics. University of Newcastle. NSW 1990 p. 13.

While recognising the structural strengths of the small business which allows for greater adaptability and flexibility or the 'quicker movement on the ground'; on the down side is small business's greater vulnerability to factors in the external environment over which it has little or no control. The 1990 pilots' dispute is such an example.

The small business must achieve high levels of efficiency: Robbins (1983) notes that 'small organisations have less tolerance for inefficiency than established large organisations'[3] There are fewer slack resources to act as a shock absorber.

It is therefore strongly apparent that while the level of formalised strategic planning need not be so great in small business, it is increasingly necessary in a rapidly changing environment for small business to be forward thinking, pro-active and strategic. This will enable them to optimise business performance. As reported in a study entitled The Major Determinants of Small Business Growth (1988) 'external factors featured less prominently in explaining the performance of (the) growth firms. The growth firms were relatively insensitive to general economic trends because of their ability to anticipate and adapt...'[4]

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[3]Robbins S P. Organisational Theory: Structure, Design and Applications 2nd Ed. Prentice Hall. USA 1983. p. 118.

[4]The Major Determinants of Small Business Growth. Consultancy Study. Vol. 1. Department of Industry, Technology and Resources. Melbourne. 1988. p. 1.

Tourism small businesses in the 1990's are faced with increasingly discerning customers and a market place offering an ever expanding range of tourism products. While Australian Bureau of Tourism Research (1989-90) data indicate that 72.5% of tourism expenditure is generated from domestic tourism, the greatest growth (albeit from a small base) is in the international market.

For the tourism small business to perform successfully in the 1990's, it must anticipate the needs of the market place and adapt to the changing competitive environment. To share in the long term benefits of the international market, tourism small business must adopt strategies which provide some protection from a sudden drop in supply from international sources. International terrorism or a rapid increase in aviation fuel are two examples which could trigger such a drop.

The strategic approach to the operation of tourism small business is more important than ever before. Likewise, a strategic marketing approach is and will continue to be a key component closely linked to business performance.

This study of 163 tourism small businesses is of relevance to Australia's tourism small business sector and those concerned with the study and evolution of it. It provides an insight into the marketing methodologies used by tourism small business. It provides a body of data for comparative study. The implications of the findings indicate that there are very good reasons to continue the pursuit of improved performance in the tourism small business sector.

5.0 RESEARCH OBJECTIVES

The objectives of the research concern Victorian tourism businesses which are a sub-set of Victoria's tourism industry.

Victoria's tourism industry generates 130,000 jobs or 7% of total employment and generates 7% or $4 billion of Victoria's GDP.[5]

The objectives are as follows:-

1. Expand the body of knowledge relating to marketing methodologies used by tourism businesses in Victoria.

2. Establish the extent to which a strategic marketing approach is used by small tourism businesses in Victoria.

3. Establish the quality of marketing strategies used.

4. Identify factors constraining the use of a strategic marketing approach in Victoria's small tourism business sector.

5. Identify key implications from the research for the future development of small tourism businesses in Victoria.

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[5] Cochrane J. 'Visitation Performance' Victorian Tourism Conference Papers. 1989 p.2. Estimates extrapolated from The Economic Significance of the Travel Industry to Victoria. Victorian Tourism Commission. 1984.

6.0 THE VICTORIAN TOURISM SMALL BUSINESS SECTOR

The author encountered significant obstacles to defining the size of the Victorian tourism small business sector. While data relating to tourism sector categories such as motels is available and quite reliable, some sectors such as food services and art/craft have data and definition problems.

Exploratory research has been conducted using sources such as the Australian Bureau of Statistics (ABS), the Victorian Tourism Commission (VTC), industry associations and anecdotal evidence.

A number of approaches have been used to estimate the size of Victoria's tourism small business sector.

Tourism in Victoria has been estimated from the somewhat dated 1984 (but most recent) study to employ 130,000 people. Evidence is presented in the 1984 study to suggest that 48.64% of this employment is direct travel and tourism employment while the majority is indirect (15.14%) and induced (36.22%)[6]. Concentrating on the direct sector and eliminating the indirect and induced percentages gives a tourism business employment estimate of 63,232.

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[6] Ibid

It is worth noting at this point that the 1984 estimates 'should be interpreted as bare estimates'[7]; furthermore, 'that the direct employment created by tourism relates to employment created by tourism expenditure, whether that is in a "tourism business" or not' according to Michael Pool of the Bureau of Tourism Research.[8]

Therefore to extrapolate accurately from this figure the number of tourism small businesses is impossible. However by deducting those tourism businesses from the ABS integrated register counts (July 1990) with 50 or more employees it enables at least an estimate to be made.

Using this method 26,750 people were deducted to give 36,482. The median number of full time tourism small business employees as indicated in this research is between three and five people. Given the application of this sample to the wider Victorian tourism small business sector (see Methodology) the middle figure of four people is divided into the 36,482 to give 9,205 businesses. There are significant weaknesses in this estimation method.

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[7]The Economic Significance of the Travel Industry to Victoria p. 14.

[8]Poole M. Bureau of Tourism Research. Telephone conversation June, 1991.

Another approach was to use the VTC mailing list which it was hoped would include all Victorian tourism businesses. The reality however, is that due to apathy by businesses in not providing data and a perceived high tourism business entry and exit rate, the data base as of 19 December, 1990 contained fewer than 250 Victorian tourism small businesses.

The VTC publication entitled Register of Victorian Tourism Organisations and Tourism Associations[9] provides the names and addresses of approximately 127 tourism organisations in Victoria. This may be used to estimate the number of tourism small businesses recognising the following constraints with this methodology: one business may belong to more than one tourism association or organisation and not all businesses in associations and organisations are tourism businesses (country banks for example are often members of the local tourism association). A subjective estimate by the author of the average tourism organisation or association membership is 45 tourism small businesses. If the 45 is multiplied by the 127 organisations or associations in Victoria it gives a total of 5715 tourism small businesses in the state.

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[9] Register of Victorian Tourism Organisations and Tourism Associations. Victorian Tourism Commission. November, 1990.

The fourth approach to estimating the sector size is via numbers provided by industry associations such as the Victorian Tour Operators Association and ABS data relating to accommodation and attractions.

The following table is a summary of the total number of small businesses by tourism category.

Table 1 Tourism Category by Number of Businesses

	TOTAL
Hotels/Motels with facilities (excluding 4 and 5 star hotels)	907
Bed and Breakfast, Farm Accommodation	250
Holiday Flats, Units, Houses	180
Caravan Parks (short stay)	450
Tour Operators	210
Tourism Attractions	345
Tourism Transport	120
Food Services	380
Arts/Craft Souvenir	360
Tourism Industry Services	120
Tourism Entertainment	50
Other	80
	3,452

Using the ABS integrated register counts however would suggest this figure is significantly understated by a factor of approximately 40%. This brings the estimated total number of tourism small businesses to nearly 5,000.

None of the four approaches include travel agents, travel wholesalers, inbound tour operators and the majority of the restaurant sector who are judged in the main to cater for the leisure or entertainment needs of the immediate (non-tourist) market.

There are significant limitations with these estimates. Collectively, however, they provide a broad evaluation of the size of the tourism small business sector of between 5,000 and 9,000 businesses with the researcher making a very subjective estimate at approximately 6,500.

This topic warrants further study. More objective and thorough research would be of significant value to the industry, government and educational sectors.

7.0 METHODOLOGY

The selection of a research methodology came about during a variety of phases which coincided with a changing work environment for the author.

1. The author chose to focus upon the topic of strategic marketing and its relationship to tourism small businesses because of his previous experience as a small business proprietor and his own experience of marketing that business. He subsequently worked as a regional tourism manager responsible to approximately 600 tourism small businesses and 32 local councils. This was an ideal environment in which to carry out the research and it gave an advantage in determining data sources and in evolving a survey appropriate for tourism small business.

2. The author was then appointed to the position of Tourism Business Advisor with the Victorian Small Business Development Corporation. This presented an opportunity to broaden the focus of the research by using a state wide survey sample and it also provided increased access to small business information and research guidance.

3. The initial literature search was carried out in August, 1989 primarily using Victoria University of Technology references and resources to access national and international literature.

4. A draft questionnaire was developed and the following agencies provided feedback on its structure and content.

   1. Melbourne Tourism Authority (MTA) Marketing Section
   2. Small Business Development Corporation (SBDC) Research and Policy Section
   3. Department of Sport and Recreation (DSR) Projects Section
   4. Brian Sweeney and Associates (Market Research Company) South Melbourne
   5. Victorian Tourism Commission (VTC) Marketing and Projects Divisions.

   The pilot questionnaire was also posted to a sample of 25 tourism small businesses and responses were received from 18 after follow up phone calls. The sample was randomly chosen from tourism association membership lists and regional tourism newspapers.

   The questionnaire was further tested in face to face interviews with two small tourism business proprietors.

3. The final questionnaire [10] was then distributed by mail. The questionnaire reached an estimated 544 tourism small businesses (see p. 23 for explanation of the need to estimate).

A post paid envelope was attached to the questionnaire. 'Pre-paid' was printed on the envelope. The envelopes were colour coded according to which mailing list was used. This enabled accurate sub-sample analysis to take place as indicated in Table 2.

The letter introducing the questionnaire was written and signed by the General Manager of the SBDC Ms. Susan Holmes. Ms. Holmes in her letter referred to the support for the study expressed by Ms. Susan Calwell, Executive Director of the MTA. The letter reads as follows:-

> Dear Business Operator
> I am writing to ask you to assist in a study of small businesses being conducted by our Tourism Business Advisor Mr. Colin Bransgrove.
>
> This survey is being carried out by the Small Business Development Corporation, (a State Government Statutory Authority) in collaboration with Footscray Institute of Technology (Faculty of Business).

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[10] See appendix 1.

I have discussed this survey with the Executive Director of the Melbourne Tourism Authority, Ms. Susan Calwell, and she welcomes and supports the study.

Thank you for your assistance. If you have any queries please call Colin at the SBDC on 655 3300.

Susan Holmes

General Manager.

The mail out was conducted on 23 March, 1990, 21 days prior to the peak Easter holiday period.

Mailing lists from the following organisations were used: The MTA, Goulburn Tourism Limited, North East Tourism Limited and the VTC. Wimmera Tourism Limited members were also surveyed. This represented 4% of the estimated 127 Victorian Tourism Organisations.[11]

In the case of the MTA, all members were sent the survey.

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[11] Register of Victorian Tourism Organisations and Tourism Associations

The MTA provided the opportunity to distribute the survey to their 653 members in a members mailout. Also included in the mailout were the Autumn edition of the MTA Melbourne Official Visitors Guide, 1990 and an invitation to attend a training seminar. The author seized upon this opportunity despite the fact that the membership base extends to many non-small tourism businesses. 345 of the MTA members were judged to be in the tourism small business category after eliminating international hotel chains, local councils, tourism associations, national transport companies and other medium to large organisations.

As was the case with the MTA, the use of the area sampling of North East Tourism Limited, Goulburn Tourism Limited and the VTC for sampling purposes was arrived at largely for convenience reasons.[12] Access to good quality mailing lists was important in maximising the response and this was not possible from a number of Victorian Tourism Organisations.

30 questionnaires were also distributed to Wimmera Tourism Limited members via the Tourism Officer who gave them to a spread of businesses in the course of his field work. This latter sampling method may best be described as convenience sampling.

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[12]Green P., Tull D., Research for Marketing Decisions. 4th ed. Prentice-Hall, New Jersey, 1976. p 210.

The selection of business categories such as accommodation and tourism attractions within the area sampling may be best described as random.

The survey sample therefore included business from both urban, rural, mountain and coastal locations; from MTA members who pay an annual $600 membership fee to some on the VTC list who may not pay any tourism association fees.

The survey included business in highly seasonal destinations such as the snow fields to businesses with steady year round trade such as city based limousine car tours and hire which cater for tourists, special events and corporate markets.

While not an unbiased random sample the survey is of sufficient size and variation to be representative of the Victorian tourism small business sector and to enable conclusions to be drawn relating to the Victorian tourism small business sector.

Recent small business studies by Breen and Hall[13] and Charles [14] are examples of surveys with comparable survey methods and similar sample sizes but much larger total group sizes from which conclusions and implications were drawn (namely Australian small business training needs and American women owners of small businesses and work-home role conflict issues).

Breen and Hall used a convenience sampling process and trained interviewers administered the survey to 163 small businesses. The businesses were chosen for interview on the basis of availability and the likelihood of obtaining responses. It was stated that 'while not a random sample it is of sufficient size and variation to be reasonably representative and enable conclusions to be drawn and some comparisons to be made with previous research'.[15]

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[13]Breen J., Hall J., 'Training Needs for Small Business'. The Growing Small Business. Proceedings of the Fifth National Small Business Conference. p. 93.

[14]Charles, R. and Others. 'Work-Home Role Conflict in Female Owned Small Business - An explanatory Study'. Journal of Small Business Management. Vol. 28. No. 1. 1989 p. 30.

[15]Breen J., Hall J. p. 96.

Charles and others used Dun and Bradstreet industry tapes and membership lists from associations of female-owned businesses in two states to select study participants. A sample of 300 female business owners met their general research parameters which included things such as being in business at least one year and having less than 100 employees. From the mail survey to the 300, the response rate was 30.7% after a reminder postcard. While the authors did not directly justify this sampling method they did point to sample profile similarities between their explanatory study and related work American women-owned small business studies.

The methodology and content of this research enables a valuable insight into tourism small businesses in Australia given the common practices of small business in Australia as indicated by ABS data relating to Australian integrated register counts and business employment size.

The following table outlines the survey distribution and responses.

Table 2. Survey Distribution and Response

	Distributed to Small Tourism Businesses	Responses from Small Tourism Businesses
MTA	345	81
Goulburn Tourism Limited	25	15
North East Tourism Limited	25	12
Wimmera Regional Tourism	30	12
VTC	119	43
Total	544	163
Total Response		163
Percentage Response		30%

No follow-up reminders were undertaken due to resource constraints.

6. Data collection commenced on 1 June, 1990. The last questionnaire to be returned to the post paid address was 15 July, 1990. Most responses were received prior to the Easter period. Initial collation of the data and cross tabulations were undertaken using SPSS-X software.

8.0 DEFINITIONS

The research focuses on the fields of tourism, small business, marketing, tourism marketing, strategy and strategic tourism marketing. Each of these terms will now be defined.

Tourism has been defined as 'the entirety of interrelations and phenomena which results from people travelling to, and stopping at, places which are neither their main continuous domiciles nor place of work'.[16]

The Tourism Industry has been defined by Stear and others as 'the collection of all collaborating firms and organisations which perform specific activities directed at satisfying the particular needs of tourists'.[17]

Mill and Morrison describe tourism as an activity and the business of tourism as 'a business of encouraging this kind of activity and taking care of the needs of people which engaged in this type of activity'.[18]

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[16] Tourism Australian Tourism Commission. 1988 p. 2. Quoting International Association of Scientific Experts in Tourism.

[17] Stear L. and Others. 'Constructing a Meaningful Concept of a "Tourism Industry"', Faulkner B. Fagence M. (eds.) Frontiers of Australian Tourism. Bureau of Tourism Research 1988. p. 299.

[18] Mill R., Morrison A. The Tourism System. Prentice-Hall. London, 1985.

The later two definitions are acceptable as they both emphasise activity directed at satisfying the needs of tourists as being the key criteria. This is consistent with the strategic marketing approach discussed later.

According to the Small Business Development Corporation, established under the SBDC Act in 1976, it is stated that 'Small Business' means any business undertaking:-

a) which is wholly owned and operated by an individual person or individual persons in partnership or by a proprietary company within the meaning of the Companies Act 1961 and which:

   (i) has a relatively small share of the market in which it competes
   (ii) is managed personally by the owner or owners or directors (as the case requires) and
   (iii) does not form part of a larger business or enterprise; or

b) which is owned and operated by any person or persons, whether corporate or unincorporated, specified by proclamation of the Governor in Council published in the government gazette to be a small business for the purposes of this act.[19]

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[19] Small Business Development Corporation Act 1976. (Amended 1986).

This definition is consistent with that provided by the Australian Bureau of Statistics (Catalogue 1321.0, 1988) which has defined a small business as having the following attributes:-

a) it has a relatively small share of the market it operates in;
b) it is run by its owner or part-owners;
c) management is personalised rather than through a formal structure; and
d) it is not part of a large group.

The measure as to whether a small business is a tourism small business or not must always be to some degree subjective. A motel with purely a holiday clientele would be defined as a tourism (related) small business because 100% of its business is derived from clients engaged in tourism activity emanating from distinguishable tourism market segments (for example the interstate family market).

A motel with 40% tourism clients, 50% business clients and 10% long stay Telecom workers may not define itself as a tourism small business. It may well however see itself as encouraging tourism activity and meeting the needs of the tourism market. Additionally the business clients in fact fit into a definition of tourists by the World Tourism Organisation.

It is worth recalling here Stear and others definition of the tourism industry which they say 'is precise, meaningful and useful because it includes only these firms that are industriously and purposefully performing specific production and marketing activities which are directed at the particular needs of tourists'.[20]

For the purpose of this research, a tourism small business is seen as operating within the following four parameters:-

1. it is a member of a collective tourism business organisation or has actively sought to be listed on the VTC mailing list of tourism businesses
2. the owner(s) of the small business are purposefully allocating resources to the activities of tourism marketing and production
3. a core (significant) component of the business's turnover is tourism market related or has the potential to become so
4. the business meets the SBDC criteria for a small business.

In defining strategic tourism marketing we should first define tourism marketing. Tourism marketing has a number of characteristics which distinguish it from the marketing of more tangible products.[21]

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[20]Stear L. and Others. p. 299.

[21]Wahab S. and Others. <u>Tourism Marketing</u> Tourism International Press, London, 1979. p. 25.

The tourism product or experience is generally an amalgamation of several components. An example of these components include transport, accommodation, attractions and auxiliary services such as souvenir shops.

Despite the differentiating characteristics, the attributes of tourism marketing are still consistent with the broad definition of marketing as 'human activities directed at satisfying needs and wants through exchange processes'.[22] This definition can encompass the customer focus which is critical to the nature of tourism marketing.[23] and identified by Peters and Waterman as one of the eight attributes of excellent and innovative companies.[24]

This focus is effectively spelt out by Kollet, Blackwell and Robeson in their book entitled Strategic Marketing. They state that 'the contemporary marketing concept has three major ingredients:-

1. Customer orientation rather than product or industry orientation.
2. Profit orientation rather than sales or market share perspectives; and
3. An integrated rather than a diffused combination of marketing efforts'.

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[22]Kotler P., and Others. Marketing in Australia. Practice-Hall 1989. p. 7.

[23]Dickman S. Tourism An Introductory Text. Edward Arnold, 1987. p. 224.

[24]Peters J., Waterman R. In Search of Excellence: Lessons from America's Best Run Companies. Harper & Row, NY, 1982. p. 14.

This perspective highlights three essential elements of tourism marketing: people, profit and planning. These elements will be used as a critical reference point in the analysis of the survey data. Henderson describes strategy as 'a deliberate search for a plan of action that will develop a business's competitive advantage and compound it'.[25] This definition highlights another critical element of the strategic marketing approach: competitive advantage. Kollet Blackwell and Robeson state that this element, 'is of critical importance to the success of the strategic plan'.[26] They also note that general marketing strategy 'contains a mixture of marketing variables that exploits the firms most profitable and sustainable differential advantage(s)'. Lovelock in Services Marketing [27] states that 'service marketers ... should be focused on enhancing and differentiating ... through manipulation of tangible clues ...'

The 'realities' are the customers interpretation of experiences.

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[25]Henderson B.D., The Origin of Strategy. Harvard Business Review. Nov/Dec No. 6 1989 p. 141.

[26]Kollet D.J. & Others. Strategic Marketing. Holt, Rinehart, Wilson, N.Y., 1972 p. 44.

[27]Lovelock L.H. Services Marketing. Prentice-Hall USA. 1984.

Finally John Reid & Associates state that the strategy adopted will be the one most effective in achieving the objectives.[28]

They emphasise the need for on-going analysis of the external environment in which the business operates.

Strategic business decisions are generally recognised as focusing on the medium to long term, usually three to five years and beyond. Tactics, which may be spelt out as a one year plan, focus more on the short term.[29]

The essential elements, therefore, of strategic tourism marketing are a longer term business perspective, a planned methodology, a customer and profit orientation, a sustainable competitive advantage and a clear target market(s) focus.

Strategic tourism marketing would appear possible via a number of routes.[30] For the purposes of this research strategic tourism marketing may be considered to follow the following critical path.

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[28]Reid J. & Associates 'Special Feature: Marketing Consultants'. Marketing. Bester & Associates. NSW April, 1989. p. 52.

[29]McDonald M. 'Ego, Greed, Stupidity & Market Planning'. Marketing. June, 1990 p. 34.

[30]See for examples: 1) King B. & Hyde G. Tourism Marketing in Australia. Hospitality Press Melb. 1989. 2) Lavery P. Travel & Tourism Elm Publications UK 1987. 3) McIntosh R., Gupta S. Tourism, Principles, Practices, Philosophies. 3rd ed. Grid Pub. Inc. USA 1980.

1. A concise business mission
2. Sustainable competitive advantage
3. Stated business goals, objectives, actions and targets
4. Market research including a S.W.O.T. analysis of internal and external business environment (S.W.O.T. means strengths, weaknesses, opportunities and threats)
5. Target market selection
6. Marketing mix: product, price, promotion and distribution
7. Marketing plans and budgets
8. Marketing monitoring and feedback mechanisms.

This is not to say that strategic tourism marketing need strictly adhere to this path. The approach does however provide a framework for integrated and systematic marketing.

The approach involves constant monitoring of the internal and external business environment; analysis of evidence and the implementation of change in order to attain business goals, objectives and targets. Such goals, objectives and targets are subject to adjustment while recognising an integral aspect of the strategic approach is having the commitment, perseverance and vision for the long term.

9.0 THE SURVEY

The survey listed four objectives to make clear to the recipients the purpose of the survey and to assist in motivating people to respond. The first was described as 'to get you the business operator thinking about your marketing and new marketing opportunities that may exist'.

This objective reflects the SBDC role in the project. The survey should function as a small business marketing information vehicle. This objective helped motivate the respondent by offering the incentive of 'new marketing opportunities' for those who completed the survey.

Objective two stated 'to collect and analyse information to increase the body of knowledge of tourism in Victoria'. This objective was to appeal to the business's sense of duty and commitment to the Victorian tourism industry by contributing to the body of knowledge.

Objective three was 'to identify areas of need for future marketing information, provide information on training needs and help us (SBDC) to help assist Victoria's small business tourism industry.' The implication was if respondents assisted, the SBDC would be better placed to meet client needs because of an increased understanding of the level of, and approach to strategic marketing by the tourism small business sector. The consequences relate to greater effectiveness in allocating SBDC resources for the provision of information, advice, training and referral services.

Objective four was stated as 'to contribute to the further development and viability of Victoria's tourism infrastructure'. This objective reflects an SBDC focus and also appeals to business's sense of contributing to the common good.

The structure of the questionnaire was designed to ease respondents into and through what was a lengthy document. The initial questions were in closed format and were relatively easy. These were followed by more challenging questions with some more straight-forward business profile questions at the end.

The number of open questions was limited to six because of the length of the questionnaire. The inclusion of additional questions would have adversely effected the response; it was assumed that open questions require more thought and effort to complete as compared to closed questions. Computer analysis can also be more difficult with open questions.

The amount of data generated from the survey was considerable. Question 20, for example, offered 86 choices in a closed question. 309 pages of data were generated using SPSS-X software program. The open questions generated an additional 26 pages of information.

Of the 163 respondents who represented 30% of the potential sample size, the vast majority appeared to give considerable thought to the questionnaire. There was still an 88% response rate for the last of 32 questions which asked for an indication of the percentage of total years turnover devoted to marketing.

The response rate may be considered satisfactory. Green and Tull in <u>Research for Marketing Decisions</u> state regarding mail questionnaires 'the model response rate is often only 20-40%.[31] In a recent small business study, the mail questionnaire response was 30%.[32] Alford stated in 1988 that 'it is possible to get very high response rates in self-completion surveys (50% - 70%) with special effort (eg. multiple mailings, phone follow-ups, etc.). Of course, without that special effort, low response rates of 10% - 20% may be obtained which raises the question of "who replied" and "who did not"![33] As indicated in the Limitations section of the research, without this 'special effort' the response is considered satisfactory; not 'very high'.

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[31]Green P., Tull D. <u>Research for Marketing Decisions</u>. 4th ed. Prentice-Hall, NY. 1978. p. 150.

[32]Charles R. & Others p. 30.

[33]Alford G. 'Research - A Kindergarten Primer'. <u>Marketing</u>. October, 1988. p. 18.

The questionnaire was broken up into the following subjects to cover the key elements of strategic tourism marketing:-

Research

Perceived thinking and action

Target marketing

Product awareness

Pricing

Distribution

Promotion

Competitive advantage

Monitoring the marketing

Business Strengths/Weaknesses - training

Business profile.

Confidentiality was emphasised in the survey introduction. Respondents were not required to identify themselves in the survey.

10.0 LIMITATIONS

There were a number of factors which limited the scope and outcome of the research.

10.1 The lack of a data base of Victorian tourism small businesses effectively prohibited the use of an unbiased random survey method.

10.2 The questionnaire, despite rigorous testing still had design faults which only become evident upon analysis. These factors are mentioned in the quantitative analysis.

10.3 Data relating to business success or otherwise in the sample businesses would have enabled tighter conclusions to be drawn from the study. This would have assisted the research objective concerning the implications flowing from the level of strategic marketing.

The asking of questions such as a business return on investment or profitability over time are however notoriously sensitive. In the final analysis it was decided to concentrate upon a narrow but detailed marketing analysis with no hypothesis test relating to financial measures.

10.4 The questionnaire size was a barrier to a higher response rate. 32 questions are a lot to expect respondents to cope with. An incentive such as money or business goods for returning the questionnaire would have also been useful in bolstering the response level. Unfortunately, the researcher was unable to avail himself of the necessary resources! Resource constraints also prevented a follow-up reminder after the initial mail out. This undoubtedly prevented a higher response rate.

10.5 The accuracy of the questionnaire response rate is slightly limited by the somewhat subjective culling of the non-tourism small businesses in the MTA sub sample. The author replied on personal knowledge to eliminate the estimated 308 organisations deemed to be outside the small business definition as outlined in this study. In most instances however the members were easily identifiable as being outside the definition; notably local councils and international hotel chains.

10.6 The MTA response rate (23%) may have been inhibited with the questionnaire being distributed in a mailout containing two other pieces of tourism information.

While recognising the above mentioned limitations they should not be seen to limit the validity of the conclusions drawn. The strengths of the methodology were outlined previously.

11.0 ANALYSIS OF RESPONSES

11.1 Quantitative Analysis

The analysis section begins with a presentation of results. This is followed by a more in-depth qualitative analysis including analysis of cross tabulations where appropriate. The initial quantitative analysis commences with a presentation of data relating to business profile (Questions 28 - 32). This is followed by Questions 1 - 28 which follow a logical sequence covering the subjects outlined earlier.

The data for most questions was broken into two categories:-

1. MTA which takes into account Melbourne and surrounding areas (81 responses); and

2. Country business (82 responses).

There were some significant differences in these two groups and such differentiation adds to the depth of the analysis. The business category profile of the survey respondents sets the scene for the analysis.

11.11 Business Profile

Question 28 related to business category and asked respondents to **'please tick the category that best fits your business'**. The accompanying Figure 1 indicates the percentage breakdown of the sample.

There were three missing cases in the 163 sample size. It is recognised there are problems in defining tourism business type; particularly for the bi or multi functional business such as a tourism resort which may provide accommodation, food services and entertainment.

These types of businesses were included in the survey given they met the defined criteria for a tourism small business. They were allocated to the business category to which they were judged by the author to best fit. Such a judgement was to varying degrees subjective and relied upon the data provided, available published information where the business identified itself and the authors knowledge of such businesses.

Assessment of best fit was hampered particularly by lack of knowledge of the revenue generated and volume created by specific tourism product elements such as accommodation and tours.

A category for multi-functional small businesses may have added to the value of the analysis although such businesses as identified in Q. 28 accounted for only 6% of the sample.

Categories of Businesses Surveyed

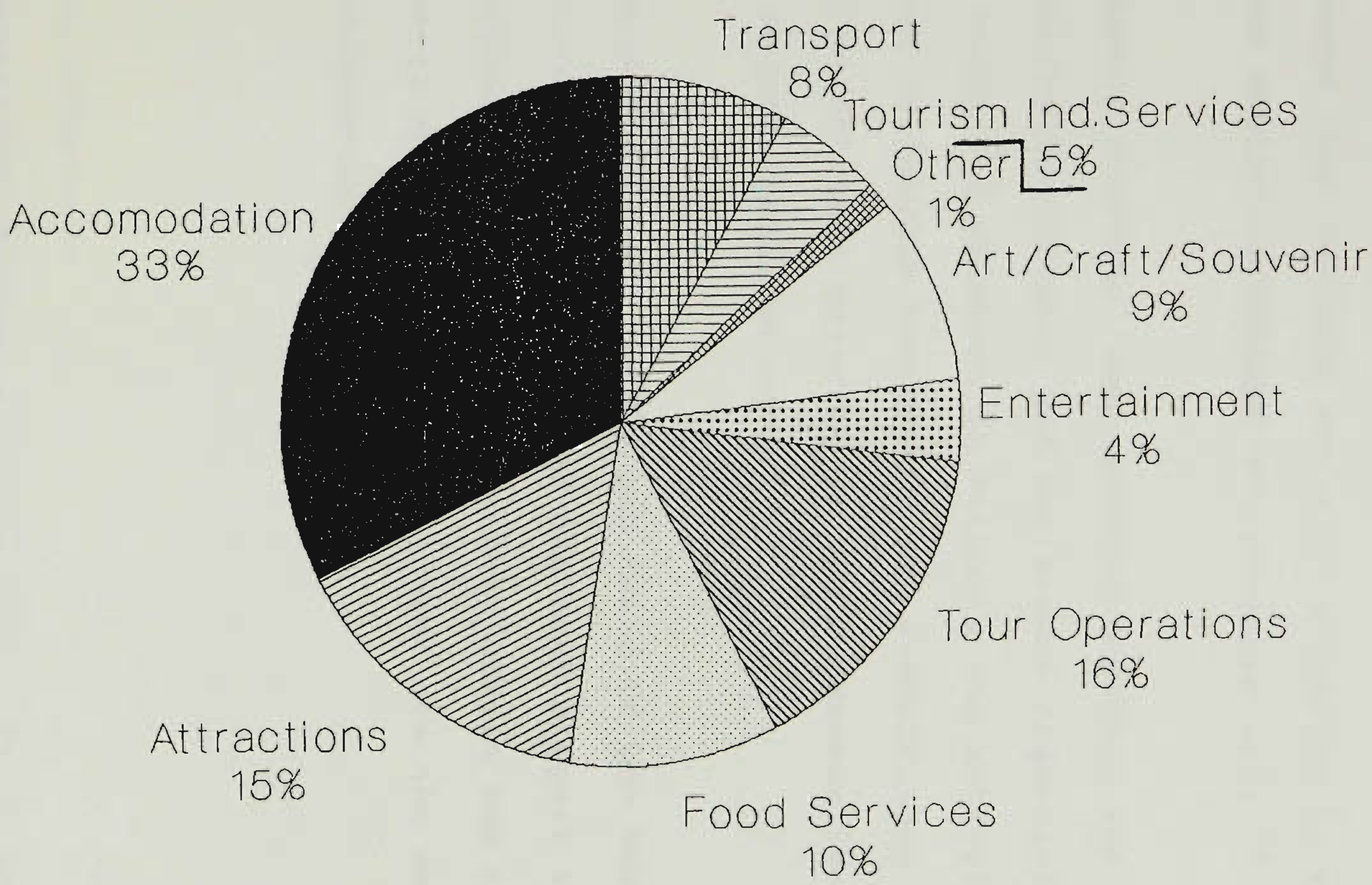

Figure 1.

N=160

Vineyards presented the greatest challenge for categorisation. If they met the definition of a tourism business then generally they would be considered 'a tourism attraction'. This category was selected in preference to food services because of the multiple reasons that tourists would be attracted to wineries apart from the desire to consume and purchase wine.[34]

'Tourism industry services' were grouped together and included printers, tourism consultancy and conference organisers. (There are a small number of printers in Victoria who actively market their services to tourism businesses and associations and who generate all or the vast majority of their revenue from the printing of tourism publications)

Accommodation accounts for nearly one third of the businesses with attraction and tour operations the next biggest type of business, followed by food services, arts/crafts and transport. Tourism industry services and entertainment are the smallest sample of business categories.

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[34]Australian Bureau of Statistics: 1986-87 Tourism Attractions. (Survey), Catalogue No. 8661.0. Pub. July, 1990. Catalogue includes wineries under its definition of Tourism Attractions.

Table 3 provides a further breakdown of the sample.

Table 3. Category of Business by sub-sample

N=160

	Tran.	Acc.	Att.	Food	Tour Op.	Ent.	Art/C.	Tour S.	Oth.	Tot.
MTA	7	20	13	9	12	6	5	5	2	79
City	6	32	11	7	13		9	3	0	81

Broadly speaking, MTA and country respondents formed a similar business profile. The exception was the higher number of accommodation businesses and lower (non existent) entertainment businesses in the country sample.

Question 29 asked **'About how many years have you been in the business?'** The period of time in the business is indicated by Figure 2.

There is a very interesting pattern to the sample with the rise to the 4-5 year period, a drop away to 8-9 years and a most significant percentage in the 10+ years category (36.5%). The combined percentage for the 0-7 years period is 58.5%.

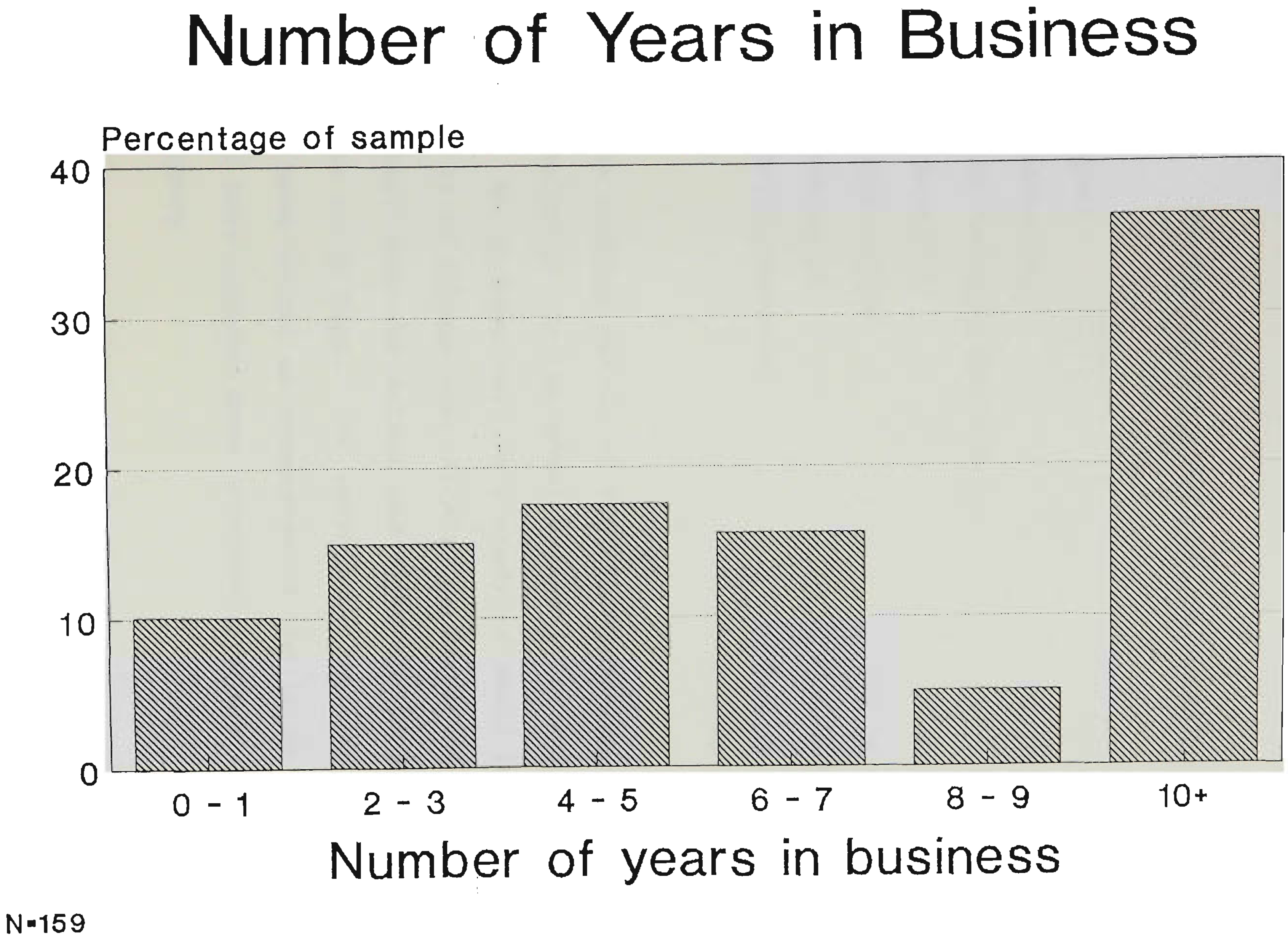
Number of Years in Business
Percentage of sample
40
30
20
10
0
0 - 1
2 - 3
4 - 5
6 - 7
8 - 9
10+
Number of years in business
N=159

Figure 2.

The median time in business category is between 5 and 6 years.

Table 4 illustrates where the median category is located according to business type.

Table 4 <u>Median Time in Business by Business Category</u>

N=159

Transport	9 - 10 years
Accommodation	5 - 6 years
Tourism Industry Services	7 - 8 years
Food Services	5 - 6 years
Tour Operations	5 - 6 years
Entertainment	5 - 6 years
Art/Craft/Souvenir	7 - 8 years
Other	9 - 10 years

Data on the average period of time in a tourism business in Victoria is not available. In the motel sector it is said to be 2.2 years.[35] We do know that in a study of small business in Australia 73.5% closed down within the first five years.[36] On the basis of this data the author had expected the average period of time in business to be less. In retrospect the time scale should have requested more detail or breakdown of the large 10+ years category. This would have allowed more accurate analysis of 36.5% in the 10+ years category.

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[35] Bennett P., Executive Officer Budget Chain Motels. 1990.

[36] Williams A.J. <u>The Characteristics & Performance of Small Business in Australia</u> 1973-85. University of Newcastle, NSW. 1987.

The break-down of the sample into the two categories is shown in Table 5 and it indicates some striking differences within the sample.

Table 5 Time in Business by sub-sample

N=159

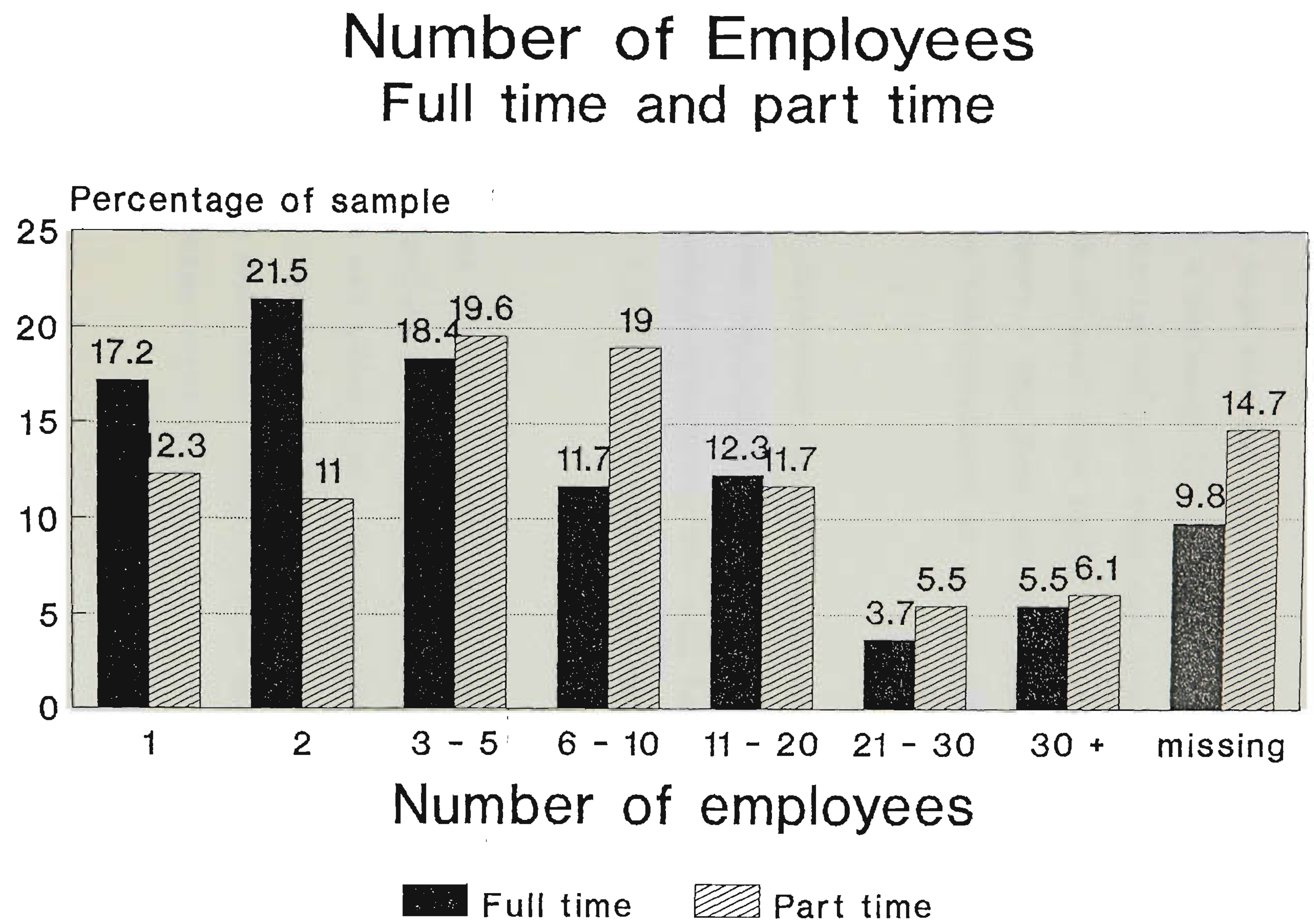
	0-1	2-3	4-5	6-7	8-9	10+	Total
MTA	2	7	14	12	4	40	79
Country	14	17	14	13	4	18	80
Total	16	24	28	25	8	58	159
Percentage	10%	15%	18%	16%	5%	36%	100%

The MTA sample had spent longer in the business with half the sample in the 10+ years category, while only 11% have been in the business three years or less. 44% have been in the business for between 0-7 years.

This contrasts starkly to the Country sample with 23% in the business 10+ years and 39% in business for three years or less. 72.5% have been in the business for between 0-7 years.

The possible implications from the difference between the Country and the MTA samples are related to the level of strategic marketing attainable after a relatively short time in business as compared to a significantly longer period in business.

Question 30 asked '**How many people are employed in your business (including yourself)**'.



N=163

Figure 3.

The number of employees in the sample survey is demonstrated in Figure 3. The mode is 2 full time employees (including the owner) (21.5%). The mode for part-time employees is the 3-5 category (19.6%).

The relatively high missing percentages may be explained in part by the instance where a business is only part time in its labour requirement. It would not fit in the full time employment category. Likewise, for businesses with no part time staff they would contribute to the missing part-time category. The data and analysis however would have been strengthened by the provision of a category for no part-time and/or no full-time.

A breakdown of data into the two sample sub-categories indicates that bigger businesses employing more staff are in the MTA sub-sample with 8 of the 9 businesses indicating 30+ full time employees. Only 15 MTA businesses had 1-2 full-time employees compared to 48 in the Country sample.

The implications of such a significant difference for strategic marketing may relate to management style and the levels of staff specialisation and expertise. The smaller businesses being the 'jack of all trades' while the 30+ full-time employee businesses in particular are much more likely to have specialist staff in designated areas of marketing activity.

Question 31 asked **'Please indicate the approximate size of your marketing budget for the last financial year.'** Figure 4 illustrates the size of marketing budgets in the sample. The greatest number (36%) are in the less than $5,000 category.

In hindsight, a 0-$2,500 category would have aided analysis as the existing smallest category has limitations in analysing those on a very limited budget.

Approximately three quarters of the sample have marketing budgets less than $30,000. The slight rise for the $50,000+ categories correlates with the Number of Employees finding where there was a slight rise in the 30+ employee number categories.

Analysis of the sample sub-categories indicate that 10 of the 11 businesses with marketing budgets over $100,000 are MTA members. 44% of MTA members had marketing budgets under $10,000 compared with 76% for the Country sample.

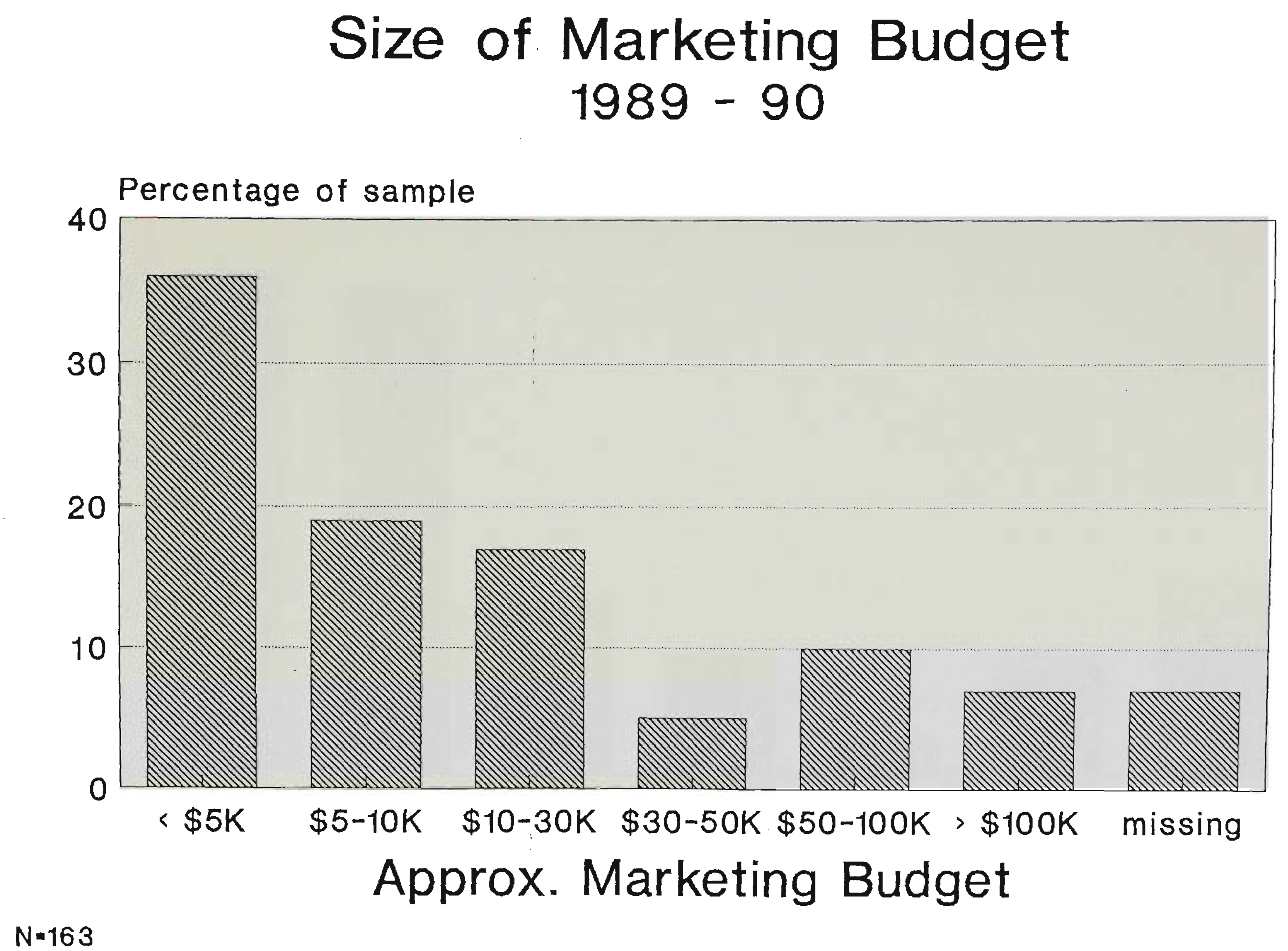
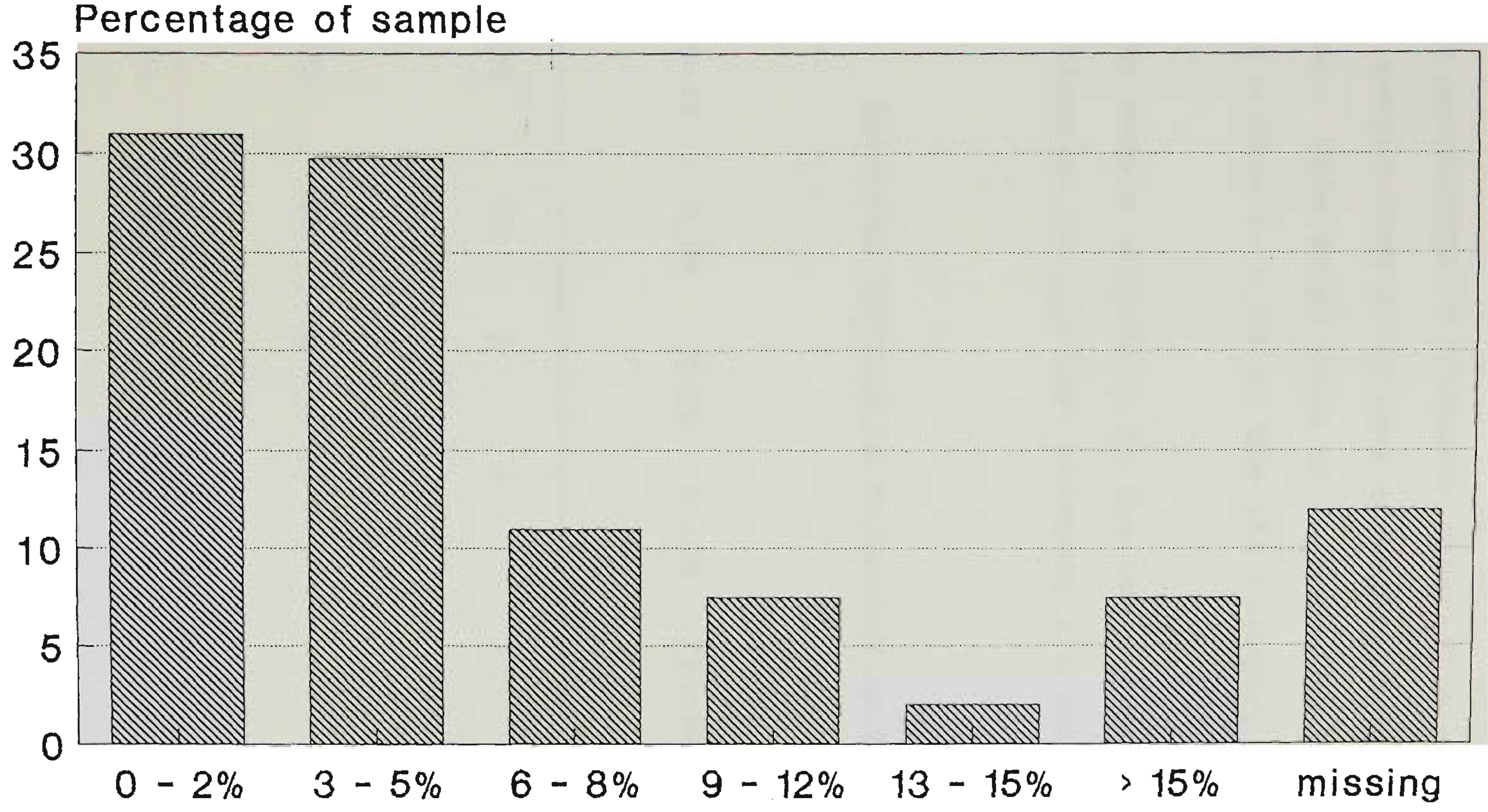

Size of Marketing Budget
1989 - 90
Percentage of sample
40
30
20
10
0
< $5K
$5-10K
$10-30K
$30-50K
$50-100K
> $100K
missing
Approx. Marketing Budget
N=163

Figure 4.

Percentage of Turnover Devoted to Marketing



N=163

Figure 5.

Question 32 asked '**Please indicate the percentage of your last financial year's turnover that was devoted to marketing**'. Figure 5 indicates the percentage of turnover devoted to marketing. 60.7% of the sample have marketing consuming five or less percent of their turnover. This drops down to 1.8% in the 13-15% category but then there is a rise to 7.8% in the 15% category.

Looking at the sample according to the two sub-groups indicates eight of the 12 businesses in the 15%+ category are country businesses. (see Table 6.)

Table 6 Turnover devoted to Marketing by Sub-Sample

N=144

	0-2%	3-5%	6-8%	9-12%	13-15%	15+%	Total %
MTA	25	27	7	7	3	4	73 50.7%
Country	26	21	12	4		8	71 49.3%
Total	51	48	19	11	3	12	144 100%

The reasons for this are discussed in the qualitative analysis but in brief they relate to factors influencing marketing needs and business category.

11.12 Research and Advice

Question 1 asked **'What attracted you to establish or purchase this business'? (You may tick more than one).** Table 4 indicates a fairly even spread between challenge/stimulus, business opportunity, lifestyle and long term financial gain at between 24% to 18% for each category.

The attraction of working in a people industry was approximately half as important (9.3%) as each of those listed above, with other (5.3%) and short term financial gain 1.5%.

In looking at the two sub-groups of the sample, Table 7 indicates very similar response levels between MTA and the Country samples excluding the lifestyle attraction.

Table 7 Attraction to Business

N=155

	Chall. Stim.	Bus.Opp.	Lifestyle	Long Term Gain	People Ind.	Short Term Gain	Other	Total
MTA	36	34	20	29	14	3	7	74
Country	40	34	41	28	16	2	6	81
Total	76	68	61	57	30	5	13	155
% of Responses	24.1%	23.2%	19.4%	18.1%	9.5%	1.6%	4.1%	100.0%.

The attractiveness of 'lifestyle' in the Country sample was double that of the MTA sample: 41 to 20.

Question 2 asked '**When you were entering this business, where (if at all) did you seek information?**

Table 8 indicates the accountant/financial advisor was the most

Table 8 Source of Information When Entering Business
N=147

Source	Responses	% of Responses	% of Cases
Accountant/Financial Advisor	72	16.2	49.0
People experienced in the business	52	11.7	35.4
Solicitor/Legal Advisor	47	10.6	32.0
Previous Business Records	39	8.8	26.5
Local Council	33	7.4	22.4
Broker/Estate Agent	27	6.1	18.4
Local Tourism Organisation	26	5.9	17.7
Small Business Development Corporation	25	5.6	17.0
Victorian Tourism Commission	24	5.4	16.3
Competitors	19	4.3	12.9
Other	17	3.8	11.6
Melbourne Tourism Authority	12	2.7	8.2
Other Courses/Seminars	11	2.5	7.5
Australian Bureau of Statistics	7	1.6	4.8
Tourism Training Victoria Seminar	5	1.1	3.4
Australian Tourist Commission	3	.7	2.0
Total	444	100.0%	302.0

used source of information (49.0%). The table shows a relatively low level of usage of external sources when entering business. The average usage of potentially available sources was 17.8%.

This data is of significance to all the service providers such as the SBDC who as part of their charter seek to provide services to new businesses. The low level usage of available sources of information may also have implications for education and training bodies targeting potential small business operators.

11.13 Strategic Thought

Question 3 of the survey was modelled on the three questions often used in summarising the strategic planning process. The question stated **'In relation to your business, have you ever asked the following questions: Where are we now? Where do we want to be in three or more years? How do we get there?'**

86.5% responded yes to the first two questions and 81.9% yes to the third. Analysis of the dissected sample indicated no significant variation between the MTA and Country samples. A limitation of the question was the omission of the words 'or have you not' which should have been inserted after the words 'have you'. This could have addressed the problem of it being a leading question which may well have over inflated the responses to Question 3. The statement relating to strategic marketing at the bottom of Question 3 may have also caused more respondents to answer in the affirmative.

Question 4 asked **'What, if any, type of marketing strategy do you have for your business?'**

Table 9 <u>Type of Marketing Strategy</u>

N=161	% of Responses
Written/Formalised	35.7
In my Head/Informal	56.7
No Marketing Strategy	5.8
Non Responses	1.8

This data is very significant to the assessment of the extent of strategic marketing as the type of strategy used may be considered a primary indicator.

Table 9 indicates that the majority (56.7%) of the sample stated they had an 'informal/in my head' business marketing strategy. Only 5.8% said they had no business marketing strategy.

The percentage of respondents with a written/formalised strategy is of a similar level as indicated in a 1986 study described by Lowe and Clements in which 'less than 40% of firms answering the questionnaire (about 25% of the total sample) had any formal planning at all.[37]

Dissection of the sample as shown in Table 10 indicates a greater propensity towards written or formalised marketing strategies in the MTA sample than the Country sample. The Country sample is also significant in including seven of the nine businesses with no stated marketing strategy.

Table 10 <u>Type of Marketing Strategy by Sample Sub-Group</u>

	Written	%	In head	%	No Strategy	%	Total	%
MTA	36	45%	42	52%	2	3%	80	100%
Country	21	26%	53	65%	7	9%	81	100%
Total	57	36%	95	57%	9	6%	161	

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[37]Lowe J., Clemens, T., 'Strategy Planning and the Smaller Firm in Australia' <u>The Growing Small Business</u> p 13. referring to Bracker J., Pearson J., (1986) 'Planning and Financial Performance in Small Mature Firms' <u>Strategic Management Journal</u> Vol. 7.

Question 5 asked **'Did you or did you not have marketing objectives?'** This question interlinks with strategy for it is through strategy that objectives are achieved. Without objectives, strategy becomes a nonsense. 77.3% stated they did have marketing objectives, 16.6% said they did not and 10 did not respond.

Consistent with the previous question was the greater propensity for MTA members to have marketing objectives than the Country businesses.

It may be considered a weakness in the question design that no examples of 'objectives' were given. It is doubtful whether all those surveyed would have a clear understanding of the word 'objective'. There does arise however the potential for respondents to seize upon the examples given and use these in a similar or modified form. It is worth noting that in Q. 22, where examples of promotional objectives were given, 14% of respondents answered with objectives very similar to the examples given.

Those that had marketing objectives were asked to list them:-

TABLE 11 N=126

Stated Marketing Objectives

Classification of response	Objective	Action	Target	Totals
Area of focus				
1. Financial: Cash flow				
2. Sales	4	1	1	6
3. Profit	1	2		3
4. Turnover	1		2	3
5. Growth	2		1	3
6. Other	1		1	2
Total financial				17
7. Market: Share	5	1	1	7
8. Segments	10	8	1	19
9. Awareness	5	4		9
10. Needs	2	1		3
11. Volume	7		4	11
12. Image	4			4
13. Distribution	1	2	1	4
14. Promotion	3	31	2	36
15. Product	7	7		14
16. General	2	5	1	8
17. Other	1	3		4
Total Marketing				119
18. Business	5	4		9
TOTAL	61	69	15	145

Table 11 indicates the response. Marketing objectives as stated were in fact not all objectives and so have been categorised according to a more accurate reflection of what they were, i.e. objective, action or target. A typical objective was to 'raise the level of public awareness...'. An action may be to 'make personal contact with...'. An example of a target is 'to fill 45 day tours of eight or more people each per year'.

The number of objectives and actions are appropriately the same while targets account for 10% of the response.

82% of responses focused on marketing while 11% had a financial focus.

The most significant individual area of focus was promotional actions which accounted for 21% of all responses.

Question 6 probed the perceptions of respondents as to their situation within a competitive business environment. It asked '**Businesses operate in a competitive environment. Within this environment do you see your business as:**' Table 12 indicates the options and responses. This was seen as relevant to strategy because a clear understanding of the relationship of one's own business to its competitive environment may be considered a pre-condition to an effective marketing strategy.

Table 12 Perception of Business within a Competitive Environment

N=153

	% of Sample	Cases
One which sets trends and leads its competitors	43.6%	71
Striving to become number one amongst its competitors	30.7%	50
Other	14.1	23
One which does as its competitors do	5.5%	9
Non response	6.1%	10
Total	100.0%	163

The most common perception was that of the trend setter and market leader while approximately one-third of respondents stated 'striving to become number one amongst its competitors'.

'Other' responses were significant at 14.1%. Analysis of the responses indicates that seven businesses considered their business unique in the market place and therefore their perception of their business may be that it is outside the competitive environment 'model' indicated in question 6.

Three businesses stated they were 'striving to gain recognition' and two 'striving to maintain market share'.

There were seven responses which did not relate to a competitive environment; eg. 'professional', helping people identify Australian History, and 'not lose money'.

Dissection of the sample into MTA and Country indicates 51% of MTA members perceived themselves as in the 'trend setter' category compared with 41% in the Country sample. 36% of the Country sample were striving to be number one compared to 29% in this category from the MTA sample.

Question 7 asked respondents to **'Summarise and describe what you see as the essential purpose or mission of your business'**. As the previous question sought perceptions relating to competitive environment, so this question was seeking perceptions of an even more fundamental premise to the implementation of a strategic marketing approach; that being the business mission statement.

A mission statement may be defined as a 'concise, single statement of future business content, direction and scope'[38]. It may be broken into three elements:

1. A brief description of the activities the business performs
2. A summary of the types of products/services it provides
3. A summary of the target markets to whom the products/services are directed.

Kotler, Shaw, Fitzroy and Chandler state that an effective mission statement 'will be market orientated, feasible, motivating and specific'.[39] A small business mission statement may be less of a motivating statement than for a large business comprising of many employees where the challenge of effective communication and team work are far greater.

A response was attained from 95% of the sample. Most respondents focused on more than one essential purpose to their business and mentioned for example owner and financial related matters. The most common response was the combined customer and product focus which accounted for 32% of the total classifiable responses (142). The second most common response was a single product/service focus (12%). There were 31 different combinations of responses.

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[38]World Competitive Manufacturing Workshop Manual, Revision 6. Department Industry, Trade and Commerce. Canberra, 1990 p. 15.

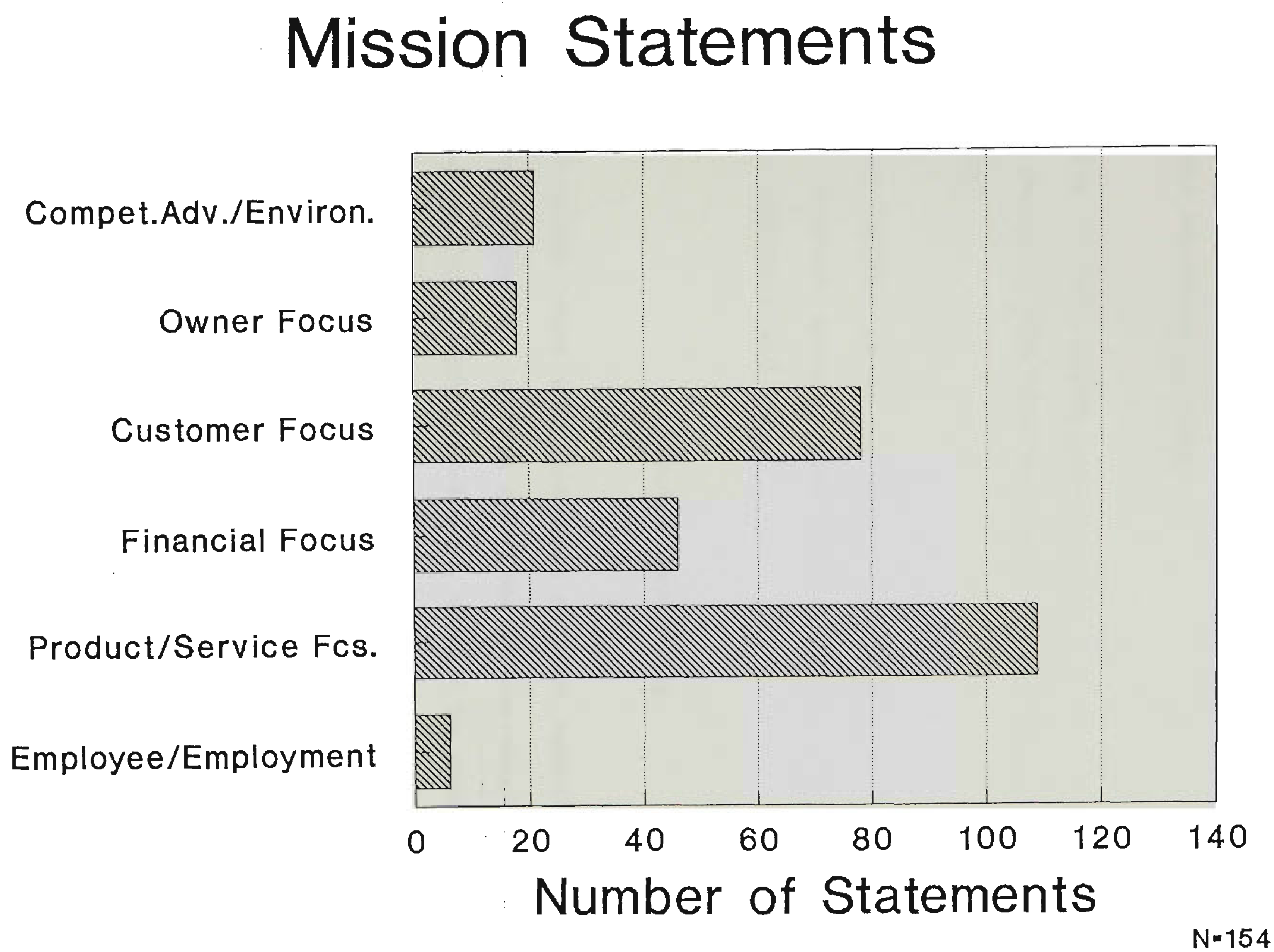
[39]Kotler P. & Others p. 59.

In analysing the data it became apparent that the first element of the mission statement; the activities the business performs were common to all businesses but not of significance. All tourism businesses provide a service or product. Some talked in terms of 'selling' or 'giving'. More meaningful was the use of terms such as 'developing' where it related to markets or competition for example.

Six areas of business focus were evident and are represented in Figure 6. A 'competitive environment' and 'competitive advantage' are indicated by reference to ones business in relation to its competition or with reference to ones product in terms of an advantage over competitors. Examples are 'to become a leading top quality tourism farm in Australia' or 'to set higher standards than our competitors'.

The product or service focus was by far the most common individual focus with 109 businesses having it in their mission statement. This represented the second element of the mission statement. It was the clearest and strongest single area of focus.

The third key element of the mission statement is the summary of the target markets to whom the products/services are directed. 77 businesses stated a customer focus. Of these businesses, 10% mentioned specific target markets or client groups. The vast majority with a customer focus referred generally to their guests, customers or clients. There is a very low level of achievement of the third key element of the mission statement.



Mission Statements
Compet.Adv./Environ.
Owner Focus
Customer Focus
Financial Focus
Product/Service Fcs.
Employee/Employment
0
20
40
60
80
100
120
140
Number of Statements
N=154

Figure 6.

There are limitations to Question 7. Three blank lines were given for the response. A more detailed response may have been attained by providing a greater number of lines. If 'essential purposes' were used instead of the singular it may have induced a greater selection of essential business purposes.

Additionally to have given more direction as to the definition and component parts of the mission statement may have increased the depth of response.

While these factors serve to temper any analysis of Question 7, they should not detract greatly from general trends, particularly where supportive evidence was found.

11.14 Target Marketing

Question 8 asked **'Does your business attract specific or identifiable segments, groups or types of customers?'**. The question sought to further probe the extent to which the sample had identified specific markets as opposed to a general mass tourism market.

The degree of awareness of specific market segments should provide an indication of market awareness in the sample. Such an awareness may be considered a pre-requisite to implementing an effective business marketing strategy.

Table 13 indicates the majority of businesses have identified specific market segments. The percentage difference between the MTA and the Country sample is significant and may indicate a greater market awareness within the MTA sample.

Table 13 <u>Business Attracting Specific Market Segments</u>

N=158	Combined	MTA	Country
Yes	75.9%	83.7%	67.9%
No	24.1%	16.3%	32.1%

The negative response is significant (24.1%) for the sample given the critical relationship between market segmentation and effective market strategy. Again this question may be considered a leading question which may have provided a greater 'Yes' response than if worded in an unbiased manner.

Question 9 asked **'If your answer to Q.8 is yes, please give a brief profile of your target markets; e.g. 20-35 year old professionals from Adelaide? If NO go to Question 11.'**

It would appear from the response that although Q.8 talked in the plural; i.e. does your business attract target markets, the greatest response to Q.9 was from businesses indicating the identification of just one target market (35.6%). This confirms the probable impact of bias in Question 8.

Table 14 No. of Target Markets Attracted to Business

	Total	%	% of total sample	MTA	Country
One Target Market e.g. Touring Public	42	35.6%	25.7%	18	24
Two " "	35	29.6%	21.4%	21	14
Three " "	18	15.2%	11.0%	8	10
Four " "	12	10.2%	7.4%	5	7
Five " "	5	4.3%	3.1%	4	1
Non specific Response e.g. 'Diff. products diff. markets'	6	5.1%	3.7%	4	2
Total	118	100%	72.3%	60	58

There may have been a bias in the questionnaire (e.g., because one example was given in Q. 9 it prompted just one target market response). The response may however indicate a disparity between the business operators perceptions of their market place and the actual extent of their knowledge of specific target markets. Given that respondents to Q. 8 who answered in the negative were directed to Q. 11 one may have assumed this would have only left the respondents with the knowledge of two or more target markets: certainly not the 42 who only listed one target market. It may also indicate however that a percentage of business have identified one market and perceive they cater solely for that market. The broadness of the defined target market however was a characteristic of the majority of this group.

This serves to dispel any indication that a majority of these businesses were actually niche marketing to only one particular market.

Examples of the single market responses include 'overseas tourist', 18-80 year olds, 'retired', 'all people in business' and 'people interested in craft'.

There is a higher response from the Country sample to nominating one target market compared to the MTA, while the position is reversed for the response to two nominated target markets.

The total percentage response who either nominated one target market (Q.9) or indicated they did not attract specific market segments (Q.8.) was 48.8% of the total sample.

This is very significant when considering the importance of target market selection as previously outlined in the critical path of strategic tourism marketing.

Question 10 asked '**Do you specifically try to communicate through marketing to each listed target market in Q.9, or do you market to your customers as one group?**'. Table 15 indicates the response.

Table 15 Market to Target Markets or as One Group

N=131	% Total	MTA	Country
Market to specific target markets	26.8%	30	15
Market to them as one group	13.5%	6	16
Combination of 1) and 2)	37.4%	32	30
Don't Know	1.2%	1	1
Missing, Not Applicable	21.1%	12	21
Total	100.0%	81	83

A discrepancy is apparent in the response as the 'Yes' response to Question 8 was 120 respondents, yet 131 or 11 too many responded to Question 10. This has the effect of inflating the figures when related to the total sample.

64.2% of the responses indicated they target specific markets either in some or all of their marketing. Of the total sample size this represents 65.6% of businesses which engage partly or totally in targeted marketing. 34.4% of the total sample are therefore not engaging in targeted marketing. When consideration for the discrepancy mentioned above is allowed it brings this finding more closely in line with the findings from Question 9.

The differences between the MTA and County samples with respect to the first two options of Table 15 are striking.

Question 11 asked '**What factors, if any, adversely effect your ability to effectively target specific markets**'?

Table 16 Factors adversely effecting target marketing

N=150

	Cases	% of Responses	% of Cases
Money	94	42.9%	62.7%
Marketing skills	31	14.2%	20.7%
Knowledge of where they are	29	13.2%	19.3%
None	25	11.4%	16.7%
Knowledge of who they are	22	10.0%	14.7%
Other	18	8.2%	12.0%
Total	219	100.0%	146.0%

Table 16 indicates that from 219 responses 'money' was perceived as the most significant factor to adversely effect the targeting of specific markets (62.7% of the total sample). Almost as significant is the 57.7% who listed skills or market knowledge as factors adversely effecting target marketing.

It is significant that 88.6% felt there was one or more factors adversely effecting their ability to effectively target specific markets. The other category included seven responses mentioning 'insufficient time' and four mentioning 'problems related to Government'.

11.15 Marketing Mix

Product

Question 12 commenced the examination of the 'four P's'; product, price, place (distribution) and promotion. Coverage of this aspect of marketing was seen as important as an investigation of these four central elements of marketing provides valuable data upon which the extent and quality of strategic marketing may be gauged.

Question 12 stated **'You may be involved in selling or service, goods or both. We will describe these as products. Which of the following most accurately reflects what your business seeks to do?'**

Table 17 Business Actions Relating to Products and Markets

N=157

	% of Responses	% of cases
Continue selling existing products and expand market share	48.3%	63.1%
Develop new products for existing markets	21.5%	28.0%
Develop new products for new markets	18.0%	23.6%
Continue selling existing products and maintain market share	8.8%	11.5%
None of above	3.4%	4.5%
Total	100.0%	130.6%

Table 17 indicates nearly half of the 205 responses were for expanding market share with existing products.

There were in fact 42 additional responses above the sample size, so clearly a significant percentage of the sample did not follow the intent of the question to nominate just one option. This factor may effectively reduce the accuracy of the data or it may in fact tell us something of the state of mind of business towards their products and markets.

This question was based on the product/market matrix described in Kotler & others [40] and other marketing texts.

	Existing Products	New Products
Existing Markets	Market Presentation	Product Development
New Markets	Market Development	Diversification

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[40] Kotler & Others.

The majority of the respondents (57.1%) sought to increase or maintain market share by selling existing products.

Approximately half the sample sought to develop new products: 28% for existing markets (product development) and 23.6% new products for new markets.

A design fault in the question wording is a limitation for interpretation. For those seeking to continue selling existing products it would have been better worded a) 'continue selling existing products to existing markets' and b) 'continue selling existing products to new markets'. It is therefore unclear as to orientation of the 74.6% of the total cases as to their targeting of new or existing markets.

What it does however is give an insight into the extent of a 'growth' orientation verses a 'survival' or 'maintenance' orientation within the 'sell existing products' sub-set. 85% of this sub-set in fact have a growth or expansion orientation.

Analysis of the MTA and Country samples revealed only a slight difference with the biggest variation being in the 'develop new products for new markets' category with the responses 25 MTA, 19 Country.

Question 13 asked **'Do you see your product/s as part of an overall "mix" of products or each as a separate product?'**

Table 18 indicates that 71.8% saw their products as a mix. The question may have been more valuable if prefaced

Table 18 Product Mix or Separate Products

N=151

	% of Responses
A Mix	71.8%
A separate product	14.7%
Only sell one product	6.1%
Non-responses	7.4%
TOTAL	100.0%

with a listing by the respondents of their actual product range. This would have assisted the analysis of the respondents perception of products and assisted in interpreting the data in Table 18.

11.16 Price and Packaging

Questions 14-17 probed pricing and packaging issues. Question 14 asked **'Please number in order of priority the factors that influence your setting of prices by recording the most important = 1, to the least important = 5'**. This question relates particularly to 'profit', one of the three essential elements of tourism marketing as defined earlier in the study.

Table 19 indicates that the sample considered price charged by competitors to be the most important factor influencing the setting of prices followed by what customers are prepared to pay. The financial orientated influences are of least influence.

Table 19 Influences on Price Setting

Customers	1st
Competitors	2nd
Max. Profits	3rd
Return on Investment	4th
Break Even Analysis	5th

Question 15 asked **'do you or do you not package any of your products yourself or with other businesses. (eg. accommodation/meals/ski hire for weekend at cost of $X)'**. Packaging, as will be discussed later, is increasingly being seen as a necessity to assist the development of Victoria's Tourism Industry.

Table 20 indicates just over half the sample do package product.

Table 20 Package Product

	% of Responses	Cases
Do	53.4%	87
Do not	41.7%	68
Non Responses	4.9%	8
TOTAL	100.0%	163

There was only a variation of three, 42 (MTA) to 45 (Country) who package and a variation of two, 35 to 33 who do not package.

Question 16 asked '**do you or do you not offer discount prices for your products**'?

Table 21 indicates that the majority of the people do discount.

Table 21 Participate in Discounting

	% of Responses	Cases
Yes	65.6%	107
No	31.3%	51
Missing	3.1%	5
TOTAL	100.0%	163

There is a 6% greater per pensity in the Country sample to discount when compared with the MTA sample.

Question 17 asked respondents who do discount (107 businesses) **'Which of the following discounts do you offer'? (You may tick more than one).**

Table 22 <u>Type of Discounting Used</u>

N=108

	% of Responses	% of Cases	Cases
Group of bulk order	37.8%	75.9	82
Wholesaler/retailer/ travel writers or others who can significantly affect sales	29.0%	57.3	63
Out of season	18.0%	36.1	39
Repeat order	10.1%	18.5%	22
Others	5.1%	10.2%	11
TOTAL	100.0%		217

Table 22 indicates the greatest level of discounting is for group or bulk orders followed by those who can significantly effect sales. The total responses were 217 which on average is two types of discounting used per business that do discount.

11.17 Distribution

Question 18 asked '**Which if any, of the following means of distribution did you use for your products? (You may tick more than one)**'.

There was a total of 581 responses to this question.

Table 23 Methods of Distribution

N=156

	% of Responses	% of Cases	Cases
Direct to customer	22.7%	84.6%	132
RACV	11.7%	43.6%	68
VTC	11.7%	43.6%	68
Tourism Information Centres	11.4%	42.3%	66
Retailers (excluding RACV, VTC)	8.6%	32.1%	50
Melbourne Tourism Authority	8.1%	30.1%	47
Wholesales	7.9%	29.5%	46
Australian Tourism Commission	7.4%	27.6%	43
Inbound Tour Operator	5.5%	20.5%	32
Chains	2.1%	7.7%	12
Co-operatives	1.4%	5.1%	8
Others	1.2%	4.5%	7
None	3%	1.3%	2
TOTAL	100.0%	372.4%	581

This is an average of 3.6 distribution methods per business. Direct to customer sales were made by 84.6% of the total sample. 68 businesses (43.6%) used the RACV and 68 the VTC as retail outlets. Since the survey was conducted the VTC have transferred the operation of the Melbourne Victour office to the Royal Automobile Club of Victoria (RACV). The RACV management policy positively discriminates in favour of co-operative brochures and publications. 'Subject to space, individual brochures for "significant" local attractions could be provided as long as such publications were of a high standard'[41].

Question 19 asked **'Would you like to make more or less use of distributors? Please explain why'**. The results indicate the majority would like to make more use of distributors.

Table 24 Use of Distributors

	% of Responses	Cases
More use	59.5%	97
Less use	11.0%	18
Non response	29.4%	48
TOTAL	100.0%	163

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[41] VTC Media Release. 5 December 1990.

This preference is greatest with country businesses where 67% sought greater use of distributors compared with 51% of the MTA sample.

Table 25 lists the reasons for less use of distributors as given by 18 businesses. Five businesses listed two reasons.

Table 25 <u>Negative Responses to Distributors</u>

<u>Quality of Service by Distributors</u>

- too pushy
- generally incompetent, run by 13 year old girls who chew gum and change every 6 months.
- retailers incompetent, provide poor service
- rather keep closer contact with customers
- used 4 and caught by all of them
- cannot sell as effectively as myself
- negative feedback from clients regarding distributors
- they do little and expect to be paid for sitting on their fat arses

TOTAL 9

<u>Other</u>

- not appropriate
- minimum orders too high
- increases book work
- prefer control ourselves
- product not ready for oversell
- not successful
- loose customer contact
- don't help during off peak times

TOTAL 8

Financial

- not cost effective
- reduces profit margin
- not applicable for small volume product
- not cost effective
- too costly
- take fee to avoid them

TOTAL	6

Problems with distributors were fairly evenly spread between perceived poor service and adverse client impact, lack of financial benefit and other assorted reasons.

The 97 businesses that would like to make more use of distributors listed a pot-pourri of benefits but the most commonly perceived benefits are shown in Table 26.

Table 26 Perceived benefits of distributors

	No. listed
Increased awareness/ exposure	19
Increased sales/market penetration	15
Distributor knowledge, skills, resources	12
Access to new markets	10
Financial	8
Other	18
TOTAL	82

Specific financial benefits were not cited by many respondents (8). The two most commonly stated benefits were in relation to increased product awareness and increased market penetration and increased sales.

11.18 Promotion

Question 20 asked **'Please tick the promotional methods you have used either individually or in association with others'.** 43 promotional opportunities were listed and the results are shown in table 27.

There was a 27.8% usage of individual promotions from the promotional opportunities listed; 3.7% on average engaged in the promotional methods with others and 4.7% on average were involved in using both individual and 'with other' promotions.

'Signs on premises', 'brochure/leaflet', 'Yellow Pages' and 'word of mouth' stand out as individual methods of promotion.

The most used joint promotional methods were shopping centre promotions (13.5%), 'word of mouth' (11.7%) travel shows (9.8%) and trade shows (8.0%).

The average usage of paid advertising across the 13 listed advertising opportunities was 34.2%. This compared to the total average promotional method usage of 27.8% which indicates the relatively greater usage of advertising.

The two most popular promotional methods used individually and collectively were 'word of mouth' (22.7%) and 'brochure leaflet' (20.2%). Local newspapers and local tourism newspapers were also rated above 10% in this category.

TABLE 27

PROMOTIONAL METHODS USED BY BUSINESS
% OF SAMPLE

Q. No.	Prom. Method	% Individ.	% With Others	% Both	% Non Response
20.29	Signs on Premises	63.2	1.2	1.8	33.7
20.17	Brochure/Leaflet	62.0	4.9	20.2	12.9
20.19	Yellow Pages	59.5	2.5	.6	37.4
20.1	Word of Mouth	55.8	11.7	22.7	9.8
20.2	Local Newspaper	50.9	5.5	13.5	30.1
20.26	Direct Mail	50.3	1.8	4.3	43.6
20.6	Local or City Guide Book	44.8	6.1	6.7	42.3
20.10	Special Interest Magazines	42.3	3.1	6.7	47.9
20.3	Local Tourism Newspaper	41.1	6.1	12.3	40.5
20.27	Personal Sales Calls	39.9	.6	3.7	55.8
20.9	RACV/NRMA Publications	39.3	3.7	4.3	52.8
20.30	Outdoor Signs	36.8	3.7	1.2	58.3
20.40	Donations	33.7	1.8	1.8	62.6
20.31	Tourism Centre Advertising	38.7	3.1	7.4	50.9
20.13	Radio	36.2	3.7	6.7	53.4
20.15	Media/Press Release	33.1	4.3	7.4	55.2
20.11	Trade Journals/Publications	30.7	1.8	5.5	61.9
20.7	State Guide Book	28.8	6.1	2.5	62.6
20.39	Sponsorships	27.6	2.5	1.2	68.7
20.23	Clothing Promoting Business	24.5	3.1	.6	71.8
20.5	National Newspaper.	22.7	1.8	3.7	71.8

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Q. No.	Prom. Method	% Individ.	% With Others	% Both	% Missing
20.25	Newsletter	22.7	3.1	.6	73.6
20.42	Familiarisations-Journalists/ Trade	22.7	3.7	8.6	65.0
20.22	Postcards/Stickers	22.7	3.7	1.2	72.4
20.14	Television	22.1	3.1	6.1	68.7
20.38	Special Events	20.2	4.9	4.9	69.9
20.36	Window Displays	20.2	4.9	3.1	71.8
20.37	Contests/Competitions	19.6	6.1	5.5	68.7
20.21	Maps	19.0	6.1	5.5	69.3
20.12	Other Publications	19.0	1.8	1.2	77.9
20.35	Point of Sales Displays	17.8	1.8	1.2	79.1
20.34	Trade Shows	17.2	8.0	6.7	68.1
20.32	Shopping Centre Promotions	17.2	13.5	8.6	60.7
20.16	Video	15.3	3.1	1.2	80.4
20.20	Poster/Calender	14.1	0.0	.6	85.3
20.24	Free Gifts	14.1	0.0	1.8	84.0
20.8	Australian Guide Book	12.9	3.1	2.5	81.6
20.33	Travel Shows	11.7	9.8	8.6	69.9
20.28	Telemarketing to Existing or Prospective Customers	8.6	.6	0.0	90.8
20.18	Shell Folder	7.4	1.8	.6	90.2
20.41	Endorsements	8.0	0.0	0.0	92.0
20.43	Others	3.1	0.0	0.0	96.9
TOTALS		1197.5	158.2	203.3	2640.3
Ave % per column		27.8	3.7	4.7	61.4

Question 21 asked **'please indicate why you used the promotional mix of methods listed in question 20. You may list more than one'.**

There was a total of 462 responses from 159 businesses with no single reason standing out as to why the promotional mix was used.

Table 28 Reasons for use of Promotional Mix

N=159	% of responses	% of Cases
Cost effective	16.2	47.2
Meets my promotional objectives	16.2	47.2
Low cost	12.6	36.5
The promotional 'mix' complements my product, pricing and distribution strategies	11.3	32.7
Ongoing evaluation of my promotions indicates it to be the most effective promotional 'mix'	10.0	28.9
I have the skills to implement these methods	9.3	27.0
All I can afford	7.4	21.4
Convenient	6.5	18.9
Research indicates it to be the most effective promotional 'mix'	2.8	8.2
Salesmen convinced mix was good value	2.4	6.9
Others	1.3	3.8
TOTAL	100.0%	290.0%

The one general category of significant responses are those related to 'cost effective', 'low cost', and 'all I could afford' amounting for 36.2% of responses.

Question 22 asked **'Can you list your promotional objectives? These may be measurable eg. increase product awareness among Sydney market by 20% within 6 months, or immeasurable, e.g increase product awareness.'** This question was considered important given the anticipated strong promotional focus of the survey sample as compared to the other three 'P's'.

62.6% of the sample responded and 100 separate promotional responses listed. 17% of the objectives listed may be classified as measurable with the remaining 83% immeasurable. Of this latter group 11 could actually be classified as actions and not promotional objectives.

14% of total respondents stated as an objective to 'increase product awareness' which is an exact copy of the example given in the question.

Table 29 Promotional Objectives

N= 102

	% of responses
Measurable	17%
Immeasurable	72%
Actions	11%
TOTAL	100%

11.19 Competitive Advantage

Question 23 asked '**in looking at your business do you or do you not believe you have a unique selling point or particular competitive advantage over your competitors? eg. service, price, location, image...**'. Sustainable competitive advantage has been identified in this study as one of the essential elements of strategic market planning.

89% or 145 respondents indicate they do have a unique selling point or competitive advantage.

Table 30 Businesses with a U.S.P. or Competitive Advantage
N=159

	% of Responses
Do Have	89%
Do not Have	8.6%
Non Response	2.5%
TOTAL	100%

Question 24 asked '**If you do have a unique selling point in Question 23, do you or do you not deliberately seek to exploit or promote this advantage in your marketing? If you ticked that you do have a unique selling point in Question 23, go to Question 25**'.

124 or 76.1% of the total sample indicated they exploit their unique selling point or competitive advantage in their marketing. One quarter of the total sample therefore either do not believe they have a competitive advance or do not deliberately seek to exploit or promote this advantage. There was no significant difference between M.T.A. and country samples in Questions 23 and 24.

Table 31 <u>U.S.P. or competitive advantage used in Marketing</u>

N=142

	% of Responses
Do exploit	76.1%
Do not exploit	11.0%
Non Response	12.9%
TOTAL	100%

11.110 Monitoring the Marketing

Question 25 asked '**How do you evaluate the effectiveness of your marketing? (you may list more than one)**'.

Table 32 Methods Used to Evaluate Marketing Effectiveness

N=158

	% of Responses	% of Cases
Talking to Customers	34.4%	76.6%
Sales Figures	32.4%	72.2%
"Gut Feeling"	13.9%	31.0%
Formalised customer survey	7.1%	15.8%
Telephone responses advertising	4.8%	10.8%
Coupon response advertising	3.1%	7.0%
Keyed addressing	2.3%	5.1%
Others	2.0%	4.4%
TOTAL	100%	222.8%

Table 32 indicates that 66.8% of the 158 respondents used either talking to customers or sales figures as a method of evaluating marketing effectiveness. There was low level usage of other more sophisticated marketing monitoring and evaluation methods. The low level usage is potentially significant because such methods can be very effective in identifying the most cost effective promotional methods and for increasing knowledge relating to the needs of the customer.

Repeat business was listed by four respondents in the 'other' category.

There was a total of 352 responses or an average of 2.2 evaluation methods used per business from the 158 respondents.

11.111 Barriers, Weaknesses and Training

Question 26 was an open question and asked **'Please list those factors which are barriers to better marketing of your business'.**

Table 33 indicated a total of 178 separate barriers were listed. 80.0% of the sample responded to the question.

Table 33 Barrier To Better Marketing

	Responses	% of Responses
Lack of Funds	42	22.6%
Time	27	14.4%
Cost	18	9.7%
Knowledge (self)	17	9.1%
Cost of advertising	14	7.5%
Govt. charges/regulation barriers	13	7.0%
Lack of industry promotion/fragmentation	7	3.8%
Staff - shortage/qualify	6	3.2%
Infrastructure	6	3.2%
Knowledge (external)	6	3.2%
Other	6	3.2%
Market Place	5	2.7%
Location	5	2.7%
Competition	3	1.6%
Economic climate/ economic factor	3	1.6%
TOTAL	178	100%

Financial barriers including 'lack of funds' 'cost' and 'cost of advertising' account for 39.8% of all responses.

'Time' was perceived as the second most individually significant barrier.

Question 27 asked '**From the following areas of marketing please tick those areas you would like to strengthen.**'

There were 432 individual responses from 147 businesses.

Table 34 Areas of Marketing to strengthen
N=147

	Cases	% of Cases	% of Responses
Knowledge of new target markets.	81	55.1%	18.8%
Strategic market planning	65	44.2%	15.0%
Knowledge of existing markets	59	40.1%	13.7%
The promotions 'mix'	53	36.1%	12.3%
Distribution	51	34.7%	11.8%
Research	37	25.2%	8.6%
Customer Service	30	20.4%	6.9%
Pricing	27	18.4%	6.3%
Product 'mix'	16	10.9%	3.7%
Product	11	2.5%	2.5%
Other	2	.5%	.5%
TOTAL	432	293.9%	100%

Table 34 indicates that a desire for increased market knowledge is most commonly mentioned with the two market related areas attracting 140 responses. Strategic market planning, the promotions mix, distribution and research all account for more than 25% of the percentage of cases. Product mix and product attract the least interest.

11.2 Qualitative Analysis

Prior to conducting the qualitative analysis it is worth recalling the strategic marketing approach outlined on page 34. The approach is regarded as a dynamic one. The results of monitoring business performance should feed back into the business's essential purpose or mission, its goals, objectives, actions and targets. Ongoing market research and analysis of the competitive and sustainable competitive advantage provides the detailed knowledge and the ability to target the markets around whose needs the marketing mix is planned. Operational plans are instigated to achieve yearly targets and are conducted within a defined budgetary framework.

With this tourism marketing 'system' in mind the analysis will focus on the component parts of strategic tourism marketing, leading to an evaluation of the extent to which strategic tourism marketing is used in the sample and by implication in Victoria's small tourism business sector as a whole.

The questionnaire asked the questions **'where are we now?', 'where do we want to be in three or more years time?', 'how do we get there?'**. The response was perhaps predictable with the vast majority of respondents answering to these leading questions that 'yes', they do ask these questions. From this we may surmise that at the most 80% of businesses do at least at some stage entertain the three general areas upon which strategy is based; that being the 'now', 'where' and 'how' focuses.

The emphasis should perhaps be upon the "entertain" or "give occasional thought to" as only 35.7% of responses indicated they had written or formalised their marketing strategy. 56.7% with an informal or "in my head" strategy confirms the majority have not formalised a marketing strategy but consider they have one in their head. This major sub-set may well fit the descriptive 'Management by Walking Around' categorisation which Robbins says small business managers are strong advocates of[42].

By analysing in more depth the three areas of now, where and how, we may be better able to assess the level of strategic market planning within the formalised market strategy and informal/in my head marketing strategy sub-sets.

In a chapter entitled Crafting Strategy [43], Mintzberg states 'while strategy is a word that is usually associated with the future its link to the past is no less central.... Only by coming to understand the patterns that form their own behavior (organisations) do they get to know their capabilities and the potential. Thus crafting strategy, like managing craft, requires a rational synthesis of the future, present and past'. An intimacy and creativity with the organisation are seen as characteristic of a crafting strategy.

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[42] Robbins S.P. p. 118.

[43] Mintzberg H. Mintzberg on Management. Free Press (McMillan). NY, 1989. p. 42.

This strategic approach may be considered particularily relevant for small business where by nature of the size of the business the proprietor is more likely to have a 'hands on' role being involved directly in all facets of the business organisation including direct client contact. Out of this is certainly the potential for a very intimate understanding of the business, providing over time the ability to evolve a 'crafted strategy' as opposed to a more rigid, formalised strategy more suited to larger business structures.

The appropriateness of this less formalised but more evolutionary or intimate strategic approach should be kept in mind during the qualitative analysis.

This crafted approach to strategic marketing also raises the relevance of the past to the assessment of strategic marketing. To understand the patterns that form their own organisational behavior takes a business a number of years, particularly in those tourism businesses that follow a yearly - seasonal cycle such as snow related businesses. Therefore, the research proposes to introduce a fourth element to the analysis, that being the business past. Recognition and analysis of this element should enrich the study of the now, where and how factors.

11.21 Business Past

The critical 'past' element is time in business. Without a significant length of time in business the ability to benefit from experience and acquired business wisdom is limited.

The data indicates the majority of the sample (58%) have been in business between 0-7 years or 43% between 0-5 years. Breaking the analysis into the two sub-groups tells us that length of time in business is greater in the MTA sample than the total sample. The business potential, experience, knowledge and wisdom of the MTA group is far greater than in the country sample. With 39% of the Country sample being in business between 0-3 years and the majority (56%) between 0-5 years the indications are that Country based small tourism business owners have a relatively short stay in individual businesses.

This must adversely effect the extent to which they can acquire business experience, knowledge and wisdom related to the operation. A short length of time in the business must also impact on the extent to which the business operation can implement effective strategic plans for without the knowledge base acquired from past experience one's ability to plan effectively for the future is considerably diminished.

Seven respondents in the total sample indicated previous experience in related businesses. This suggests very limited acquisition of business experience and knowledge via frequent changes to tourism business operators. This may relate to the response that only 2% of respondants were attracted to the business for short term financial gains.

If a significant percentage of businesses were deliberately pursuing a strategy or objective of turning over tourism businesses quickly (presumably to build up potential and profitability and so sell realising a capital gain), then a greater number than indicated would have listed as a response an attraction to the business for 'short term financial gain'.

The 'lifestyle factor' is relevant here because of its prominence in the total sample. It was ranked third as a factor influencing the establishment or purchase of a business.

In the Country sample however it was the most listed factor and accounted for 25% of total responses compared to 14% in the MTA sample.

While it is impossible from the data provided to draw any objective link between the attraction to business for lifestyle reasons and effective strategic marketing, one may speculate as to an inverse correlation between the two, ie. the greater the importance of lifestyle, the less the implementation of effective marketing strategy.

Analysis of the cross tabulations does not provide conclusive evidence to support such speculation. For example, written/formalised marketing strategies were in place with 34% of respondents who listed a lifestyle attraction to business, 35% for those that listed business opportunity; 38% for those that listed long term financial gain and 33% of those that listed challenge/stimulus.

Those that listed a lifestyle attraction to business were not significantly more likely to use a particular promotional mix for non strategic reasons (i.e. 'salesmen convinced me','convenient', 'all I could afford', 'have always used it'). Non strategic methods were listed by just over half of those attracted to business for all the major reasons listed. Finally, staff size and marketing expenditures are not significantly different for those attracted to business for lifestyle, challenge/stimulus, business opportunity or long term financial gain.

The link between lifestyle and lack of business success may be found in the data relating to the length of time in business already discussed. In this data it was identified that the Country sample has a significantly shorter stay in business. On the data provided, however, it is impossible to prove any cause and effect relationship between these two factors.

A key contributory factor to small business failure has been shown to be inadequate research and advice prior to going into business.[44]

Sources of advice and the level of advice seeking therefore are an important indicator from the business past impacting upon present and future performance. One may speculate that the greater the thoroughness of research and advice seeking at the entry stage to business the greater the likelihood of business success and by inferance use of a strategic marketing approach.

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[44]Williams A.J. p. 198.

The data revealed limited research and advice prior to entry with on average 17.8% of respondents using each potentially available professional, government and trade source. This finding is reasonably consistent with related studies of small business.

A 1985 study of over 1000 small business owner-managers around Australia indicated 'only 27% of owner-managers had sought advice, attended courses or read any relevant books or booklets on the subject before starting a business or becoming a business manager'.[45]

An SBDC survey of 52 Victorian moteliers in financial distress conducted between October 1989 and May 1990 found the two highest ranking contributing factors to the distress were 'inadequate research prior to entering the business' (67%) and 'inappropriate advice prior to entering the business' (57%).

Although impossible to prove from the evidence collected there is potentially a linkage between levels of pre-business research and the level of strategic marketing.

Quite conceivably greater use of such research sources would contribute to increased levels of strategic marketing via the transfer of business information and advice to the intending business person(s).

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[45] McMahon R.G.P. Small Business, Australia; A Research Companion. University of New England Accounting Research Studies, NSW 1989.

In conclusion therefore the data indicates the key factors inhibiting the acquisition of business experience and knowledge, upon which sound strategic marketing is based. These are the length of time in business in the Country sample and low levels of research conducted and advice sought prior to going into business.

11.22 Business Now

The vast majority of the sample (88.3%) stated they have asked 'where are we now?'. From the data collected we have a fairly good insight into where in fact the sample is at 'now'. Data on the type of business, mission statements and perceptions of their competitive environment, markets, products and competitive advantage all help in attaining a picture of where the sample is at now.

What can we really deduce from the evidence on where the sample businesses are 'now' which may impact on the extent to which the sample engages a strategic marketing approach? Does analysis of the 'now' factor really help?

Earlier we referred to Henderson's definition of strategy as 'the deliberate search for a plan of action that will develop a business competitive advantage and compound it.'[46]

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[46] Henderson B.D. p 141.

He goes on to say that 'for any company the search is an interactive process that begins with a recognition of where you are and what you have now.'[47] Analysis of how the sample perceive themselves now will help in establishing the extent of strategic marketing. Without objective, informed and logical understanding of what you have and what you are, the cornerstone of strategic marketing is missing.

One may suggest that the type of business should not significantly influence the extent to which the business understands where it is presently at.

To have a rational understanding of one's present position in business and life generally it helps to relate one's own position to one's peers. For small tourism business in remote locations, isolation from similar businesses may be an impediment to understanding where you are (in relation to others) and what you have now (in relation to others). 62% of the accommodation sample and 64% of the art/craft/souvenirs sample are country based. These two categories may be most affected by isolation related problems.

The level of involvement in industry associations and the level of maturity and knowledge of the associations would also influence the businesses 'now' understanding and perceptions.

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[47] Ibid. p 142.

The MTA has ongoing communication to members with regular newsletters and occasional research papers and initiatives such as members meets and educational seminars to bring members together. This provides a relatively good means of putting one's own business into perspective in relation to one's peers. Wimmera Tourism Limited and Goulburn Tourism Limited to a lesser extent provide communication linkages between members but are restricted by geographical and financial constraints. At the time of analysis North East Tourism Limited is not effectively operating but most businesses are also members of small destinational or town based associations.

Other business associations such as the Victorian Tour Operators Association and Host Farms Association are helping to open communications between like country businesses.

Most Victorian tourism industry associations are generally still at an early growth stage. A Country Tourism Council is being established, partly in recognition of the problems of isolation faced by country businesses and country associations.

In summary we can say that country businesses with greater barriers to communication within the industry and to existing and new markets are less likely to have a strong awareness of the 'now' factors.

Analysis of the business mission statements gives a critical insight into the business's perceived current position. Figure 6 demonstrates a significant dominant product or service focus.

It is timely here to recall Kollet's first of three major ingredients of the marketing concept, 'a customer orientation rather than product or industry orientation'.[48] The sample clearly defies this desired orientation with the customer focus mentioned by 32 fewer businesses that those 109 mentioning a product/service focus. This factor indicates a vital weakness in the strategic orientation of those businesses included in the sample. The desired strategic marketing approach would show a dominant customer focus not demonstrated in the sample. It is most relevant to note at this point Philip Pearce's first implication drawn from an examination of 15 tourism studies in Australia. He stated: 'in Australia we have been asking the "product" or "environment" to do too much of the work in satisfying our visitors'.[49] Our samples orientation would appear consistent with that of the wider Australian scene.

Perceptions by the sample of their product indicate approximately three quarters see their product as a 'mix of products'. Such perceptions are important for effective marketing to take place. The importance of the 'product mix' to effective marketing has been well documented.[50] Without recognition of the interrelationship between products, an efficient use of limited marketing resources is greatly reduced. On the evidence available the high level of product awareness and probable product knowledge is not supported by a strong customer orientation.

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[48]Kollett & Others p. 44.

[49]Pearce, P. 'Trends in Tourism Behaviour' Australian Tourism Outlook Forum Report 1990 Paper 7. Bureau of Tourism Research 1990 p. 48.

[50]Drucker P., People & Performance: The Best of Peter Drucker on Management. Heinemann Ltd. 1977 p 96.

The second critical factor evident from Figure 6 is that only 28% of the sample gave an indication of a financial orientation as an essential element relating to the purpose of the business. Again, we relate to Kollet's second major marketing concept, 'profit rather than sales or market share perspectives'.[51] It is apparent that only a minority of the sample are essentially oriented to profits, return on investment or other financial yardsticks. In the reasons for attraction to establish/purchase the business (Q. 2), 35% of respondents stated 'long term financial gain' as a reason. This serves to re-affirm that only approximately one-third have a profit or other financial measurement focus.

The third critical factor gleaned from the mission statements is the small number indicating a recognition of the importance of their business relative to their competitors. Referring back to our definitions of strategy the importance of competitive advantage was emphasised as a critical (if not the most critical) element to effective strategic market planning and implementation.

With only 14% of the sample indicating a relationship to their competitive environment or competitive advantage in their mission statement it is a strong indicator that a critical 'now' element of effective strategic marketing is absent in the sample.

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[51] Kollet D. & Others.

The questions concerning competitive advantage (Q. 23, 24) indicated that in fact three quarters of the sample either believe they have a competitive advantage or exploit or promote this advantage. This serves therefore to indeed temper our initial reaction to the low competitive advantages/competitive environment response in Q. 7 and to speculate that awareness and understanding of these factors is held by the majority of the sample even if not seen by the majority as an essential marketing element.

This is supported by the evidence from Q. 6 concerning the business in a competitive environment in which 80% of the sample indicated a clear business position relative to their competitors, e.g. 'do as their competitors do'.

An understanding of competitive advantage in the sample appears therefore to be at approximately the same level as understanding of the business relative to its competitive environment.

The final significant 'now' factor to analyse is the samples attitudes, perceptions and knowledge of their markets. In relation to target markets it is most significant that less than half the sample (46.6%) nominated two or more target markets, with approximately half the sample indicating they did not attract specific target markets or describing only one target market.

This provides strong evidence of a lack of market knowledge and awareness concerning communicating to the market place. This is backed up by the fact that 59 or 36% of the sample stated they would like to strengthen knowledge of existing markets and 50% stated they would like to strengthen knowledge of new target markets.

These areas were ranked one and three respectively on the checklist of 10 areas.

In conclusion, it seems the samples recognition of 'where it is now' and 'what it has now' is not at a level conducive to particularly effective marketing strategy. Key weaknesses are evident in the low level of customer and profit focus. While the sample appears well aware of itself in relation to competitive environment approximately half the sample lack knowledge of target markets both existing and potential.

11.23 Business Where

The third element essential to an understanding of marketing strategy is the 'where' factor. Where do our sample want to go? Where do they want to be in three to five years time? Have they really thought about it? As strategy concerns itself with planning, so one must have a desired destination to plan to get to. Without a clear destination (the where element) the strategic approach evaporates.

In a leading question 86.5% of the sample stated yes, they had asked where do we want to be in three or more years? One may deduce that the notion of thinking ahead a significant period of time (three or more years) is a practice common to the vast majority of sample business. (that indeed 18 respondents stated they did not ask this question is rather startling. Although a relatively small percentage, it is still significant enough to be of concern. Failure to think strategically in a business, let alone act strategically suggests that a minority (11%) of the sample could be deemed unable to engage in a strategic marketing approach).

This percentage correlates approximately with the 17.5% who said they did not have marketing objectives. If you do not ask where are you going it is impossible to set any objectives for the future.

Further analysis of the data indicates that less than 38% of the sample actually listed objectives while less than 43% listed actions they would take in the future. This indicates minority use meaningful strategic thought. The slight preference for actions indicates a tactical orientation is more common than a strategic orientation. The tactical orientation is one year focused as opposed to the preferred pro-active orientation associated with a three or more year strategic view of the business.[52]

The concern with the majority of the sample therefore is have they really asked why are they planning to carry out particular actions? Because the majority did not state the purpose of their proposed actions (ie objectives), we cannot infer they are without purpose. The fact that they were not written down, nor articulated by the majority of the sample, does suggest however that the majority do not think strategically. There exists a weakness in the sample in that the action focus is more subject to failure as compared to the strategic approach.[53]

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[52]McDonald, M.

[53]McDonald, M.

The focus of the marketing objectives supports evidence from the 'now' analysis. There are low levels of customer, market and financial focus. The higher area of focus in marketing objectives is promotion (25% of the total sample). This indicates that promotional activity is the most commonly thought of marketing element.

The final significant 'where' factor relates to the responses of Q. 12 seeking perceptions of what your business seeks to do in relation to its products and markets. Despite the design problems with this question, it would appear there is a greater orientation in the sample towards seeking to continue with existing products (56.1%) as opposed to developing new products (39.5%).

While recognising that some small businesses may find it difficult to develop new products (an undercapitalised motel lessee may for example encounter many barriers to building a conference room onto a 20 unit premise), there arises a concern as to the level of strategic planning.

According to the product life cycle, the longer a business exists with a static product range, the greater is the likelihood of a gap between the business profit and growth objectives and actual profitability of the business.[54]

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[54]Kotler, P. & Others. p. 259.

The concern arising from the samples future product/market orientation is therefore the relatively low emphasis on developing new products which in the intermediate to longer term will adversely impact on business viability. From a strategic perspective, this is a significant weakness in the sample's 'where' or future directions thinking.

Indications of the limited strategic planning in the sample may be further investigated by looking at the fourth essential element of the strategic marketing approach; the 'how' factor. How does the sample get to where it wants to go?

11.24 **Business How**

Evidence upon which analysis of how the sample goes about its marketing and its relationship to the strategic marketing approach is found by looking at the following areas:-

1. The degree of exploitation of competitive advantage
2. The extent of targeted marketing
3. The effectiveness of the marketing mix
4. The effectiveness of ongoing monitoring mechanisms
5. The level of funds allocated to marketing.

It is relevant here to again refer back to the third major ingredient of the contemporary marketing concept: as integrated rather than a diffused combination of marketing efforts.[55] Just how integrated are the actions of our sample? How integrated are the above mentioned five essential strategic elements both individually and collectively?

The importance of competitive advantage to effective strategic marketing has been emphasised.

Approximately three quarters of the sample indicated they exploit their unique selling point (USP) or competitive advantage. It is however very significant that even one quarter of the sample did not exploit a USP or actively promote a USP or competitive advantage. In a country location in particular it should not be difficult to find a clear factor upon which to compete with a competitive advantage. The minority segment is significant in that a critical marketing element is missing in one in four of the sample.

Target market identification has already been analysed with only approximately half the sample identifying a target market. The data on those engaging in target marketing indicates a greater percentage (65.6%) of the sample that engage in at least some targeted marketing.

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[55]Kollet D. & Others. p 44.

This is indeed an anomaly with approximately 15% of the sample target' marketing, even though they have not identified more than one market. We may surmise therefore that only approximately half the sample actually engage targeted marketing as opposed to mass marketing. This relates to the data indicating that 50.3% of the sample nominated lack of marketing skills and market knowledge as factors adversely impacting on their ability to target specific markets.

Analysis of marketing mix factors sheds further light on the degree of effectiveness within the sample implementing targeted marketing and the sample level of strategic marketing generally.

In analysing the marketing mix, we will break it into the four P's: the product, promotion, price and distribution (place).

Perceptions of 'product' were analysed as a 'now' factor. With the clear majority perceiving a relationship between their products as implied by the 71.8% response from respondents, it sets the scene for implementing effective promotion, pricing and distribution strategies.

While different products usually attract different markets, it is important in a strategic sense to understand the relationship between products and not to see them as unrelated identities. While the adventure tour operator for example runs bicycle tours in Spring and Autumn and ski tours in Winter, both compete for limited business resources.

The product mix is vitally important to achieving the tour operator's business objectives, in particular those relating to seasonality, cash flow, profitability and promotions.

There is limited data available from the survey enabling further analysis of the product and 'product mix'. This would be an area worthy of further investigations.

Analysis of the promotions mix used by the sample sheds further light on the extent of strategic marketing in the sample, keeping in mind the fact that one third of the sample said the promotions mix was a knowledge area they would like to strengthen.

Two key criteria for promotions mix selection are that it is cost effective and it achieves the business promotional objectives. Only half (47.2%) of the sample nominated each of these reasons for use of their particular promotional mix. Approximately half the sample actually listed promotional objectives. It is understandable therefore why only half the sample listed 'meets my promotional objectives' as criteria for their promotional mix. This is another indicator that half the sample lack strategic direction in promotional activity selection for without the measurement of outcomes against set objectives, a business is less able to assess the relative success of a particular promotional mix.

The promotional mix used by the sample shows many things. Firstly the sample seem appropriately aware of the importance of word of mouth for promoting their business with 91.2% mentioning this method which is very cost effective and targeted.

The data did not indicate any clear correlation between size of business and number of promotional methods used.

The lower electronic media advertising rates for the country television and radio most likely explain a greater usage of these media in the country sample. Observation and knowledge of country businesses (by the author) using these media serves to reinforce this most likely explanation.

Apart from 'word of mouth' and direct mail, there was not a lot of usage of low cost and particularly targeted promotional methods. Approximately 40% of the sample indicated they used media releases, one quarter for both newsletters and familiarisations. The propensity to use paid advertising more than other methods (34.2% to 27.8%) is difficult to draw conclusions from apart from the relative ease of using it and that it may be meeting the objectives of half the sample. The concern is that, in a small business without promotional objectives, paid advertising expenditure can be consuming too much of the promotional budget without effective and ongoing evaluation to measure its impact on bottom line performance.

Even with the mechanisms in place, there remains considerable doubt as to the cost effectiveness of advertising.[56] Chairman of the advertising agency, Kevin Luscombe of Luscombe and Partners states 'clearly, the argument for the economic value of advertising has not been won'.[57] He believes a lot more research is needed before proponents of advertising cost effectiveness are proven correct.

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[56]Jones, J.P. 'Ad Spending: Maintaining Market Share' Harvard Business Review, Jan/Feb, No. 1, 1990 p. 38.

[57]Luscombe, K. 'Advertising & Marketing Supplement', Business Review Weekly November, 1990, p. 6.

McDonald in his article entitled 'Ego, Greed, Stupidity and Market Planning', states one of the 10 reasons why few companies master the art of strategic market planning is confusion between the marketing function and the marketing concept.[58] He goes on to say that 'throwing advertising expenditure at the problem (a poorly performing business) is still a very popular way of tackling deep rooted marketing problems'.[59]

Paul Van Der Lee in a 1990 assessment of the emerging domestic market states that new marketing strategies are required which, amongst other things, need to 'target needs of specific segments, niche strategy' and a 'publicity/direct marketing promotion mix'.[60]

Most significant in the sample is the lack of co-operative promotions (3.7% on average). Some of the benefits of co-operative promotions are economies of scale in brochure production, greater product choice for the consumer, a unified destinational image, and a single point of booking.[61]

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[58] McDonald, M. p. 35.

[59] Ibid.

[60] Van Der Lee, P. 'The Domestic Market Under the Microscope' Australian Tourism Outlook Forum Report 1990. Paper 3. p. 31.

[61] Wood, M.(ed) How to Engage in Co-operative Marketing. Tourism Marketing for Small Business, Chapter 15. Bruce Whitehall Publications 1980.

Kollet's third ingredient of strategic marketing is 'an integrated rather than diffused combination of marketing efforts' as previously mentioned.[62]

The low level of co-operative promotion together with the other factors mentioned combine to give an indication of a significant degree of diffused promotions as opposed to an integrated approach. This is not to say that examples of integrated promotions do not exist within the sample. A couple of the smaller businesses indicated a very broad promotional mix, both individually and co-operatively. Without analysing individual business and knowing more about them and their markets, more in-depth analysis is difficult.

The promotional mix of the sample in summary indicates a high awareness of 'word of mouth' but it is not backed up by targeted, relatively low cost and cost effective promotional methods. Client 'bonding' and product image reinforcement opportunities with past, present and prospective clients are not being optimised as indicated by the available data.

Paid advertising is relatively popular, but there remains doubts as to its cost effectiveness, particularly in less targeted mediums.

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[62]Kollett & Others. p 44.

The very low level of co-operative promotions indicates a key deficiency in the promotion mix. Particularly in country Victorian destinations, there are increasing pressures to produce co-operative destinational material.[63] The data indicates a much larger percentage of promotional expenditure needs to be directed into co-operative activity.

Finally a lack of promotional objectives suggests significant problems in effectively measuring the worth of individual promotional methods and the total effectiveness of the mix.

The sample's approach to packaging and pricing further enriches the analysis. With approximately two thirds of the sample in business categories ideally suited to packaging (accommodation, tourism attractions and tour operators) the number that do package (53% of respondents) indicates potential for a greater level of packaging.

Table 35 indicates that it is only the tour operators who vigorously use packaging as a category (88%) while accommodation (52.9%) and attractions (65%) are surprisingly low, given their suitability for this purpose. One may suggest therefore that the sample, and in particular the accommodation and attraction categories, have not fulfilled their potential to participate in this increasingly important marketing method.

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[63]VTC Media Release. 5 December 1990 (Priority for Victorian Travel Centre rack space to co-operative brochures).

Table 35 Business Category by Level of Packaging

Category	% respondents who do package	cases
Tour Operators	88	25
Attractions	65	20
Transport	61.5	13
Accommodation	52.9	51
Entertainment	50	6
Food Services	46.6	15
Other	44.4	9
Art/Craft/Souvenir	21.4	14
TOTAL		153

Businesses with formalised marketing strategies are most likely to package (82% of respondents) compared to the other categories (informal strategy 60%, no strategy 25%).

Similarly, it is the trend-setting businesses that are most likely to package (64%) compared to those striving to be the leader (52%) and the follower category (33%). There is a strong correlation between strategic, market leader businesses and above sample average levels of packaging. The data indicates the potential for more packaging and the desirability of it.

Discounting and the factors influencing the setting of prices provide further useful indicators as to the level of strategic marketing.

Table 36 Business Category by Level of Discounting

Category	% respondents who do discount	cases
Attractions	85.7	21
Tour Operators	80.0	25
Accommodation	78.8	52
Food Services	55.3	15
Art/Craft/Souvenir	50.0	14
Other	50.0	10
Transport	46.2	13
Entertainment	20.0	6
TOTAL		156

Table 36 indicates a large variation between business categories. While it is to be expected to see a high level of discounting in the attractions, tour operators and accommodation categories, (one may have expected even more), the relatively low usage of discounts in the other categories may suggest a level of lost business opportunity.

This is to presuppose that discounting is good of course and indeed there are businesses where it is not, in the long term, best financial interest of the business to discount. In most businesses however discounting can be used to increase cash flow and broaden the client base, enabling increased direct marketing. In seasonal business discounting can be used to attract increased off peak sales and new markets.

There appears considerable scope for greater usage of discounting in the repeat order area as it was only used by 18.5% of respondents. This mechanism is most suited to businesses where it can be used to assist in building a 'bond' between the client and business, eg. a country guests 10% discount card for repeat country visitors to a city motel.

Without knowing the degree to which seasonality affects the sample, one may only speculate that greater usage could be made of 'out of season' discounts.

Discounts to wholesalers, retailers, travel writers or others who can significantly effect sales are most important for the accommodation, attraction, tour operators, transport, food services categories.

For small businesses with limited marketing this type of discounting can prove particularly cost effective and is important for successful destination marketing.

With these business categories accounting for 81.2% of the total sample, there is a significant under utilisation of this type of discounting, particularly in the accommodation, attractions and food services areas (while noting the relatively small food services sample).

Table 37 Business Category by Distributor/ Travel Industry Discounts

Business Category	% of Respondant	Cases
Tour Operators	85.0	20
Transport	83.3	6
Accommodation	55.8	43
Attractions	55.5	18
Food Services	50.0	8
Art/Crafts/Souvenirs	14.3	7
Other	20.0	5
TOTAL		107

The final analysis relates to influences on the setting of prices as described in Table 37. Cross tabulations reveal that, while return on investment is ranked fourth by the sample in influencing the setting of prices, this is not the case with four subsets within the sample.

Those with 'written strategies' and the 'business trend-setters' both rank it the number one influence. This is also the case for those who entered/established the business for the 'business opportunity' and 'people industry' reasons.

These four subsets, on average, account for 34.7% of the sample. The highest priority for this grouping in price setting is a financial indicator and one which implies a longer term or strategic perspective of business. Return on investment is a measurement which becomes more meaningful with increasing years as it traverses business and economic cycles.

This finding reaffirms the finding from the mission statements indicating approximately one third of the sample have a financial focus essential to the purpose of their business.

The importance of a financial focus for effective strategic marketing was emphasised earlier and with reference to Kollet and others.[64]

Effective distribution of the tourism product is essential for small businesses without the financial resources to penetrate large interstate and overseas marketplaces. Considering that approximately 60% of the sample indicated they would like to make more use of distributors, it indicates the majority are aware of the important role distribution plays in a small tourism business.

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[64]Kollet & Others p. 143.

The greater difficulty for country business is reflected by the 67% response from earlier findings of minority distribution usage of all except 'direct to customer sales'. We may conclude distribution is a significant area of marketing in the sample that could be strengthened.

Table 38 gives further insight into the type of distribution used by the three main business categories.

Table 38 Business Category by Type of Distribution

% of Response

	Direct	Wholes	Retail	VTC	RACV	ATC	Inbound	MTA
Accomm	74.5	27.5	37.3	62.7	80.4	31.4	15.7	37.3
Tour Op	84.0	48.0	48.0	60.0	25.0	48.0	48.0	28.0
Attraction	85.7	42.9	33.3	57.1	61.9	38.1	47.6	38.1

	Chains	Co-op	TTC	None	Other	Cases
Accommodation	13.7	7.8	62.7	0.0	0.0	51
Tour Operators	8.0	4.0	44.0	0.0	8.0	25
Attractions	9.5	0.0	52.4	4.8	9.5	21
Total						97

The accommodation category has a stronger preference for the RACV and tourist information centres while tour operators are the proportionally biggest users of wholesale, retail and the ATC distribution channels.

In general, one may suggest there exists within the sample significant potential for greater usage of these channels. Take, for example, the tour operators. With over half of them located in the country, (and one may presume the vast majority having Melbourne as their key market), it appears that with approximately half the sample only using retailers and wholesalers, their market penetration must be limited. There must be significant potential for increased usage of specialist or niche retailers, such as The Outdoor Travel Centre in Melbourne for adventure travel product. This potential also applies to interstate niche retailers.

In our definition of tourism marketing strategy, monitoring of marketing performance in an ongoing manner is seen as the final important process of the cycle. As stated in An Introduction to Marketing and its Application to Tourism, 'the marketing audit should not be reserved for crisis situations or end of year reports. It should be a continuous process, no matter how humble or restricted it may have to be in its scope.'[65]

The extent to which effective monitoring and feedback mechanisms (a critical 'how' factor) are in place in the sample may be gleaned from the extent to which a marketing strategy and marketing objectives are in place. The type and extent of usage of marketing evaluation methods also help in this assessment.

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[65] Pacific Asia Travel Association. 'An Introduction to Marketing & its Application to Tourism' PATA, California 1973, p. 75.

These are not available for analysing data covering budget and cashflow usage, but the available data provides some indication of the degree of effective monitoring. This analysis is limited without having data concerning budget, cash flow and related financial monitoring mechanisms.

Our analysis of stated strategy and objectives impacts onto the analysis of monitoring. As with budgeting the need is to compare actual results with projected results: without a strategy including objectives, monitoring becomes primarily a reactive device. Net profit has risen 2% on last year! This tells us the business has achieved just that: a 2% increase in net profit. Without objectives against which to compare it however we do not know if it is above or below expectations, whether it is an indication of a need for adjustment of strategy or whether for example the product mix needs to be examined.

From the results for the stated strategy, marketing and promotional objectives analysis, we may conclude that at least a percentage of the sample are not in a position to carry out effective monitoring.

28.9% of the respondents indicated that 'ongoing evaluation of my promotions indicates it to be the most effective promotion mix'. Table 32 indicated the methods used to evaluate marketing. This data indicates a reliance on 'talking to customers' and 'sales figures' as a means of ongoing monitoring of business performance.

Neither of these two methods are particularly sophisticated. The use of formalised surveys was very low at 15.8% and the use of slightly sophisticated advertising monitoring or tracking mechanisms was very low at between 5-10%. It is surprising that 100% of the sample did not mention talking to customers as the ability to do this is a competitive advantage of small business over large.

While 'sales figures' are a key indicator for any business, three concerns arise from the evidence collected relating to sales figures.

1. One quarter of the sample do not use sales figures, an elementary but essential monitoring mechanism.
2. Without a clear strategy and objectives to aim for, sales figures are of reduced and mainly historic value.
3. Sales figures should be accompanied by related performance figures to provide more width and depth to monitoring and analysis of the business.

The use of 'return on investment' by the sample sub-sets as previously indicated suggests a minority more effectively monitor their marketing.

In summary, from the evidence available, there appears to be a reliance on two simple monitoring mechanisms for evaluating marketing effectiveness. There is considerable scope for greater usage of more sophisticated monitoring mechanisms.

The final 'how' analysis is the percentage of turnover to marketing. One may expect from business the level to be around 3%.[66] The sample is around this range with 60% between 0-5%. A number of factors may push up this percentage. A relatively new business generally needs a higher percentage to establish itself in the marketplace. The sample does not follow this pattern. The median percentage turnover is 3-5% for all periods of time in business. (There is a small but significant group of five tour operators deviating from this who have been in business between 2-3 years and who spend over 15% of turnover in marketing.)

While it may be suggested from the sample there needs to be greater marketing expenditure in the relatively new business, this is not possible. The data does not differentiate between time in new or established business. If there were a high percentage of established businesses with relatively new owners, one would not expect marketing expenditures significantly over the 3%.

Businesses with small turnovers may also be expected to require a larger percentage of turnover for marketing purposes. This was supported in the sample with the greatest range in percentage turnover recurring in the smallest businesses as judged by number of employees.

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[66]Tonge R. Marketing & Promoting Tourism Business, 3rd ed. Gull Publications Queensland, 1988 p. 8.

However, this is tempered with the median percentage expenditure for the smallest businesses being 3-5% of turnover as per all other larger sized businesses. This indicates that marketing allocations from the smaller businesses are too low for optimal performance.

The type of business also influences percentage turnover levels with, for example, food services requiring proportionately less marketing expenditure compared to the tour operator. The latter must communicate to relatively distant markets; the former communicating primarily to those in the immediate area. The sample supports this expectation with the median tour operators percentage turnover being 6-8%, compared to the other business categories which are 3-5%.

The relative isolation of country businesses from their prime city marketplaces also can be expected to add additional marketing costs for country operators. Some businesses may rely solely on city based commission booking or sales agents to penetrate the market, in which case the commission is indirectly a marketing cost. This may not have been considered as such by the country sample. Although there are 8 country businesses spending 15+% on marketing compared to 4 MTA businesses, both groups have median expenditures of 3-5% of turnover devoted to marketing. One may speculate that by adding in commissions (most relevant to the accommodation and tours categories) the percentage turnover levels of the country sample may have been greater.

While the level of turnover for marketing is most clearly too low in the smaller businesses, it may be considered low more generally if we were able to know there was a high proportion of new (as opposed to established) businesses in the sample.

11.25 Conclusion

From the presentation and analysis of data, one may draw conclusions as to the quality of the marketing strategies used by the sample.

The framework of 'past', 'now', 'where' and 'how' provided a systematic approach to analysing essential component parts of marketing strategy.

The 'past' elements were recognised as essential to strategic marketing as these elements: knowledge, experience and wisdom, provide the foundations upon which successful strategic marketing is built.

The sample produced two factors which may weaken the foundations. The first was the short length of the time in the business, most noticeably in the country sample where 56% were in the business between 0-5 years. The low usage of research and advice sources prior to entry into the business was the second area identified as an inhibiting factor to implementing quality strategic marketing.

The 'now' indicators relate to the level of objective self-analysis by the sample.

The sample are very aware of their position in relation to competitors which is essential for effective strategic marketing.

It is noted however there are greater communication barriers for country businesses compared to MTA. MTA's communication and periodic training initiatives combined with the closer proximity of business to local destination competitors make for more effective monitoring and awareness of one's competitive environment.

The awareness of competitive advantage is also very high with sample. This is a fundamental element to effective marketing strategy. More important however is the degree of effectiveness in implementing strategies to capitalise on this sustainable advantage which is a 'how' factor.

The lack of knowledge of target markets by approximately half the sample indicates a significant weakness, given the importance of the strategic marketing approach to effective target marketing.

This weakness is compounded by the stronger product focus of the sample, as opposed to low customer and profitability orientations.

It is the trend setting planned opportunists with a customer orientation that are the minority group with a strong financial (return on investment) focus.

The strategic weaknesses evident in the 'now' analysis are reinforced by the 'where' analysis. There are low levels of thinking in terms of future financial, customer and target market objectives which are contrary to the desired strategic marketing approach.

Promotions are the most clearly perceived marketing element. Promotions are a fairly tangible concept, and yet only half the sample were able to list promotional objectives.

There is a stronger action as opposed to objectives preference in the sample which indicates a weakness of strategic planning. Without clear objectives an action approach is more likely to lack direction. It is more reactive to the marketplace and less efficient in fulfilling strategic objectives.

The vast majority of the sample think three or more years ahead - a strategic marketing fundamental. It is the channeling of thoughts into a planned and prioritised order wherein lies the problem for the majority of the sample. Furthermore only a minority have a new product development intention for the future. Again, if we are talking in terms of quality then, given what we know of the product life cycle, the quality of the strategic marketing approach is further diminished by this lack of intent.

The final aspect of analysis relates to the implementation aspect - the 'how' factors. The extent to which the 75% of the sample who 'exploit their competitive advantage' and the sample half who 'effectively target market' is tempered by analysis of the 'four P's'.

The analysis revealed that only half the sample had strategic reasons for justifying their promotions mix. It is suggested there is an over reliance on paid advertising at the expense of particular low cost targeted promotional methods. Co-operative promotional activity was disappointingly low, as was the usage of client 'bonding' mechanisms and promotions to the trade. There was a high level of awareness and reliance on 'word of mouth' promotion.

Monitoring of the promotions mix relied on simple mechanisms and lacked sophistication and by implication accuracy. In summary, the sample's promotional mix could not be said to be fine tuned, nor on the evidence presented, of a high quality.

Of the remaining 'P's', there is again considerable scope for improved quality. There is potential for greater use of packaging particularly in accommodation and attractions categories. It is the trend-setting businesses and those with formalised marketing strategies that are most likely to package product. The use of a broader range of discounts is needed.

Only half of the businesses in the Food Services, Art/Craft/Souvenir and Transport categories discount. Trade related discounts are under-utilised in the Accommodation and Attractions categories in particular.

The majority of the sample indicate a preparedness to embrace more distributors for their product. The need is particularly great for Tour Operators who significantly under-utilise wholesale and retail distribution.

On the evidence presented, there is a significant degree of diffused (as opposed to integrated) marketing. Furthermore, the methodology is more short term and tactical in nature as opposed to the desired longer term strategic approach. In relation to the overall quality of the sample's strategic marketing approach, there are numerous deficiencies. The level of quality cannot be measured in a quantitive sense. It is suffice to say however that on the evidence presented, there is potential for a big improvement in quality to reflect a more professional strategic business approach.

12.0 BARRIERS TO THE DEVELOPMENT OF STRATEGIC MARKETING BY TOURISM SMALL BUSINESSES IN VICTORIA

The identification of possible factors constraining the use of a more strategic tourism marketing approach by small tourism businesses in Victoria will both broaden the study and put the sample analysis in the context of its wider operational environment.

On the broad macro level in Australia factors shown to impact upon the level of demand for domestic tourism have been outlined by the BTR as follows:-[67]

- Economic conditions
  - cost of overseas travel
  - disposable incomes
  - costs in Australia
- Special events
- Special factors
  - attitudes/preferences
  - demographic change
- Industry factors
  - products
  - promotion/marketing.

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[67]Bureau of Tourism Research, BTR Tourism Update Vol. 3 No. 4 December Qtr. 1990.

It is the latter mentioned industry factors which relate most closely to the context of this study. It is important to recognise however that economic conditions, social factors and special events do impact upon the content and outcomes of strategic marketing for small tourism businesses.

This has been highlighted earlier with reference to Robbins and other studies. While such factors are largely out of the control of the small business sector, it is those who can anticipate and adapt through a strategic methodology who will perform most favourably.

The methodology used in this section of the research combines observational, anecdotal, primary and secondary sources.

The factors identified in this sector are as follows:-

Research and advice
Training and education
Industry associations
Distribution networks
Accreditation and standards.

12.1 Research and Advice

In seeking to identify why relatively little use is made of available research and advice sources in Victoria the sources are broken down into sub-sets.

The chief barrier identified by the author to the usage of professionals (accountants, solicitors and consultants) is the cost factor. Professional advice does not come cheaply. The Institute of Chartered Accountants does not have a recommended fee schedule, but indicated fees to small business may range from between $50 - $190 per hour. The Law Institute of Victoria has fees set by Statutory Rule.

Under Solicitors Remuneration Order 1990, Solicitors attendance involving the exercise of skill or legal knowledge is set at $20 - $37 per quarter-hour or part thereof.[68] Discussions with most of the 24 tourism consultancy organisations listed on the SBDC Tourism Consultants Data Base indicate while most give a free initial consultation, hourly rates range between $30 and $180 per hour, with a number not looking at jobs under $2,000 - $4,000.

In the case of the survey, approximately half the businesses had annual turnovers under $200,000. Within this framework professional services are always going to be considered relatively expensive.

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[68]Victorian Government. Solicitors Remuneration Order 1990. Statutory Rule, No. 1/1990.

Accessibility to professional service providers may also be another barrier, particularly for country businesses. Of the 24 tourism consultants listed on the SBDC Data Base, only two are located in country Victoria. The majority will travel to the country but the travel cost will be born by the country business.

The percentage of accountants and solicitors with specialist expertise in tourism businesses may also be a barrier. It was apparent from the SBDC Motels Survey that much of the inappropriate advice given to moteliers came from solicitors lacking specific knowledge of potential pitfalls in motel lease arrangements and accountants not picking up on overinflated goodwill values presented by intending lessees. General business principals are the same in all industries, but industry specific knowledge gives an important depth to the advice given.

Government tourism service providers, such as the SBDC, VTC, ABS and ATC all received low levels of enquiry from the sample when entering business. Barriers to greater use of these sources are partially cost related, but also a function of charter, marketing and accessibility.

The ATC has an industry liaison section with staff providing informational services to assist entrants in to the tourism industry. The marketing of the ATC's business assistance services are not well known to new small business entrants who often rely on their own initiative in sourcing ATC information, research and advice.

The author in his capacity as SBDC Tourism Business Advisor has found that the majority of new tourism business entrants had not been aware of ATC services.

The VTC's current Three Year Strategy Plan 1990/91 1992/93 focuses on maximising Victoria's growth in tourism market share. Relatively low priority is given to assisting entrants to the industry. Objective 45.2 states: 'encourage operators to improve their standards and to increase the quality and range of product which is available in the short term and can be included in the advertising and marketing of Melbourne and Victoria. Provide research and identification studies to assist development of tourism products'. Strategy (d) states 'provide leadership to the industry through regular newsletters and senior staff advise on aspects needing improvement, particularly in country locations'.[69]

Currently tourism small business enquiries to the VTC are regularly referred through to the SBDC Tourism Business Advisor and this relationship is highlighted in the VTC publication entitled Tourism Industry: Government Services Guide.[70] The need for more effective promotion of the source of State Government services of tourism business information, advice and referral services has been recognised and planned promotional activity should help reduce this current barrier to accessing such services.

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[69] VTC Corporate Plan. June, 1990.

[70] Victorian Tourism Commission. Tourism Industry: Government Services Guide July, 1990.

The SBDC has recognised tourism as one of six priority business sectors to cultivate in Victoria and will in the future produce more quality research aids for new and existing tourism businesses.

The ABS provides tourism specific data of a limited nature. They are increasing their tourism related data beyond the accommodation sector into areas such as Tourism Attractions and Motor Vehicle Hire. The ABS was rarely used by the sample for research. The problem of limited usage would appear to relate to low levels of non-targeted promotion to the business new starter.

The Australian Bureau of Tourism research have the potential to assist significantly in raising the levels of awareness and usage of tourism research with their clearly defined charter. Distribution of their research products into Victoria would be improved with a local distributor.

Research and advice assistance at a local level is generally limited. Much depends upon the nature of the local tourism organisation and the relevant local government's attitude and resource allocations to tourism.

In general the bigger regional centres can provide better assistance with paid tourism officers and formalised tourism policies. These include Bendigo and Wangaratta. The Department of Agriculture through its Rural Enterprise Victoria (REV) program has reduced barriers for new tourism business entrants in small and remote regions. One of the seven REV officers, Mac Booth, in the Wedderburn area, is currently assisting nine new small tourism businesses in small municipalities. There are many municipalities however without access to this grass roots business facilitation program.

In summary therefore significant barriers remain for small tourism business in gaining adequate research and advice prior to entering business. Some recent initiatives should assist in the future but barriers remain to the detriment of the standard of small business strategic tourism marketing.

Ultimately it remains the challenge of educators to create a greater awareness of the need for thorough research and advice seeking prior to establishing or buying a business and for Governments to continue to break down barriers inhibiting small businesses access to research and advice. Mechanisms which positively discriminate in favour of those who attain research and seek advice should be further investigated and implemented as appropriate.

12.11 Training and Education

Training and education are cornerstones for the building of a strategic marketing approach in small tourism business. Yet in Victoria there is not a co-ordinated approach to tourism training. Various bodies have dabbled in tourism training for small tourism business over the years. The only regular recognised seminar relating directly to this area is the Tourism Training Victoria (TTV) seminar, entitled 'So you Want to Buy a Hotel/Motel' which is held every six weeks. In 1989 TTV held a tourism marketing seminar, but not in 1990. TTV has almost exclusively a travel and hospitality focus.[71]

Prior to 1990 the VTC held an annual Tourism Conference, but in 1990 it became the Country Tourism Conference co-ordinated by a private consultant. This conference was again conducted in 1991.

The SBDC has primarily a facilitation charter to develop training though the TAFE system which is increasing its tourism profile but mainly in the travel and hospitality sectors.

The MTA have over the years provided numerous training seminars for members but recent funding changes and a changing charter would appear to have defused its training focus.

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[71] Tourism Training Australia. 'Tourism Training. A Strategy for the Future' 1990.

The country associations are generally still evolving or consolidating after the 1989 change in funding related to the VTC Rural Tourism Policy. The 1:1 funding scheme does not fund training so there is no direct financial incentive from the VTC for country associations to initiate training programs. The VTC is however reactive to invitations from country associations and do provide senior staff for seminars and meetings.

Industry bodies conduct their own training with varying degrees of regularity and standard. Examples include the Caravan Parks Association which holds an excellent four-day annual conference. Members of the Budget Motel chain conduct two-day workshops for members covering topics such as marketing, customer relations and management. In 1990 the Victorian Tour Operators Association held a domestic and international marketing seminar.

As yet however there is only ad hoc and limited training for independent moteliers, tourism attraction operators, tour operators, tourism retail businesses and sections of the host farm, farm holiday sector and bed and breakfast categories. There is no training for tourism destination associations nor tourism information centres.

Certainly the focus of training should not be restricted to seminars which are often too costly and conducted during business hours when small tourism businesses cannot leave their business.

A recent joint Victoria University of Technology and SBDC study in association with the Victorian Tour Operators Association (VTOA) indicated that of the 100 VTOA members surveyed, the biggest response for training services was in the form of information sheets.

Table 39 — Training Methods Preferred by Victorian Tour Operators

N=96

Information Type	% of responses
- Information Sheets	31
- Personal Advice/Discussion	22
- Seminar	20
- Home based resources (ie. video/manual)	19
- Others	8

Most significant however was the survey response to the question 'how would you rate participating in tourism training and its effect on your business?' Of the 76 that responded, 54% considered training as very important. A most significant percentage (46%) considered training not important or of no real concern.[72] This response is consistent with the findings of the training study by Breen and Hall (1990) in which they reported 'Only 41.7% of respondents in this study were training oriented'.[73]

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[72] Victoria University of Technology (Footscray Institute of Technology) Survey of Victorian Tour Operators Association Members. 1990.

[73] Breen J., Hall J., 'Training Needs of Small Business'. The Growing Small Business. Proceedings of the Fifth National Small Business Conference. p. 107.

In summary, current barriers to training and its subsequent impact upon the quality of strategic marketing fall in two main areas:-

1. Absence of a tourism (as opposed to hospitality and travel) training plan developed and supported by the various bodies with a tourism training charter.
2. Lack of recognition of the training needs of small tourism businesses (opposed to large) and subsequent provision of suitable training methods and materials.

The proliferation of tourism and small business courses in the tertiary and TAFE sectors should help in the longer term to reduce the knowledge and information gaps currently in the tourism small business sector. Such courses would be more effective if developed as part of an overall tourism plan. Training bodies must also recognise the resource constraints of small business operators and the need for low cost and on-site training methods and above all the low training orientation in the tourism small business sector.

12.12 Industry Associations

The nature of industry associations in Victoria has already been touched on in this study. Suffice to say that the majority of destination associations are still at an immature growth phase. The administrator of the VTC Rural Tourism 1:1 Subsidy Scheme commented after assessing over 50 rural tourism association marketing plans that the quality of the plans were very poor and they generally lacked strategic direction. This was in 1990 in the second year of the scheme.

The VTC are actively encouraging more co-operative brochures and packaging through the associations and the RACV's stance in rejecting poor quality small business brochures in the Victorian Travel Centre which will hasten the move to more co-operative and professionally presented promotional materials.

Country tourism businesses are disadvantaged by not having a representative organisation. The newly established Country Tourism Council should have high on its agenda research, training and market intelligence for country businesses and country associations. The committee's reliance on voluntary assistance may well inhibit both its establishment and its scope or ability to be anything more than an effective and much needed conduit between the VTC, country tourism businesses and associations.

12.13 Distribution Networks

Distribution has been identified by the sample analysis as a barrier to more strategic marketing. This is particularly so with a country business.

The barriers appear related to the following factors:-

1. Lack of awareness and understanding of the benefit of using distributors
2. Limited resources to effectively service distributors' needs in areas such as co-operative promotions
3. Small commissions relating to the relatively low net cost of the tourism product which make distribution for another business economically unattractive. This also relates to volume
4. Limited numbers of niche wholesale and retail agents in Melbourne and interstate markets with strong product knowledge and the appropriate specialist focus. Host farms and horse riding adventures are examples of areas in which there is limited specialisation, knowledge and focus amongst distributors.

Given the capacity, financial and general resource constraints of small tourism businesses, distribution will always be a problem. What the problem does highlight, however, is the importance of strategic promotion including greater levels of co-operative endeavour.

12.14 Accreditation and Standards

The final factor identified as constraining the use of a more strategic marketing approach in Victorian small tourism business is this area of accreditation and standards. The extent to which this affects the degree of strategic marketing is difficult to quantify.

One may suggest with good reason however that without accreditation and recognised standards to strive for or improve upon the quality of the tourism product and service delivery will not be so high. The most effective route by which a business can attain its accreditation or standards goals is via a strategic business approach.

The extent to which the categories of business surveyed are affected by accreditation and recognised standards in Victoria varies considerably. Most accommodation businesses choose of their free will to be accredited by the RACV. The star rating is widely recognised. All recognised accommodation groups such as 'Flag Motels', 'In House Bed and Breakfast' and 'Host Farms' use a rating or standards system. There is however no legal necessity for an accommodation business to be part of a standards accreditation system. Health standards are enforced at a local government level. These vary between municipalities and are narrowly focused on health, not necessarily broader customer needs. In depressed rural communities people are increasingly looking to accommodation and general farm tourism.

Lack of customer oriented accreditation and standards may indirectly constrain the use of a more strategic marketing approach in this sector in particular. It enables a simple low cost product focused business to operate in Victoria with little regard to strategic business planning and the reputation of the Victorian tourism product generally.

Transport standards are enforced by Vicroads and via restricted licensing procedures. Many businesses never get off the ground as they are unable to overcome the objections from existing operators. A Vicroads tribunal adjudicates in instances where existing operators object to new entrants. The tribunal would not claim to be primarily market place focused. Examination of its impact on tourism in Victoria would be an area worthy of study.

An interesting tourism business category included in the survey under tourism business services is tourism consultants. In Victoria there are no prerequisites to calling oneself a tourism consultant. While it may be argued, (along with all other categories), that market forces 'sift out the wheat from chaff', there is always the potential for damage to be done to the reputation of this category. Performance by consultants is important for it is upon the shoulder of a few consultants that much of the leadership and eduction concerning increased strategic tourism marketing in the State is carried. Lack of accreditation and standards for Victorian tourism consultants may constrain the use of a more strategic marketing approach in the State.

It is timely though to recall the limited use of professionals by small businesses and to keep in perspective the restricted impact some of the lesser known consultants have on the small tourism business sector.

Market forces rule in the art/craft/souvenir business category. Given the nature of art, accreditation and standards are very difficult to implement. With the only significant tourism growth in Victoria predicted to be international visitors, there may be valid reasons to look at implementing voluntary customer focused standards or accreditation of product in this category. It could possibly give Victoria a competitive advantage and stimulate a more strategic marketing approach in this notoriously non-business oriented tourism category.

Tour operators in Victoria through the Victorian Tour Operators Association are currently implementing an accreditation scheme for members. Supported by the VTC and backed by positive discrimination for accredited businesses, such initiatives should assist in raising the level of professional service delivery. Such standards should stimulate, not constrain the use of more strategic tourism marketing, given the marketplace is aware of and places a positive value on such standards.

Food services in Victoria are similar to accommodation providers with the standards being health and product focused via local government health regulations. Various rating systems exist such as 'Cheap Eats' and 'The Age Good Food Guide'.

As with the art/craft/souvenir category an international market focused accreditation or standards system may stimulate greater strategic market planning in this business category.

Last is the tourism attraction category in which there is no industry association nor recognised standards or accreditation. While one may argue that this is indirectly constraining strategic marketing in Victoria, the range of tourism attraction businesses are great and their locations are scattered (eg. 'The Great Koala' near the Grampians and the 'Old Yarra Mine' at Yarrawonga). Given the negative impact some of these attractions may have on the image of a destination, some guidelines for attractions at a state level may effectively deter some of the more harebrained schemes which periodically surface and occasionally go on to scar the Victorian landscape.

Without standards for attractions, the international visitor in particular is vulnerable to some fairly poor quality attraction experiences in Victoria.

In summary, there are some tourism categories where the absence of accreditation schemes or industry standards may be indirectly inhibiting development of more strategic tourism marketing methodologies.

13.0 WIDER IMPLICATIONS FOR TOURISM IN VICTORIA

The implications drawn from the research are significant in the wider sense in that they impact upon the number and type of tourism visitors in Victoria, their length of stay and upon the level of sustainable tourism development in Victoria's small business sector. These factors subsequently impact upon the net economic benefit of tourism to the Victorian economy. Given the application and relevance of the study to tourism small business in Australia, the implications of the study are spread nationally.

On examining the implications of the research findings, all identified strategic marketing factors have not been dissected. Rather, the implications of the major findings are spelt out as to the probable impact within the Victorian context.

Low levels of research and advice seeking prior to entering or establishing a small tourism business has significant implications at both micro and macro levels. Initially, in such businesses there is a greater likelihood of inefficiencies in expenditure in areas such as stock and promotions. On the income side, opportunities are likely to be lost. In seasonal tourism businesses one may have to wait a full year to 'do it better' next time.

The implication of this is significant levels of business failure (as has been demonstrated in the motel sector of Victoria). One of the major consequences of this is the constantly high level of changing business ownership which effectively keeps standards down. The importance of time in business for effective and strategic operations has been discussed. Ultimately the consequence of low levels of research and advice seeking is a lower level of net economic benefit from tourism to the State. From a recent Australian study of business failures businesses receiving high levels of advice at start-up and in an on-going manner conservatively had a 10% less chance per annum of failing.[74] Consider, for example, that in small businesses in Australia between 3-4 years old, 1 in 5 will fail.[75] To reduce this by 10% (given the size of the Victorian small business sector) the economic and social implications would be of significance to the State.

The significant weaknesses in the marketing methodologies analysed in the research produce a variety of implications.

The strong product focus which carries through to promotions is increasingly unattractive in the marketplace. As interstate and overseas destinations continue to sharpen their targeting of the Victorian market and sell enticing benefits and experiences, it reduces the potential growth in visitor numbers in Victoria and the likelihood of turning around the State's annual net loss of visitors.

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[74]Watson, J., Everett, J. 'Small Business Failures', Charter, 1990. p. 38.

[75]Ibid p. 38.

There is an obvious implication for the level of small business profitability, given a continued product focus and subsequent flow-on to the State in the form of lost potential revenue.

The product orientation interrelates with the low customer focus evident from the research. Without being strategically customer focused, there is an increased probability of visitor needs not being met. Given that 'happy customers talk, but unhappy customers talk more', the low customer focus is an impediment to an improved visit or image for the State. It also impedes an increase in the visitor length of stay and has a resultant inhibiting impact on economic growth. International visitors are the predicted significant growth sector in the future. Victorian small tourism businesses must become more effectively customer focused if the benefits of this growth are to be maximised.

The low financial and profit focus in two thirds of the sample implies significant levels of business failure, remembering that Williams (1987) prime cause of small business failure was financial management/cashflow problems.[76] Lower business returns occur because of lax financial management systems and will also reduce the level of funds for capital expenditure to upgrade tourism facilities. As a destination, Victoria is already having difficulty competing against northern state resort development and its associated strong destination marketing and appeal.

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[76]Williams, A.J.

Any perceivable running down of our tourism infrastructure, even at the small business level, will be to the State's detriment. 1990 is just the time when Victoria needs to improve its tourism image as is evidenced by the VTC's 'Melbourne Now' re-imaging campaign.

The impact of the 1990-91 economic downturn is effectively causing the business sector to fine-tune performance. In the tourism small business sector such wider economic pressures will, in the long term, be to the States benefit. A greater proportion of strategic and planned business will comprise the tourism small business sector.

The implications from the limited target marketing used in the sample and desire held by approximately half the sample for a greater understanding of new and existing target markets have both negative and positive outcomes.

It is negative in that without the ability to effectively segment the general market and target specific niche markets, significant business opportunities are being lost. The tourism small business sectors however appear receptive to increasing their knowledge of both existing and new target markets. The provision of greater levels of market intelligence to this sector would have a very positive impact. Combined with more effective target marketing, the needs of existing markets would be more effectively catered for and greater inroads made into new markets.

The well below optimal standard of the tourism small business marketing mix has a range of significant negative implications for tourism in Victoria. Low levels of packaging in the accommodation and attraction categories associated with the low market place focus are for example inhibiting intra and interstate visitor numbers as well as limiting overseas growth.

The two of the most significant implications are drawn from findings relating to the low levels of co-operative promotion and product distribution.

Low levels of co-operative promotional activity have implications, again of a negative nature. This is so for both destinations and business categories where there is equal scope for co-operative promotions. The proliferation of low cost and often ineffective tourism brochures from individual small businesses impacts negatively on the State's tourism image. The potential visitors research is more complex without a single comprehensive piece of information, bookings are more difficult without a centralised contact and a destinations image is diffused. This subsequently is detrimental to the State's visitor numbers and has a negative impact upon potential tourism earnings. With only approximately 10% of businesses involved co-operatively in travel and trade shows for example there are lost opportunities for turning around the State's low tourism self esteem and the net tourism visitor loss. Victoria's tourism industry needs to increase its profile amongst customers. The most cost effective way of doing this is with trade and co-operative promotions.

The need for greater co-operative endeavour also relates to the trend to establish in a tourism business to supplement another business income. This is most evident in the depressed rural sector. Strong destinational associations and sector associations such as In House Bed and Breakfast are essential not only for effective co-operative marketing, but to help raise the level of performance of these businesses. Industry self regulation, the preferred option of the Victorian Government generally, is only feasible with strong industry associations in place.

Opportunities for tour operators product distribution are being lost to the detriment of this category. It could be one of Victoria's sustainable competitive advantages within the national and international marketplaces.[77] The implications of limited distribution of Victorian product are reduced profitability and reduced presence in the market place. As a consequence, this is inhibiting individual and collective tourism growth in Victoria.

From the findings that the majority of businesses are not thinking of developing new products in the perceivable future, we can infer a level of sustainable tourism development in the State below its potential. As discussed earlier in the study the product life cycle model is well accepted.

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[77] Victorian Tourism Commission. 'Survey of Adventure Tourism in Victoria Report' AGB:McNAIR 1988.

The implications of limited new product development are inhibited tourism economic growth because of a perceived and actual loss of comparable product competitiveness with interstate and overseas destinations.

In summary the implication of this significant level of non-strategic tourism marketing is that tourism growth in Victoria is being significantly inhibited. Visitor numbers from interstate and overseas markets are being retarded. A more strategic marketing approach would also assist in keeping more Victorians in Victoria for tourism purposes.

An increase in average visitor length of stay would be more readily obtainable with a substantial improvement in strategic marketing.

The net economic benefit of tourism to Victoria is being held back by the inefficiencies associated with the significant level of non-strategic tourism marketing in the Victorian tourism small business sector.

APPENDIX 1

SMALL BUSINESS
DEVELOPMENT
CORPORATION

100 Exhibition Street
Melbourne Victoria 3000
Telephone (03) 655 3300
(008) 13 6034
Facsimile (03) 650 2832

TOURISM MARKETING SURVEY

Dear Business Operator

I am writing to ask you to assist in a study of small businesses being conducted by our Tourism Business Adviser Mr Colin Bransgrove.

This survey is being carried out by the Small Business Development Corporation, (a State Government Statutory Authority) in collaboration with Footscray Institute of Technology (Faculty of Business).

I have discussed this survey with the Executive Director of the Melbourne Tourism Authority, Ms Susan Calwell, and she welcomes and supports the study.

Thank you for your assistance. If you have any queries please call Colin at the SBDC on **655 3300.**

Susan Holmes.

Susan Holmes
General Manager

Tourism Marketing Survey

Survey Objectives:

- To get you, the business operator, thinking about your marketing and new marketing opportunities that may exist.
- To collect and analyse information to increase the body of knowledge of tourism marketing in Victoria.
- To identify areas of need for further marketing information, provide information on training needs and help us to assist Victoria's small business tourism industry.
- To contribute to the further development and viability of Victoria's tourism infrastructure.

Confidentiality It must be stressed that you need not identify your business in this survey. Individuals' information will be strictly confidential and only collectively will results and findings be made available.

Filling out the Survey Most questions simply require you to tick the appropriate box. A few questions require a brief written answer or for you to number the boxes to indicate your order of preference.

Post Paid Return Envelope Please return this completed survey in the postage paid return envelope by **Thursday April 12th.**

1. What attracted you to establish/purchase this business? (You may tick more than one.)

- Life Style ☐
- Business Opportunity ☐
- Short term financial gain ☐
- Long term financial gain ☐
- Challenge/Stimulus ☐
- Working in a people industry ☐
- Other ☐ Please Specify: ______

2. When you were entering this business where (if at all) did you seek information? (You may tick more than one.)

- Broker/Estate Agent ☐
- Accountant/Financial Advisor ☐
- Solicitor/Legal Advisor ☐
- Local Council ☐
- Local Tourism Organisation ☐
- Victorian Tourism Commission (VTC) ☐
- Australian Tourism Commission ☐
- Melbourne Tourism Authority (MTA) ☐
- Small Business Development Corporation (SBDC) ☐
- Australian Bureau of Statistics(ABS) ☐
- Tourism Training Victoria seminar ☐
- Other courses/seminars ☐
- Talking to customers of the business ☐
- People with experience in this type of business ☐
- Competitors ☐
- Previous business records ☐
- Other(s) ☐ Please specify: ______

Page 2

- THE TERM **MARKETING** IN THIS SURVEY REFERS TO THE PROCESSES YOU USE IN SELLING YOUR GOODS AND/OR SERVICES. MARKETING CONCERNS ITSELF WITH THESE GOODS AND/OR SERVICES AND HOW YOU PRICE, DISTRIBUTE AND PROMOTE THEM. THE GREATEST MARKETING COSTS ARE OFTEN INCURRED THROUGH PROMOTIONAL METHODS SUCH AS ADVERTISING OR THE EMPLOYMENT OF SALES STAFF.

3. In relation to your business, have you ever asked the following questions:

	Yes	No
Where are we now?	☐	☐
Where do we want to be in three or more years?	☐	☐
How do we get there?	☐	☐

Strategic marketing planning attempts to answer these questions.

4. What, if any, type of marketing strategy do you have for your business?

Written/formalised ☐
In my head/Informal ☐
No marketing strategy ☐

5. Do you or do you not have marketing objectives?

Do have ☐
Do not have ☐

If you do have marketing objectives, please briefly list them:

____

____

6. Businesses operate in a competitive environment.

Within this environment do you see your business as:

One which sets trends and leads its competitors ☐
Striving to become number one amongst its competitors ☐
One which does what its competitors do ☐
Other ☐ Please specify:

____

7. Please summarise and describe what you see as the essential purpose or mission of your business:

____

____

____

8. Does your business attract specific or-identifiable segments/groups/types of customers? (These may be called your existing target markets).

Yes ☐ No ☐

9. If the answer to Q.8 is *YES* please give a brief profile of your target markets: eg. 20-35 year old professionals from Adelaide. If *NO* go to Q.11.

____

____

10. Do you specifically try to communicate through marketing to each listed target market in Q.9, or do you market to your customers as one group?

1) Market to specific target markets ☐
2) Market to them as one group ☐
3) Combination of 1) and 2) ☐
4) Don't know ☐

11. What factors if any adversely affect your ability to effectively target specific markets? (You may list more than one factor).

Insufficient money ☐
Insufficient knowledge of who they are ☐
Insufficient marketing skills ☐
Insufficient knowledge of where they are ☐
None ☐
Other(s) ☐ Please Specify:

____

YOU MAY BE INVOLVED IN SELLING A SERVICE, GOODS OR BOTH. WE WILL DESCRIBE THESE AS PRODUCTS.

12. Which of the following most accurately reflects what your business seeks to do:

To continue selling existing products and maintain market share ☐
To continue selling existing products and expand market share ☐
To develop new products for existing markets ☐
To develop new products for new markets ☐
None of the above ☐

13. Do you see your product/s as part of an overall 'mix' of products or each a separate product?

A mix ☐
A separate product ☐
Only sell one product ☐

14. Please number, *in order of priority*, **the factors that influence your setting of price(s) by recording the most important = 1, to the least important = 5.**

Price charged by competitors ____

Maximisation of profits ____

Desired return on investment ____

Break even analysis ____

What my customers are prepared to pay ____

15. Do you or do you not 'package' any of your products yourself or with other businesses ? (e.g. accommodation/meals/ski hire for weekend at cost $x)

Do ☐ Do Not ☐

16. Do you or do you not offer discount prices for your product/s?

Do discount ☐

Do not discount ☐

(If you do *not* **offer discounts, go to Question 18)**

17. Which of the following discounts do you offer? *(You may tick more than one)*

"Out of season" discounts ☐

Repeat order discounts ☐

Group or bulk order discounts ☐

Discounts to wholesalers/retailers/travel writers or others who can significantly affect sales ☐

Other(s) ☐ Please specify: ____________________

18. Which, if any, of the following means of distribution do you use for your product(s)? *(You may tick more than one.)*

Direct to customer sales ☐

Wholesalers ☐

Retailers (excluding VTC, RACV) ☐

V.T.C. ☐

RACV ☐

Australian Tourism Commission ☐

Inbound Tour Org. Australia. ☐

M.T.A. ☐

Chains eg. Flag Motels ☐

Co-operatives ☐

Tourism Information Centres ☐

None ☐

Other(s) ☐ Please specify:

19.Would you like to make more or less use of distributors?

More use ☐
Less use ☐

Please explain why:

____

____

____

____

20. Please tick the promotional methods you have used either individually or in association with others.

	Individually	With Others
Word of mouth	☐	☐
Local newspaper	☐	☐
Local tourism newspaper	☐	☐
State newspaper	☐	☐
National newspaper	☐	☐
Local or city guide book	☐	☐
State guide book	☐	☐
Australian guide book	☐	☐
RACV/NRMA publications	☐	☐
Special interest magazines	☐	☐
Trade journals/publications	☐	☐
Other publications	☐	☐
Radio	☐	☐
Television	☐	☐
Media/Press release	☐	☐
Video	☐	☐
Brochure/Leaflet	☐	☐
Shell folder	☐	☐
Yellow Pages directory	☐	☐
Poster / Calendar	☐	☐
Maps	☐	☐
Post cards / Stickers	☐	☐
Clothing promoting business (eg: T-shirts or windcheaters)	☐	☐
Free gifts	☐	☐

	Individually	With Others
Newsletter	☐	☐
Direct Mail to existing or prospective customers	☐	☐
Personal sales calls	☐	☐
Telemarketing to existing or prospective customers	☐	☐
Signs on premises	☐	☐
Outdoor signs (off premesis)	☐	☐
Tourism Centre advertising	☐	☐
Shopping Centre promotions	☐	☐
Travel Shows	☐	☐
Trade Shows (eg. Australian Tourism Exchange)	☐	☐
Point Of Sales displays	☐	☐
Window displays	☐	☐
Contests/Competitions	☐	☐
Special events	☐	☐
Sponsorships	☐	☐
Donations	☐	☐
Endorsements	☐	☐
Familiarisations-journalists/trade	☐	☐
Other(s) - please specify	☐	☐

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21.Please indicate why you used the promotional 'mix' of methods listed in Q.20 ?

(you may list more than one)

- Low cost ☐
- Salesman convinced me it was good value ☐
- Convenient ☐
- All I could afford ☐
- Have always used it ☐
- Cost effective ☐
- Meets my promotional objectives ☐
- Ongoing evaluation of my promotions indicates it to be the most effective promotional 'mix' ☐
- Research indicates it to be the most effective promotional 'mix' ☐
- I have the skills to implement these methods ☐
- The promotional 'mix' compliments my product, pricing and distribution strategies ☐
- Other(s) ☐ Please specify:

____

____

22.Can you list your promotional objectives? (These may be *measurable* eg. increase product awareness among Sydney market by 20% within 6 months; or *immeasurable* (eg. increase product awareness.)

____

____

____

____

____

23.In looking at your business do you or do you not believe you have a *unique selling point* or particular *competitive advantage* over your competitors? eg. service, price, location, image....

- Do have ☐
- Do not have ☐

24.If you ticked that you *do have* a unique selling point in Q.23, do you or do you not deliberately seek to exploit or promote this advantage in your marketing? If you ticked that you *do not* have a unique selling point in Q.23, go to Q.25.

- Do exploit ☐
- Do not exploit ☐

25. How do you evaluate the effectiveness of your marketing? *(you may list more than one)*

- Talking to customers ☐
- Formalised customer survey ☐
- Coupon response advertising ☐
- Sales figures ☐
- Keyed addressing (ie.varying a small aspect of your contact/address with each promotion/advertisement to identify source of inquiry) ☐
- Telephone response advertising ☐
- "Gut feeling" ☐
- Other(s) ☐ Please Specify:

____

____

26.Please list those factors which are barriers to better marketing of your business:

____

____

27.From the following areas of marketing please tick those areas you would like to strengthen.

- Strategic Marketing Planning ☐
- The promotions 'mix' ☐
- Pricing ☐
- Distribution ☐
- Research ☐
- Knowledge of existing target markets ☐
- Knowledge of new target markets ☐
- Product ☐
- Product mix ☐
- Customer Service ☐
- Other ☐ Please specify:

____

____

Thank you for completing these questions.
The last five questions relate to the business profile.

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28. Please tick the category that best fits your business

- Transport ☐
- Accommodation ☐
- Attractions ☐
- Food Services ☐
- Tour Operations ☐
- Entertainment ☐
- Art/Craft ☐
- Other ☐ Please specify:

____

29. About how many years have you been in the business ?

☐ 0-1 years ☐ 2-3 years
☐ 4-5 years ☐ 6-7 years
☐ 8-9 years ☐ 10 or more

30.How many people are employed in your business (including yourself)?

Full Time		Part Time/Casual	
1	☐	1	☐
2	☐	2	☐
3-5	☐	3-5	☐
6-10	☐	6-10	☐
11-20	☐	11-20	☐
21-30	☐	21-30	☐
Over 30	☐	Over 30	☐

31. Please indicate the approximate size of your marketing budget for the last financial year:

☐ less than $5000 ☐ $5000 - $10,000
☐ $10,000 - $30,000 ☐ $30,000 - $50,000
☐ $50,000 - $100,000 ☐ greater than $100,000

32. Please indicate the percentage of your last financial years turnover that was devoted to marketing?

0-2%	☐
3-5%	☐
6-8%	☐
9-12%	☐
13-15%	☐
greater than 15%	☐

Thank you for taking the time to complete this survey.

Please return the survey in the post paid envelope **by Thursday 12th of April** if possible. If you would like to discuss any of the marketing topics listed in Question 27, contact the Tourism Business Advisor at the Small Business Development Corporation on (03) 655 3300 or (008) 136034.

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