

Innovation in tourism destination marketing: The case of South Africa

D Bezuidenhout

 **orcid.org/0000-0002-4450-1523**

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Supervisor: Prof E Slabbert

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Student number: 24119660

Declaration

Regarding Independent Work

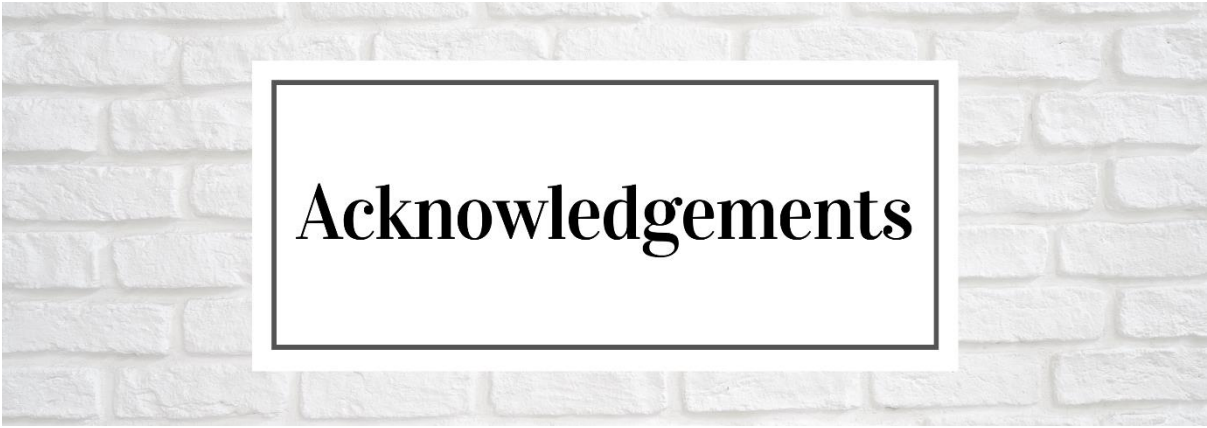
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Miss. D Bezuidenhout

02 / 12 / 2019

Date



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Abstract

Innovation in tourism destination marketing with the case of South Africa is the first study of its kind. Because the tourism product is intangible it makes the developing of processes, the understanding of consumers and the changing market difficult to understand. Research based on innovation in tourism destination marketing with the case of South Africa has been under-researched. This study offers an in-depth analyses of tourism marketing, consumer behaviour and innovation based on the tourism industry of South Africa. A more detailed analysis was done to determine the profile of respondents travelling to and within South Africa, to determine their individual travelling behaviour, factors that influence their travelling decision-making and which innovative practices they consider to be the most important elements of the tourism industry of South Africa.

An in-depth research process was followed to ensure that the main goal of this study was achieved by analysing innovation in tourism destination marketing in a South African context. This research followed a descriptive design, based on quantitative research method. This research was conducted at the OR Tambo International airport and therefore, an interceptive, face-to-face, non-probability survey was conducted. The OR Tambo International Airport was used because it is one of Africa's biggest and busiest airports that facilitates over 21 million passengers per year (OR Tambo International Airport, 2018). A total of 232 completed questionnaires were received, including domestic and international travellers. The data of this research was analysed by capturing it in Microsoft Excel and exporting it to SPSS.

The descriptive results revealed that most of respondents that participated in this study were fairly young qualified married male adults, working in as professionals, travelling in group sizes of 2 people and business were their main reason for travelling. Regarding the international visitors, they have been between 2 to 3 times and 4 to 5 times in South Africa. This group book their international trips 31-90 days in advance whereas the domestic tourists book their longer holiday 121 days in advance.

The data on the factors influencing the travelling decision-making of tourists were analysed using descriptive statistics, factor analysis, *t*-tests, ANOVA's and Spearman's correlations. Based on the results, most visitors consider themselves open to new experiences, flexible and easy going. It is also clear that the Internet created new opportunities for marketing that the consumers are utilising. Most of the respondents prefer online travel information due to easy access and use the Internet to make travel decisions. It was also clear that not all innovative practises are acceptable to tourists, more specifically travelling to space and being served by a robot. The current most innovative practises for the respondents are Airbnb/Uber followed by travel apps and TripAdvisor. In both cases the consumer should trust the application and also have control over choices made – this is important for future developments. The one-stop shop for all app was also popular choice and this is an opportunity for South Africa to market itself as a tourism destination – tourists want the process to be easy and available.

For innovation in product it is important to provide an unique experience that include food and drinks (new trend in tourism); in promotion the continued use of the Internet is evident; for pricing the consumer want to have control and pay only for the services and products used, for place the marketing channels should be online, and for people, the everchanging needs of consumers needs to be kept up with, therefore the innovative behaviour of employees contribute to the overall experience of consumers. These are important considerations for marketing innovation in the future.

Key words: Innovation, Tourism Marketing, Tourism Industry, Consumer.

Opsomming

Innovering in toerisme-bestemming bemarking gebaseer op Suid-Afrika, is die eerste studie van sy soort. Aangesien die toerisme-produk ontasbaar is, maak dit die ontwikkeling van prosesse, die verstaan van verbruikers en die veranderende mark moeilik om te analiseer. Die studie is gebaseer op innovering in die bemarking van toerisme-bestemmings, met Suid-Afrika as fokuspunt. Hierdie studie bied 'n in-diepte analise van toerisme-bemarking, verbruikersgedrag en innovering gebaseer op die toerismebedryf van Suid-Afrika. 'n Meer uitgebreide analise is gedoen om die profiel te bepaal van die respondente wat na- en binne Suid-Afrika reis, om hul individuele reis-gedrag te bepaal, faktore wat hul reis-besluitneming beïnvloed te ondersoek en watter innoverende praktyke hulle as die belangrikste elemente van die Suid-Afrikaanse toerismebedryf beskou.

'n In-diepte navorsingsproses is gevolg om te verseker dat die hoofdoel van hierdie studie bereik word deur innovering in die bemarking van toerisme-bestemmings in 'n Suid-Afrikaanse konteks te ontleed. Hierdie navorsing het 'n beskrywende navorsingsonderwerp gevolg, gebaseer op 'n kwantitatiewe navorsingsmetode. Hierdie navorsing is by die OR Tambo Internasionale Lughawe uitgevoer en daarom is 'n ondersoekende, aangesig-tot-aangesig, nie-waarskynlikheidsopname onderneem. Die OR Tambo Internasionale Lughawe is gebruik omdat dit een van Afrika se grootste en mees bedrywigste lughawens is, wat meer as 21 miljoen passasiers per jaar fasiliteer (OR Tambo International Airport, 2018). 'n Totaal van 232 voltooide vraelyste is ingesamel, insluitend plaaslike en internasionale reisigers. Die data van hierdie navorsing is geanaliseer deur dit in Microsoft Excel vas te lê en na SPSS uit te voer vir verdere ontledings.

Die beskrywende resultate het aangedui dat die meeste respondente wat aan hierdie studie deelgeneem het, redelik jong gekwalifiseerde, getroude manlike volwassenes was, wat as professionele persone werk, in groepgroottes van 2 mense reis en dat besigheid hulle hoofrede was om te reis. Wat die internasionale besoekers aanbetref, was hulle al tussen 2

tot 3 keer en 4 tot 5 keer in Suid-Afrika. Hierdie groep bespreek hul internasionale reise 31 tot 90 dae vooruit, terwyl die plaaslike toeriste hulle langer vakansies 121 dae vooruit bespreek.

Die gegewens oor die faktore wat die reis-besluitneming van toeriste beïnvloed, is ontleed aan die hand van beskrywende statistieke, faktor-analises, *t*-toetse, ANOVA's en Spearman se korrelasies. Gebaseer op die resultate, beskou die meeste besoekers hulself as oop vir nuwe ervarings, buigsaam en gemaklik. Dit is ook duidelik dat die Internet nuwe geleenthede vir bemarking geskep het wat die verbruikers benut. Die meeste respondente verkies reis-inligting wat hulle aanlyn kan vind weens die maklike toegang daartoe, asook die gebruik van die Internet om reis-besluitneming te maak. Dit was ook duidelik dat nie alle innoverende praktyke vir toeriste aanvaarbaar is nie, dit verwys meer spesifiek na 'n besoek aan die ruimte en om deur 'n robot bedien te word. Die huidige mees innoverende praktyke vir die respondente is Airbnb/Uber, gevolg deur reisprogramme en TripAdvisor. In albei gevalle moet die verbruiker die program vertrou en ook beheer kan hê oor keuses wat gemaak word - dit is belangrik vir toekomstige ontwikkelings. Die "one-stop shop for all app" was ook gewild en dit is 'n geleentheid vir Suid-Afrika om homself as 'n toerisme-bestemming te bemark - toeriste wil hê dat die proses maklik en beskikbaar moet wees.

Vir innovering in produkte is dit belangrik om 'n unieke ervaring te bied wat voedsel en drank insluit ('n nuwe neiging in toerisme); in promosie is die voortgesette aanhoudende gebruik van die Internet belangrik; vir prys wil die verbruiker beheer hê en slegs betaal vir die produkte en dienste wat hy wel gebruik, vir plek moet die bemarkingskanale aanlyn beskikbaar wees en vir mense moet daar bygehou word met die veranderende behoeftes van verbruikers en daarom speel die innoverende gedrag van werknemers 'n baie groot rol in die algemene ervaring van die verbruiker. Hierdie is belangrike oorwegings rakende die innovering van bemarking in die toekoms.

Sleutelwoorde: Innovering, Toerisme-bemarking, Toerismebedryf, Verbruiker.

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Chapter 1

Introduction & Problem Statement

1.1. INTRODUCTION

Marketing is an ever-changing concept that consists of pricing, communication, product development and distribution. In 1969, Kotler and Levy already indicated that in order to be ahead of competition, businesses need to be more progressive, which involves constant attention to the changing needs of consumers and new product development, with modification of products and services to meet the consumer's needs (Kotler & Levy, 1969:10). This is still the case today, where the existence of businesses is determined by successful services and products, which in turn depends on successful marketing (Burnett, 2008:2). The Chartered Institute of Marketing (2015:3) defined marketing as the management process that is liable for profitably classifying, anticipating and fulfilling the requirements of consumers.

According to Chauhan (2013:5), marketing can be seen as the most important business function for any possible service or product because it defines what the tone of the service or product is, as well as how the service or product will be understood and interpreted by the consumer. The author further added that marketing is fundamentally the communicating process regarding the value of a specific service or product, as well as the link that connects them to the consumer and allows them to make subjective decisions about the services and products (Chauhan, 2013:5).

In the 1930's Schumpeter (1934) labelled innovation as 'creative destruction' and this has become a precondition for sustainability and future growth in a competitive marketplace (Disvisekera & Nguyen, 2018:157). Zach and Hill (2017:196) stated that innovation is a critical factor in the success of a tourism destination that competes for tourists. Marketing innovation is seen as the emergence of a new idea that is a breakthrough or radical innovation, or an incremental modification of an existing concept for improvisation (Lin & Chen, 2007). This might relate to a new product or a business model, the creation of extra value through

initiatives or the extension of a market. Gandolfo and Padelletti (1999), and Kask (2011) stated that marketing innovation is directly related to service delivery, which correlates with the tourism product consisting mainly of a product (service), pricing strategies, promotion strategies, place strategies and the consumer.

Bilgihan and Nejad (2015) stated that continuous innovation leads to the improvement of quality of services and it offers an experience that is more customised. Service innovations determine different ways in which more value can be created and delivered to consumers through different processes and technology. The above points to the continuous improvement and streamlining of ideas in order to empower consumers, employees and shareholders. New types of consumer experiences have emerged as a result of innovation (Bilgihan & Nejad, 2015) and these need to be marketed in an innovative manner.

Therefore, for marketing to be effective, businesses need to be innovative to gain competitive advantage. This emphasises the importance of research and understanding what consumers want and need in terms of tourism experiences. Thus, the main goal of this study is to analyse innovation in tourism destination marketing in a South African context with a focus on the marketing mix (product, price, place and promotion).

1.2. BACKGROUND TO THE STUDY

Marketing can currently be categorised in the social/mobile era of development. This era is where businesses are permanently connected in real-time, to current, potential and future consumers (Moré, 2012). Businesses are no longer in the driving seat; consumers are (Faudree, 2016) and this changed the face of marketing and how it is conducted.

The new digital age has produced an incredible new set of consumer relationship-building tools, from online advertisements, blogs and online videos to online societies and major social media, like Facebook and Instagram (Kotler & Armstrong, 2018:41). Yesterday's businesses mostly focused on mass marketing, whereas the businesses of today are using mobile, online and social media to improve their targeting, and to involve consumers more interactively and deeply (Kotler & Armstrong, 2018:41). Digital marketing has transformed into a compulsory ingredient rather than an option for businesses (Clow & Baack, 2018:28). The new ways of marketing are consumer-engagement marketing, which is the fostering of constant and direct consumer involvement in the shaping of brand community, brand experiences and brand conversations. Consumer-engagement marketing goes further than just selling a brand to consumers. The main goal is to make the brand a significant part of the conversations and

lives of consumers (Kotler & Armstrong, 2018:41), and to create a relationship with consumers in order to foster awareness and loyalty of the brand (Rouse, 2017). The growing internet and social media have given consumer-engagement marketing a big boost (Kotler & Armstrong, 2018:41). The consumers of today are more connected, better educated, better informed and more empowered than ever before (Kotler & Armstrong, 2018:41; Kotler & Keller, 2016:150). Marketers are not only embracing consumer relationship management, but also consumer-managed relationships, in which consumers connect with businesses and other consumers in order to help share and forge their own experiences of the brand (Kotler & Armstrong, 2018:41); this information can be favourable or unfavourable and it is important to note that these messages travel almost immediately (Clow & Baack, 2018:28). Marketing can no longer be relied on by intrusion, rather by attraction – marketing messages must engage consumers, not interrupt them (Kotler & Armstrong, 2018:41).

However, the fast-changing media environment makes it more challenging to reach target audiences and to communicate efficiently (Belch & Belch, 2018:4), especially for smaller businesses. The reason for this is that the audience size cannot be determined because messages on social media can be accessed everywhere by any person who has a smartphone, tablet or computer and anyone can post messages or content that is almost instantaneous (Kerin & Hartley, 2017:542). Thus, it makes it more difficult for businesses to position themselves in a social media environment. Regarding the content that consumers receive from the media, they want to be more in control of that, they are looking for information and entertainment from numerous sources (Belch & Belch, 2018:5). Therefore, one needs to be different, innovative and creative in order to keep the attention of consumers.

Kotler and Keller (2012:3) stated that businesses in the 21st century face challenges like financial growth and they must survive in an unforgiving economic setting. Marketing plays an important role in addressing those challenges. Thus, according to Kotler and Keller (2012:3), the marketing ability of a business determines financial success; they added that the importance of marketing extends to society as a whole. Marketing helped with the introduction and gain of acceptance regarding new services and products that have improved people's lives. Furthermore, marketing encourages improvement in current products as marketers innovate to increase their position in the marketplace (Kotler & Keller, 2012:4). Jobs are being created through the demand for services and products, which in return, is built upon successful marketing. When marketing is successful, it allows businesses to participate to a greater extent in socially responsible activities (Kotler & Keller, 2012:4).

The development of marketing has been focused on products, however, in a service setting such as the tourism industry, the development of service-focused models and concepts started with an influential article written by Shostack in 1977, in regard to the promoting of service marketing as an adequate field of research that distinguished it from product-based marketing (cited by Baker & Magnini, 2016:1511). Thus, there was the development of semi-manageable aspects regarding physical evidence (such as uniforms and facility), regarding people (such as customers and employees) and regarding process (such as the involvement level of the customer and flow of activities), which were said to separate service marketing from product marketing (Baker & Magnini, 2016:1511).

According to Tomczak, Reinecke and Kuss (2018:171), every business should have some variables available, in a certain situation, so that growth and marketing strategies can be implemented and objectives achieved. Tomczak *et al.* (2018:171) further added that these variables can be categorised as the “so-called marketing instruments” and that establish the marketing mix. The traditional four, as it is widely known, is “product”, “price”, “place” and “promotion”, recently “physical evidence”, “people” and “process” has been added to the mix. Only “product”, “price”, “promotion”, “place” and “people” will be discussed as these inform the research and were selected due to the high level of innovation opportunities it offers.

1.2.1. Product

According to McDonald (as quoted by Dolnicar & Ring, 2014:32), “product” can be described as the design, development, modification, branding and the elimination of products. Tomczak *et al.* (2018:13) added that product includes services, material goods and combinations. Thus, the product can be seen as all things that are closely linked with the product. There are a few aspects regarding tourism products, such as the intangibility of it, which creates more challenges in the marketing of tourism products than in the marketing of consumer products. George (2011:24) described intangibility in service as something that cannot be brought to the consumer, it cannot be tested beforehand, and it cannot be inspected. A tourism product/service/offering is an experience rather than physical goods, which makes it challenging for marketing. For tourism products, there are a few innovative trends regarding tourism product development in 2018, which have to be addressed in marketing practices; they are:

- ❖ Sustainable tourism; according to Kow (2017), the world is becoming more crowded, travellers are becoming more aware of how destinations are being ruined by over tourism, and therefore, they are looking to visit destinations that are less known.

- ❖ Voluntourism, also known as volunteer tourism, is when a traveller visits an exotic place with the purpose of volunteering. This is a great way for people to learn about diverse cultures and discover a country while helping people that are in need (Martinez, 2018).
- ❖ Airbnb, which can be described as a marketplace where people can list, discover and book exclusive accommodation anywhere in the world (Lang, 2014).
- ❖ Culinary tours, which can be described as the searching of exceptional and notable drinking and eating experiences (Postnikoff, 2016).
- ❖ A recent trending topic in the travel industry is space tourism and many businesses, such as Richard Branson's Virgin Galactic, for example, sprint to bring their intergalactic flight plans to perfection (Shalvey, 2018).
- ❖ Customisation is what the future of tourism will rely on. There will be less organised tours, as have been arranged by travel agencies for years. The new and trendy travellers of today will build tours custom made specifically for them and in this way, they will get exactly what they want (Slate, 2016).
- ❖ Fifty-seven percent (57%) of all travelling reservations are made online. According to the experts, in the following decade, expanding digital travel space will have a turnaround of up to 11,5 trillion (Chuba, 2018).

Therefore, the challenges regarding the product in a tourism context include intangibility, inseparability, heterogeneity, perishability, continuous change and the variety of products available from which consumers can choose. The question is: *Are the tourists currently utilising these tourism product innovations and how does it influence travel behaviour decisions?*

1.2.2. Price

According to Chauhan (2013:16), "price" can be described as the amount paid for a product. This is the main factor that will determine a business' profitability and therefore, survival (Chauhan, 2013:16). The internet allows the connection of consumers and businesses like never before. Consumers can easily and quickly compare prices and products, which puts them in a better bargaining position. Furthermore, the technology of today allows businesses to gain access to the detailed data of consumers regarding their preferences, buying habits as well as their spending limits, and this gives businesses the opportunity to tailor their prices and products for consumers (Lamb, Hair & McDaniel, 2018:348). A sharing economy is where consumers can share things from clothes to skills; this type of consumer extracts more value from what is already being owned by them (Kotler & Keller, 2016:486) and can be seen as a

recent trend in pricing. In any exchange, a good reputation and trust are very important, but in a sharing economy it is imperative. There are two pillars when it comes to a sharing economy (Kotler & Keller, 2016:486):

- ❖ Bartering, which is one of the oldest ways to acquire goods. Barter is usually websites that allow people to swap and sell services and goods.
- ❖ Renting; usually websites that allow consumers to rent things at an affordable price.

Therefore, the challenges regarding pricing include the involvement of consumers in pricing, tailor-made options to fit different consumers, to gain competitive advantage, and that one price may not fit all consumers. The question is: *Are the tourists currently utilising these tourism pricing innovations and how does it influence travel behaviour decisions?*

1.2.3. Promotion

According to McDonald (as quoted by Dolnicar & Ring, 2014:32), “promotion” includes things like sales, advertising and promotion, and public relations. The Chartered Institute of Marketing (2015:7) stated that promotion is the manner in which the business communicates to the consumer regarding what it does and what it can offer. Promotion must give the consumer a reason to choose the business’s product and services above the competitor’s product; it must also send a consistent message, gain attention and be appealing. The features of a product or service as well as the benefits that a consumer receives from a product or service should be communicated through promotion (Chartered Institute of Marketing, 2015:7). Thus, Tomczak *et al.* (2018:14) indicated that promotion could be seen as the autarchic effort of providers to influence consumers. According to Prana Business Consulting (2018), the following trends can be expected to emerge in promotion, in 2018:

- ❖ Phygital marketing, which means that the digital world has transformed the ways in which people communicate, receive their advertising and share information. When the digital world and the physical world come together, “phygital mashups” are being created, which can hit the audience of the business in an extremely engaging way. Phygital marketing engages consumers by tying into things consumers see, do and interact with in their everyday lives.
- ❖ Augmented reality, which will allow brands to be social in exciting new ways.
- ❖ Prominence on quality of quantity, which means content should be created by brands that inspire and engage their audiences. Businesses should focus on putting out the content of quality and relevance, even if the cost is volume.

- ❖ Video marketing can persuade better than any other type of content marketing. Brands of today need to re-focus their energy on video content in order to get better engagement, better search rankings and better recall on content.
- ❖ Artificial intelligence is expected to make a big impact on how marketing takes place for consumers. A highly-customised content delivery, automatically based on consumers' lifestyle and persona, can be expected.

Houston (2018) also mentioned a few trends for the year 2018, namely:

- ❖ The recognition of brands is more attractive than ever, which means that consumers are naturally drawn to brands that are familiar for their outstanding quality. The fast spread of this trend can be mainly traced back to social media because everybody follows their favourite brands on different social media platforms. Brands know how to influence the power of social media to tell their stories persuasively. With the increasing ability of social media to influence consumers, the recognition of brands is becoming more visible.
- ❖ The buying power is shifting, which means that because millennials are being hired by businesses, the buying power is being provided to a younger generation, which is leading to a change in the types of promotional items that are being bought by businesses. Therefore, it is important to choose promotional items that will appeal to the millennial generation that values usefulness, creativity and uniqueness.
- ❖ Adding value is the key to the success of a promotional item. It is important that the promotional gifts and items that the business gives out are desirable, useful and of high quality.

According to Parna Business Consulting (2018), the trends mentioned above – some of them being predictions – will possibly fail to come to completion as the expectations of consumers and technology keep on changing. Therefore, the challenges regarding promotion, include consumer involvement (especially in terms of the message that is being sent out and the opinions of consumers regarding the message), the fast changing of media, and to be creative and innovative enough to gain competitive advantage. The question is: *Are the tourists currently utilising these tourism promotion innovations and how does it influence travel behaviour decisions?*

1.2.4. Place (Distribution channels)

McDonald stated (as quoted by Dolnicar & Ring, 2014:32) that “place” is an indication of distribution channels’ decisions. Distribution can be seen as every decision that may affect the path of a product from the provider to the consumer. This includes aspects of transport, warehousing, and choice of location, on the other hand, it is known as “marketing logistics” (Tomczak *et al.*, 2018:14). Distribution strategies are greatly transforming because of the digital revolution. Consumers, as well as businesses, are becoming more comfortable with buying online and using smartphones, which has caused the explosion of traditional channels; therefore, these traditional channel strategies are being modified or replaced. As in all marketing, the key is being held by consumers (Kotler & Keller, 2016:520). The service providers of distribution are changing from traditional processes to processes that are technology-based, which is improving the capabilities of transportation and warehousing, and allowing co-operative engagement to drive profitability and operational success. The following are a few emerging trends in distribution (Anon, 2018b):

- ❖ Mega-distribution centres are being built in order to enhance delivery schedule, reach economies of scale and ensure optimal allocation of human resources.
- ❖ Manual processing is being adopted by process automation, in order to deliver real-time visibility, drive satisfaction of consumers and streamline material flow and process.
- ❖ Advanced technologies like green practices are being integrated in order to reduce the usage of corrugated packaging, reduce the use of paper, and environmentally sustainable motion sensors are being used to offer services to consumers.

Therefore, the challenges regarding place in a tourism industry context is that the product cannot be tested and the intermediaries in the distribution channels affect consumers because it consists of people. The question is: *Are the tourists currently utilising these tourism place innovations and how does it influence travel behaviour decisions?*

1.2.5. People

The Chartered Institute of Marketing (2015:8) described “people” as anyone in the business that comes into contact with consumers, will make an impression. According to George (2011:3), it is of extreme importance to determine what consumers want and to develop and produce that product or service rather than only producing products to suit the needs of consumers. Many consumers cannot separate the product or service that is being provided by the employee that delivered it. The Chartered Institute of Marketing (2015:8) stated that a business’

employees would have a profound effect on consumer satisfaction, either positive or negative. Kotler and Keller (2016:48) stated that in a way, people do reflect internal marketing as well as the fact that staff members are critical to the success of marketing. The marketing of a business will only be as good as the business' people. Kotler and Keller (2016:48) further stated that the above reflects on the fact that marketers must see consumers as people so that the consumer's lives can be more broadly understood and that they are not just consumers that consume products and services. *What is the current travel behaviour of tourists and are their characteristics influencing their view and use of innovative practises in the tourism environment?*

1.2.6. The importance of innovation in marketing and tourism

According to a well-known author in the field of innovation management, Trott (as quoted by Ilić, Ostojić, & Damnjanović, 2014:35), innovation can be defined as a set of activities that is being related to the process of collecting ideas, marketing, technological development, production of products that are new or improved, and the equipment and processes of production. According to Kotler and Keller (as quoted by Ilić *et al.*, 2014:35), the main goal of marketing innovation can be seen as improvement in the process of identification and to satisfy consumer needs profitably. Kotler and Keller (as quoted by Ilić *et al.*, 2014:35) further added that through the implementing of new methods in marketing and activities, businesses aim to establish closer relationships with consumers in order to gain loyal consumers that are promoters of the business by recommending the business or product to their reference groups.

According to Nordli (2018:201), a few studies indicate that market sources such as consumers, suppliers and competitors are particularly significant influencers in tourism innovation. Hjalager and Nordin (as quoted by Marasco, De Martino, Magnotti & Morvillo, 2018:2367) projected a typology where tourism innovation is being driven by users. Hjalager and Nordin (as quoted by Marasco *et al.*, 2018:2367) further claimed that even though interaction with consumers always plays a critical role in the tourism industry, the practice of including them in the processes of innovation is frequently unsystematic. Hjalager and Nordin (as quoted by Marasco *et al.*, 2018:2367) identified different user involvement methods in order to contribute to the above-mentioned direction, which include both where the input of the user is being collected without direct involvement, as well as situations where the involvement is active.

Camison, Monfort-Mir; Hertog, Galloui and Segers; Krizai, Brodnik and Bukover; and Orfila-Sintes, Crepsi-Cladera and Martinez-Ros (as quoted by Thomas & Wood, 2014:39) stated that so far, it has been problematic to estimate the scale of innovation in tourism. Arta and

Acob; Carlisle, Kunc, Jones and Tiffin; Hjalager and Flagestad; Sorensen; and Hall (as quoted by Thomas & Wood, 2014:39) were of the opinion that because of the above-mentioned problem, there are many unresolved differences of opinion regarding how innovation in tourism should be measured, as well as the factors that affect its form in several sectors, locations and over time. Hall and Williams; Tejada and Moreno; and Williams and Shaw (as quoted by Thomas & Wood, 2014:39) further added that recent reviews regarding innovation in tourism's literature, have all indicated that more empirical research and theorising are needed on almost all of the aspects regarding the phenomenon.

Brooker and Joppe (2014) indicated that innovation in tourism destination includes myriad changes in product, service and experience offers, and Ottenbacher and Gnoth (2005) also included improvements in marketing and relationship building. For the purpose of this study, innovation will be analysed from the marketing mix concept and thus refer to innovative practices in product (service), price, promotion, place and people.

The challenges in marketing can be solved with innovative marketing practices. The purpose of this study is thus to analyse innovative marketing practices, which can be applied by small, medium and large tourism businesses.

1.3. PROBLEM STATEMENT

Holloway (2004:3-4) stated that even though the marketing concept is much better and widely understood, the industry of tourism and travel's understanding of the concept, as well as the willingness to apply it in everyday business still differs knowingly from sector to sector as well as from business to business. Some elements of the industry have enthusiastically accepted the principles, and as a result, can be reckoned amongst the most effective marketing businesses in their field. Amongst the most effective marketing businesses are the elements of the industry whom have accepted the principals of marketing. Especially in small to medium-sized enterprises (SME's), marketing is not the rule but rather the exception. Small to medium-sized enterprises, whose businesses signify ninety percent of the industry, are mostly too restricted in resources to even consider the hiring of expert marketing staff (Holloway, 2004:4). Consumers' needs and preferences are changing at such a rapid rate that it is difficult for tourism products to keep up with these changing markets and this might result in a decrease in tourist numbers and competitiveness. Tourists are not conducting business as usual and the lack of information related to their use and acceptance of the new, innovative methods used in tourism create challenges to understand their needs and preferences.

Table 1.1: Previous studies regarding innovation in tourism, tourism marketing, travel and destination marketing

Date:	Author/s:	Title:	Focus of the study
2019	Romero, I. & Tejada, P.	Tourism intermediaries and innovation in the hotel industry.	The main focus of this study was to determine the influence that tourism intermediaries has on innovation in SME's in the hotel industry based on a survey of a hotel in Spain.
2018	Bowie, D.	Innovation and 19 th century hotel industry evolution.	This article focussed on the concept of niche innovation cumulation to describe the evolution of the English hospitality industry.
2018	Divisekera, S. & Nguyen, V.K.	Determinants of innovation in tourism evidence from Australia.	The focus of this study was to examine the processes in tourism innovation by focusing on tourism businesses located in Australia. Service and marketing innovation were also examined.
2018	Gardiner, S. & Scott, N.	Destination innovation matrix: A framework for new tourism experience and market development.	This study was based on Australia by examining challenges of mature and popular tourism destinations such as the Gold Coast based in Australia.
2018	Marasco, A., De Martino, M., Magnotti, F. & Morvillo, A.	Collaborative innovation in tourism and hospitality: a systematic review of the literature.	This study was based on providing a combination of research based on collaborative innovation in tourism and hospitality and provided insight into the specific issues being addressed by these studies.
2018	Nordli, A.J.	Information use and working methods as drivers of innovation and tourism companies.	This study demonstrated how external information and an internal working method can be strategically used to increase the probability of tourism businesses to innovate.
2017	Baker, M.A. & Magnini, V.P.	The evolution of services marketing, hospitality marketing and building the constituency model for hospitality marketing.	The main purpose of this study was to give background regarding the literature based on hospitality-and service marketing, to identify a gap in hospitality specific marketing models and to develop a new model that can be used specifically for the marketing of hospitality.
2017	García-Villaverde, P.M., Elche, D., Martínez-Pérez, Á. & Ruiz-Ortega, M.J.	Determinants of radical innovation in clustered firms of the hospitality and tourism industry.	This study was based on hospitality and tourism firms that is being located in World Heritage Cities of Spain. The main goal of this study was to understand the backgrounds of radical innovation at firm level in the context of cultural tourism clusters.
2017	Li, S.C.H., Robinson, P. & Oriade, A.	Destination marketing: the use of technology since the millennium.	This study explored the fast and extensive technological development of innovations in destination management. This study also identified key issues for future practice and research-

			specifically based on destination management and marketing.
2017	Zach, F.J. & Hill, T.L.	Network, knowledge and relationship impacts on innovation in tourism destinations.	This study focused on the examination of the association between innovative behaviour, the position of the firm within the network of a destination, and the knowledge and characteristics of relational trust regarding a firm's innovation-orientated relationships.
2016	Gupta, S., Malhotra, N.K., Czinkota, M. & Foroudi, P.	Marketing innovation: a consequence of competitiveness.	This study focused on the relationship between innovation and competitiveness in the marketing practices of large manufacturing businesses that offer their branded products in a foreign market by engaging a network of SME's as resellers of their brand.
2016	Zach, F.	Collaboration for innovation in tourism organizations: leadership, support, innovation, formality, and communication.	This study focused on doing research to determine how businesses with less than ten employees can foster innovation collaboration.
2016	Zavattaro, S.M. & Daspit, J.J.	A grounded theoretical approach to understanding innovation in destination marketing organizations.	This study offers information for managers on how to successfully implement innovation and it offers information to researches by giving clarity into the background regarding the capability of innovation with destination marketing organisations.
2015	Aarstad, J., Ness, H. & Haugland, S.A.	Innovation, uncertainty, and inter-firm shortcut ties in a tourism destination context.	Across several winter destinations, this study analysed survey and inter-business network data. It was found that innovating businesses can reduce the path-length, but uncertainty is an essential substance for this process to take place.
2015	Bilgihan, A. & Nejad, M.	Innovation in hospitality and tourism industries.	This study provided insight into research based on the field of service innovation by focusing on service innovations applications in tourism and hospitality industries.
2015	Omerzel, D.G.	Innovativeness in tourism: model development.	This study focussed on the development of an integrative model that links the impact of the characteristics of the networking, entrepreneur, environment and technological development to innovation as the key success factors of SMEs.
2014	Dolnicar, S. & Ring, A.	Tourism marketing research: past, present and future.	This study used the Tourism Marketing Knowledge Grid to analyse tourism marketing research.

2014	Halkier, H., Kozak, M. & Svensson, B.	Innovation and tourism destination development.	This study focused on the role played by tourist destinations that stimulate or complicate the development of new tourist experiences.
2014	Ilić, D., Ostojić, S. & Damjanović, N.	The importance of marketing Innovation in new economy.	This study focused on the analysis of marketing innovation and the progressively significant impact that it has on the process of achieving competitive advantage that is sustainable.
2014	Najda-Janoszka, M. & Kopera, S.	Exploring barriers to innovation in tourism industry – the case of Southern region of Poland.	This study provided evidence for different factors obstructing the innovative activity of micro, small and medium-sized tourist enterprises.
2014	Thomas, R. & Wood, E.	Innovation in tourism: re-conceptualising and measuring the absorptive capacity of the hotel sector.	This study focused on responding to research that indicated that research on innovation in tourism had a number of weaknesses. This study specifically examined the important dimensions of innovation within commercial tourism businesses regarding the skill to obtain, integrate and employ external knowledge for competitive advantage.
2012	Camisón, C. & Monfort-Mir, V.M.	Measuring innovation in tourism from the Schumpeterian and the dynamic-capabilities perspectives.	This study diagnosed the measurement of innovation in the tourism industry and some recommendations to overcome identified problems.
2011	Aldebert, B., Dang, R.J. & Longhi, C.	Innovation in the tourism industry: the case of tourism.	This study focussed on the intensity of innovation activity in tourism, providing evidence of the fast evolution of the tourism industry as well as the extensive impact of ICT on this evolution.
2010	Hjalager, A.	A review of innovation research in tourism	This study reviewed the research contributions of innovation as well as addressed the many categories of innovation.
2009	Zach, F. & Fesenmaier, D.R.	Innovation in tourism: the case of destination marketing organizations.	This study focussed on the providing of definitions for innovation and the identification of aspects that drives innovation in tourism.

Studies where innovation and marketing practises were combined in a tourism setting are scarce (Brooker & Joppe, 2014; Ottenbacher & Gnoth, 2005), even though the importance of this is evident. More specifically, based on Table 1.1, South Africa lacks studies in this regard, even though this can contribute to the improvement of products, pricing strategies, placement decision, promotional offerings and the understanding of the tourist. If marketers can predict and know the developing trends, it can contribute to improved marketing practices and lead to an increment in tourist numbers.

The three main problems that are addressed in this study are:

- ❖ The lack of knowledge on the use and preferences of innovative practices by tourists related to product, price, promotion, people and place.
- ❖ The lack of knowledge related to the characteristics of tourists, their travel decision-making behaviour, their preferences and especially the use of innovative practices.
- ❖ The lack of information on the future needs of the tourist that is ever-changing and fast-changing, but direct strategic marketing planning. To draw conclusions and make recommendations on how the market use innovative practices in the tourism industry and in their travel decisions and then provide guidelines for the future application of innovative practices.

1.4. GOAL OF THE STUDY

This study had the following goals and objectives.

1.4.1. Goal

To analyse innovation in tourism destination marketing in a South African context.

1.4.2. Objectives

Objective 1

To conduct an in-depth literature review related to current marketing trends and practices within the tourism industry.

Objective 2

To conduct an in-depth literature review to analyse the consumer and their behaviour and current innovative trends in the tourism industry.

Objective 3

To analyse the preferences of tourists related to innovations in product, price, promotion and place as well as travel-decision making factors by means of an empirical survey.

Objective 4

To draw conclusions and make recommendations on how the market use innovative practices in the tourism industry and in their travel decisions and provide guidelines for future application thereof.

1.5. METHOD OF RESEARCH

The study followed a two-pronged approach with reference to an in-depth literature review and empirical study.

1.5.1. Literature review

A literature study was based on specific keywords: “innovation”, “consumer behaviour”, “marketing” and “tourism”. This was done by means of analysing journal articles, theses, dissertations, books and other tourism- and events-related literature. Information searches were conducted mainly through library catalogues and indexes, as well as the Internet. Scientific databases such as Google Scholar, Science Direct and EBSCOhost played a vital role in searching for the most recent and relevant publications and information. Through these sources, a complete analysis of the innovation in tourism destination marketing was done. Since an intensive literature study as well as an empirical survey (that was being facilitated using questionnaires) was used, this study incorporated both primary and secondary sources. The empirical research consisted of four different sections: The first section was the research design and method of the data collecting. The second section was the sampling. The third section was the development of the questionnaire. The fourth section was the data analysis. It will likewise be dealt with in this chapter.

1.5.2. Empirical study

This section provides summarised information related to the research design, sampling, the measuring instruments and a description of the statistical analyses that were used.

1.5.2.1. Research design and method of collecting data

Due to the nature of the data required for the study, quantitative research was utilised to research the objective of the study. This can be defined as: “Quantitative research is research involving the administration of a set of questions with predetermined response options to a large number of respondents” (Burns & Bush, 2014:146). Because this was a quantitative study, secondary data was collected on the topic from existing sources and primary data was collected through a self-administered questionnaire focusing on problem-specific data. According to Yauch and Steudel (as quoted by Choy, 2014:101), quantitative research has two significant strengths:

- ❖ It can be quickly administrated and evaluated. Thus, no time has to be spent during the organisation for administrating the survey, and the results can be tabulated in a short timeframe.
- ❖ Comparisons between groups or organisations can be facilitated using the numerical data that is obtained through this approach; allowing it to determine the extent of agreement and disagreement between the respondents.

In this approach, the researcher was interested in the meaning of the respondents' opinions regarding innovation in tourism destination marketing with the case of South Africa, which was the first of its kind in this field of study. The research was therefore descriptive in nature. For the purpose of this study, a survey was conducted at the OR Tambo International Airport's departing halls from 1 October 2019 to 4 October 2019, and a structured questionnaire served as the instrument for collecting the data. The reason for using OR Tambo International Airport was because it is one of Africa's biggest and busiest airports that facilitates over 21 million passengers per year (OR Tambo International Airport, 2018).

1.5.2.2. Sampling

There are two different sampling methods; firstly, the probability sampling category, where anyone in the population has a known chance to be selected into the sample (Burns & Bush, 2014:242). Secondly, the non-probability sampling category, where the chances of selecting members from the population into the sample are not known (Burns & Bush, 2014:242).

Due to the unavailability of a list of passengers travelling through OR Tambo Airport, it was not possible to make use of probability sampling even though it would be the best choice. Thus, the survey followed a non-probability sampling method and made use of convenience sampling, where the elements of the population were chosen because they were conveniently and easily accessible (Maree & Pietersen, 2016:197) and willing to participate. To improve the convenience due to the unavailability of numbers, every second tourist (including international and domestic tourists) was asked to complete a questionnaire in order to be more representative. A screening question was asked to determine whether the tourist was an international or domestic traveller.

There are several approaches that may be used to determine the sample size. These include the use of published tables or of applying formulae. Here, the formula by Krejcie and Morgan (1970:607) was used to calculate the sample size needed from the survey. Krejcie and Morgan (1970:608) stated that when the population is > 100 000, the sample size is 384. The level of

precision is five percent (5%) to compensate for surveys with sampling errors (for example, those questionnaires that are not returned or are incomplete). A sample size of 400 was thus anticipated. The sample size was, however, increased to 450 to take into account the possibility of incomplete questionnaires.

A final number of 232 questionnaires were completed and used as part of the dataset (this included international and domestic questionnaires combined).

1.5.2.3. Development of the measuring instrument and distribution thereof

There were two different self-administered questionnaires; one for international respondents and one for domestic respondents. The only difference occurred in section A, which related to demographic information. The international respondents' self-administrated questionnaire had additional questions, such as country of residence; number of previous visits to South Africa, including this time; the medium of hearing from South Africa; and the advance booking in time of this current trip. The domestic respondents' self-administrated questionnaires also had additional questions, such as place of residence; advance booking of a weekend breakaway; and advance booking of a fourteen-day holiday. The rest of the demographic information was the same for both of the questionnaires. Demographic information was needed to address selected objectives of this study, as these characteristics have an influence on the way people react to marketing (Andre, 2015; Pratap, 2017) and innovation.

The self-administrative questionnaires of both domestic and international tourists contained four different sections. As mentioned before, the first section was section A and included questions related to demographic information of respondents. The second section, section B, was a Likert-scale question and focussed on questions related to the individual behaviour of tourists as they travel; questions were based on information gained from Fuggle (2016), Decrop (2014) and Moutinho, Ballantyne and Rate (2014). The third section, section C, was also a Likert-scale question and focussed on questions related to travel decision-making, which included questions regarding the tourism product, price, place, promotion, people, and current and future trends in tourism; questions were based on information gained from Belch and Belch (2018), Chuba (2018), Clow and Baack (2018), Kotler and Armstrong (2018), Lamb *et al.* (2018), Mariano (2018), Martinez (2018), Shalvey (2018), Kerin and Hartley (2017), Kow (2017), Fuggle (2016), Kotler and Keller (2016), Slate (2016), Decrop (2014), Lang (2014), Moutinho *et al.* (2014), Postnikoff (2016), Andrade (2013), George (2011; 2014; 2019), Saayman (2013), Burnett (2008), Saayman (2006) and Lumsdon (1997). The fourth and last section, section D, contained a Likert-scale question and focussed on questions regarding

innovative practices, which included questions related to personal innovative involvement and digital platforms; questions were based on information gained from Chuba (2018), Kotler and Armstrong (2018), Mariano (2018), Shalvey (2018), Kerin and Hartley (2017), Fuggle (2016), Kotler and Keller (2016), Slate (2016), Decrop (2014) and Mountinho *et al.* (2014).

1.5.2.4. Statistical Analysis

Microsoft© Excel© was being used for data capturing and basic data analysis. The Statistical Services at the North-West University, Potchefstroom Campus, assisted in the processing of the data and SPSS software Version 24 (SPSS Inc., 2017) was used to process the information. SPSS is a world leader in e-Inelegance software and services, enabling its visitors to turn raw data into usable knowledge. The data analysis involved initial data analysis (descriptive statistics) and focused on the demographic profile of the respondents, which was illustrated with the help of tables and graphs. A factor analysis was done to determine the main innovative and travel decision-making factors related to product, pricing, promotion and place (distribution) of tourism products. Spearman correlations, One Way Analysis of Variance (ANOVA) and *t*-tests were used to determine relationships between selected demographic variables and innovative practices and travel decision-making factors (See chapter 4).

1.6. ETHICAL CONSIDERATIONS

The following ethical considerations were endured in order to ensure integrity of the researcher regarding the collection of data. The research proposal was submitted to the Ethical Committee of the Faculty of Economics and Management Sciences for review and based on the evaluation the study was categorised as low risk under the following ethics number: NWU-00592-20-A4. Added to that the following practises were evident during the research process:

1.6.1. To ensure informed consent is given by participants

The topic of the study, the nature of the research as well as the role of participants in the study, was explained to ensure that informed consent is given by participants. Participants were also assured that they are in no way obligated to participate in this study.

1.6.2. To ensure that no harm comes to participants

During the process of gathering the data, it was important that the researcher ensured no harm, injury or discomfort of participants by bearing in mind any safety and health issues

during this data collection process. Even though due measures were taken, this study did not involve any stages in which participants could have been psychologically or physically threatened.

1.6.3. To ensure anonymity and confidentiality

Participants were assured that their identity is protected by restriction of access to all raw data, the secure storing of raw data and that reporting would take place in a way that the identity of the participants would not be easily exposed.

1.6.4. To ensure the obtaining of permission

Before conducting the study, it was important to ensure that all official channels were clear. This was done by seeking permission letters in order to conduct the study and the negotiating of access to respondents.

1.6.5. Data management

1.6.5.1. Copyright

The data that was generated is owned by the institutional partners.

1.6.5.2. Backup and Security

Because of hardware problems and viruses in developing countries, the data needed to be backed-up on a consistent basis, which included regular sharing of data via email with the supervisor, to ensure that up-to-date versions are stored on the server of the University.

1.6.5.3. Storage and Destruction

The data is the property of the University, and it will be stored as part of the data library of TREES for a period of five years.

1.7. DEFINING THE CONCEPTS

1.7.1. Innovation

Kanter (as quoted by Hall & Williams, 2008:5) described innovation as the process of bringing problem-solving and new ideas into use. Kanter (as quoted by Hall & Williams, 2008:5) further

added that innovation is the acceptance, implementation and generation of new processes and ideas as well as services and products. Implementation and acceptance are important to this definition because it contains the capacity to adapt and to change. According to Lamb *et al.* (2018:200), innovation is a product that is being processed as new by a possible adopter. Thus, innovation can be seen as new generation, and implementation, acceptance, adaptability and change are necessary for services, products and processes to obtain competitive advantage.

1.7.2. Tourism marketing

According to Lumsdon (1997:25), tourism marketing can be defined as the management process of forestalling and fulfilling the wants of existing and possible consumers more successfully than competitive destinations and suppliers. The managing of exchange is driven by community gain, profit or both; either way, the long-term success hinges on satisfied interaction between the supplier and consumer. It also means that societal and environmental needs should be secured, as well as core consumer satisfaction. No longer can they be regarded as equally exclusive. Grönroos (as quoted by Dolnicar & Ring, 2014:33) defined marketing in a tourism context as a consumer focus that infuses processes and structural functions and is geared towards the making of promises through value proposition, allowing the fulfilment of individual expectations that is shaped by such promises, and fulfilling such expectations through the supporting of value-generating processes of consumers, thus supporting value creation within the businesses, the business' consumers and other stakeholders' processes. Thus, tourism marketing can be seen as the process in which the tourism business analyses the needs of tourists, develops offerings to meet those needs and then informs consumers about it in order to make a profit and satisfy consumers long term.

1.7.3. Tourism industry

Smith (as quoted by Saayman, 2009:2) stated that the tourism industry is a reaction to the social needs of consumers whether they are foreigners or locals. According to Strydom and Saayman (as quoted by Saayman, 2009:2); and Saayman (as quoted by Slabbert & Saayman, 2003:5-6), the tourism industry can be defined as an industry that is resource based and sells to markets that are local, as well as to foreigners, but the failure and success of this industry depends on careful management and marketing. Thus, the tourism industry can be defined as an industry that depends on resources and sells to people whether they are local or non-local, but this industry will only be successful if the management and marketing within are done correctly.

1.7.4. Consumer

According to Walters (as quoted by Essaymonster, 2015), a consumer can be defined as someone who has the ability to purchase services and products that are for sale by marketing establishments in order to please any household or personal need, desire, or want. According to Marketing Teacher (2014), a customer can be defined as someone who purchases services and products, and a consumer can be defined as the person who uses those services and products. Thus, a consumer can be defined as any person that purchases products and services for their usage.

1.8. CHAPTER CLASSIFICATION

This dissertation consists of 5 chapters. The following section includes a brief outline of what can be expected from each of the chapters:

❖ *Chapter 1: Introduction and problem statement*

In this chapter the introduction, background to the problem, problem statement, goals and objectives, method of research and definition of key concepts are discussed. It is important to showcase the roadmap taken in the study and this chapter provides direction in this regard. A discussion of the importance of marketing, meeting the needs of the tourist and the existence of certain innovative practises in tourism marketing are highlighted.

❖ *Chapter 2: Understanding marketing in a tourism environment*

Marketing plays an important role in the tourism environment due to the intangibility of the product and the level of competitiveness that characterises the tourism industry. The purpose of this chapter is thus to conduct an in-depth review of literature related to current marketing trends and practices in the tourism industry. Attention is given to an understanding of the concept of marketing, the importance thereof as well as the analysis and application of the marketing mix in a tourism context.

❖ *Chapter 3: Understanding consumer behaviour and innovation*

The current tourism environment is ever-changing, and the consumer following this trend with a variety of new preferences, needs and wants. It is critical to understand the behaviour of consumers (tourists – to be used interchangeably) and the factors influencing specifically their travel behaviour. The importance of innovation is also analysed in chapter 3 and how it is changing tourism and the way products develop. It is thus the aim of this chapter to analyse the consumer, their behaviour and current innovative trends.

❖ ***Chapter 4: Empirical research results***

In chapter four the results of the research are analysed and discussed. In the first part of the chapter attention is given to the research methodology and how the study was conducted. In the second part the descriptive, exploratory and inferential results are discussed in order to reach the objectives of the study. It is thus the aim of this chapter to analyse the preferences of tourists related to innovations in product, price, promotion and place as well as travel-decision making factors.

❖ ***Chapter 5: Conclusions and recommendations***

This is the final chapter of the study where conclusions and recommendations are made regarding the results of the research. Specific conclusions related to marketing and innovative practises in the tourism industry are made as well as recommendations for future use and future research.

Chapter 2

Understanding Marketing in a Tourism Environment

2.1. INTRODUCTION

Marketing is a term used for the activities that take place between the business and its consumers. The term marketing comes from the original concept of a marketplace, where consumers and vendors would come together to do exchanges or transactions for their mutual benefit (Blythe, 2005:2). The aim of marketing as a discipline is to ensure that consumers will do business with the organisation of the marketer, rather than with competitors. In order to do this effectively, consumers must be provided with products and services that they want to buy at prices that are value for money (Blythe, 2005:2).

According to Kotler (as quoted by Chernev, 2014), marketing can be seen as a science and an art. Many see marketing as an art, where both creativity and intuition play a big role – this is a popular view, especially in the sales and advertising scopes. Kotler (as quoted by Chernev, 2014) further added that if plans regarding marketing were mainly based on creativity and intuition, it would be less effective and reliable to senior management, as well as to the business' stakeholders and collaborators.

Chernev (2014) said that there is a lot of confusion regarding the nature of marketing. Marketing is usually referred to in terms of tactical activities such as promotion, advertising and sales. Many businesses only see marketing as an activity that is designed to support sales, but marketing as a business discipline is much more comprehensive than sales, it includes all aspects of developing the offering that is going to be sold (Chernev, 2014). Marketing's goal is to create a product or service that sells, not to sell a product or service (Chernev, 2014).

Chaudhuri (2018:127) stated that tourism plays an important role in global economy. The tourism industry is currently one of the fastest growing industries. The tourism industry has

precise advantages such as helping countries that are deprived in material wealth but enriched in history, heritage and culture, to utilise their exclusive characteristics as a source to generate revenue (Chaudhuri, 2018:127). This industry creates networks of different supportive operations such as transport services, restaurants, guides, hotels, local small-scale businesses and many more. The tourism industry also includes many socio-economic activities, such as advertising and promotion of destinations and tourist spots, the provision of effective transport facilities, lodging, food and entertainment. These socio-economic activities usually inspire development regarding infrastructures that the host countries can benefit from (Chaudhuri, 2018:127).

According to Ray (2018:174), marketing plays an important role when it comes to the development of rural tourism and the encouragement of tourists to visit these rural destinations, as well as involving the rural people to improve their socio-economic conditions as well. Krippendrof (as quoted by Ray, 2018:175) defined tourism marketing as follows: "Marketing in tourism is to be understood as the systematic and co-ordinated execution of business policy by tourist undertakings whether private or state owned at local, regional, national or international level to achieve optimal satisfaction of the needs of identifiable consumer groups and in doing so to achieve an appropriate return." The traditional approach of marketing is to produce products and services and to sell it to consumers. When it comes to marketing in the tourism industry, the above-mentioned concept no longer exists. Marketing in the tourism industry is a challenging and difficult task to do (Ray, 2018:182).

The purpose of this chapter is to conduct an in-depth literature review related to current marketing trends and practices within the tourism industry. Attention is given to understand marketing through the defining of marketing from different sources, to gain knowledge regarding the history of marketing, understanding the importance and benefits of effective marketing, understanding the marketing mix as well as the application of the marketing mix in a tourism context. The application of the marketing mix in a tourism context consists of five different sections. The first section is regarding the product concept in a tourism industry context, which consists of the types and characteristics of tourism products and trends in product development. The second section is regarding the price concept in a tourism industry context, which consists of the different approaches and strategies to pricing, the process of setting the right price, and trends in pricing. The third section is regarding the promotion concept in a tourism industry context, which consists of the different types of promotion, the criteria to select promotion, the promotion strategy development process, and trends in promotion. The fourth section is regarding the place (distribution) concept in a tourism industry context, which consists of the different types of place (distribution), the place (distribution)

process, and trends in place (distribution). The fifth section is regarding the people concept in a tourism industry context, which consists of different types of people and their roles, and people and delivering quality service.

2.2. UNDERSTANDING MARKETING

Many businesses view the marketing department as the true profitable growth driver of the business and it is held accountable for profitable growth (Hanssens & Pauwels, 2016:177). Marketing involves pricing, communication, product development and distribution and in firms that are more progressive, it involves paying constant attention to the customer's changing needs and new product development, with modification of products and services to meet customers' needs (Kotler & Levy, 1969:10). The existence of businesses is determined by successful services and products, which in turn depends on successful marketing (Burnett, 2008:2).

Kotler (2000:4) distinguished between a social definition of marketing and a managerial definition of marketing in 2000. The social definition is a type of social process where people and groups gain what they want and need through generating, presenting and switching services and products of worth freely with others (Kotler, 2000:4). According to Kotler (2000:4) the managerial definition of marketing can be seen as the American Marketing Association's definition of marketing in 1985. The definition refers to the process of preparation, and executing the pricing, conception, promotion and delivery of ideas, services and products to develop exchanges that please the individual (as quoted by Brunswick, 2014:111).

Burnett (2008:4) stated that the marketing definition of 1985 can help in better understanding the parameters of marketing, but it does not deliver a complete picture. Burnett (2008:4) added that the following proposals are being obtained to supplement this definition and to better position marketing in the firm:

- ❖ The mission statement or any alike statement regarding the organisational goals is the overall directive for any organisation. It replicates the essential business philosophy of the organisation.
- ❖ In every organisation there is a set of functional areas, such as production, finance, accounting, marketing, data processing etc. In each of these areas there are tasks that need to be performed, because it is necessary for the success of the organisation. To attain maximum performance, each of these functional areas must be managed.

- ❖ A philosophy (which is derived from the company goals or the mission statement) is being used to guide every functional area in order to direct its approach towards its ultimate set of tasks.
- ❖ The primary concern of marketing is focused on exchanges in markets that are outside the organisation, which makes marketing different from the other functional areas.
- ❖ When the tasks, philosophy and the manner of implementing available technology are complementary and coordinated, then marketing is most successful.

Levinson defined marketing (as quoted by Thimmesch, 2010) as any form of interaction that a business has with anybody who is not part of the business itself. Marketing is also about making the truth fascinating. Levinson further added (as quoted by Thimmesch, 2010), marketing is the skill to change people's mind. Marketing is about change – to make a profit in the business, an opportunity to work together with other businesses in the industry or in the community, and a process to build long lasting relationships.

Kotler, the father of modern marketing, later defined marketing (as quoted by Cohen, 2011) as the art and science of discovering, developing and distributing value at a profit, to satisfy the needs of a target market. Marketing recognises unfulfilled desires and needs. It outlines, measures and enumerates the size of the identified market and the revenue potential. It also points out which company segments are capable of serving best, and it projects and promotes the suitable services and products. Kotler and Keller (2012:5) later stated that marketing is the identification of human and social needs, and meeting those needs. The shortest definition for marketing is: “meeting needs profitability” (Kotler & Keller, 2012:5).

The American Marketing Association (2013) defined marketing as the process, set of institutes and activity for producing, communicating, distributing and exchanging offerings that have value for partners, clients, customers and society at large. Drucker, the modern management theory founder, defined marketing (as quoted by Chernev, 2014) as follows: when the entire business is seen from the view of its final result, which is in fact the customer's view. Later on, The Chartered Institute of Marketing defined marketing as the management process, which is accountable for classifying, anticipating and fulfilling customers' requirements profitably (2015:3). In 2017, Ward (2017) defined marketing as the process of interesting possible customers and clients in a business's services and products. Ward (2017) indicated that the most important word in the above-mentioned definition of 2017 is “process”, because marketing consists of researching, promoting, selling and the distribution of a business' services or products.

A new trend in defining marketing refers to content marketing, which can be defined as the development of content that is compelling, applicable, valuable and enjoyable. Content marketing requires constant publishing and can transform the behaviour of customers. Content marketing does not consist of direct selling, but can help to gain and retain customers. For this concept to work, the content must be appealing (or stimulate a reaction from the customers) because if it is not, it has no marketing value (Anon, 2018a).

In conclusion, marketing directly involves the marketing of services, facilities and products as well as the direct involvement of consumers. Marketing in the tourism industry is a very challenging and difficult task to do (Ray, 2018:182), especially because of the intangibility of the tourism product. To fully understand marketing, one must understand where marketing comes from; therefore, the history of marketing will be discussed next.

2.3. THE HISTORY OF MARKETING

According to White (2010), it is believed that since the beginning of time, marketing progressed through 5 stages of evolution. These stages are as follows:

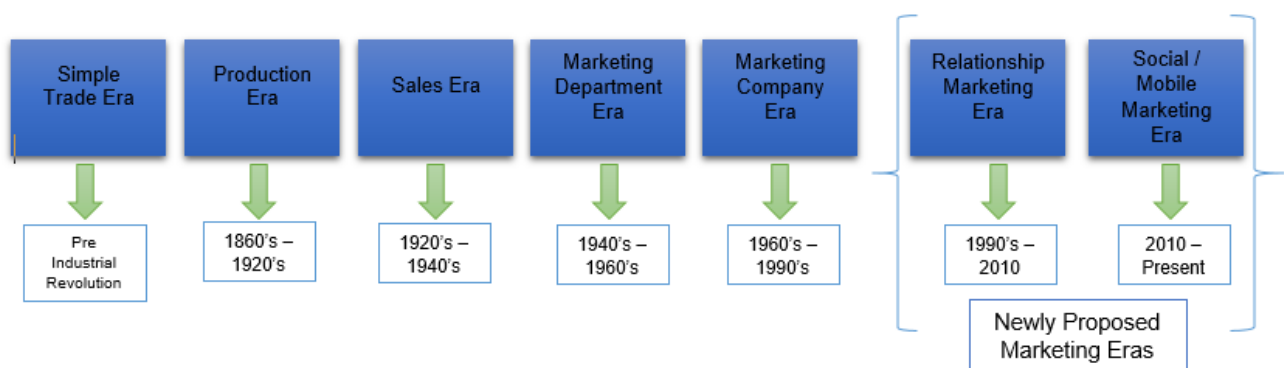


Figure 2.1: The different eras of marketing

Source: White (2010)

❖ Simple trade era:

- This era is believed to have taken place from the beginning of time until the mid-19th century. During this era, everything that was available was made or collected by hand and there was only a limited supply available. The economic activity's focus was exploration and trade in resources (White, 2010).

❖ Production era:

- This era took place from the 1860's until the 1920's (White, 2010). According to Keith (as quoted by Jones & Richardson, 2007:15), the production era was

where businesses focused on problems regarding production, and the basic function was to produce the products that the company could make and sell those products “incidentally”.

❖ Sales era:

- This era took place from the 1920’s until the 1940’s (White, 2010). In this era businesses tried to match their output with the possible number of consumers who would want it (Boone & Kurtz, 2012:9). Boone and Kurtz (2012:9) further added that sales orientated businesses assumed that consumers would not buy unnecessary services or products and that the main goal of advertising and personal selling was to persuade consumers to buy.

❖ Marketing department era:

- This era took place from the 1940’s until the 1960’s. This is the era where the manufacturing businesses came to the realisation that the past’s sales orientation was not resonating with consumers. Consumers were provided with more control in the marketplace through new levels of affluence. Marketing-related activities were merged into a single department by businesses (White, 2010). According to White (2010), this was the era where people came to realise that marketing is the reason that a business exists.

❖ Marketing company era:

- This era took place from the 1960’s until the 1990’s (White, 2010). This era was where the marketing department of a business helped to guide a business’ direction (Faudree, 2016). All of the business’ employees were involved in marketing, which made it important for the success of the business. A shift from mass production to the need of satisfying consumers took place; the consumer became king and is still till today the main focus. The businesses of today are here to satisfy the needs of consumers and that is the reason they survive. Aspects such as strategic pricing and channels of distribution were also defined during the marketing company era (Faudree, 2016).

❖ According to an article titled “Marketing: Historical Perspectives”, a 6th era was identified, namely: Relationship marketing era (as quoted by White, 2010):

- This era took place from the 1990’s until 2010 (White, 2010). This era’s goal was to build a long-term and equally beneficial relationship with the consumer (White, 2010). Faudree (2016) added that during this era, businesses also wanted to create customer loyalty and produce products and services that would have ensured consumers’ return.

❖ According to Forrester's article, named "The future of the social web", a 7th era was identified namely: Social/mobile marketing era (as quoted by White, 2010):

- This era took place from 2010 and is currently still evolving. This era is where businesses are permanently connected in real-time, to current, potential and future consumers. The exchange of information and communication is critical for success, but to maintain a positive image, trust is also still important for success (White, 2010). Businesses are no longer in the driving seat; consumers are (Faudree, 2016). This era is characterised by the 24/7 connection that businesses have with their consumers, customer engagement being a critical factor for success (Moré, 2012), and businesses have less or even no control over the messages that consumers post on social media; if direct feedback is not provided quickly, a bad message will be sent out, over which the business has almost no control (Sharma, 2013). Thus, the business no longer has all the control – it has shifted over to the consumer.

The development of marketing has been focused on products, however, in a service environment such as the tourism industry, the development of service-focused models and concepts started with an influential article written by Shostack in 1977, regarding the promoting of service marketing as an adequate field of research that distinguished it from product-based marketing. Thus, there was the development of semi-manageable aspects regarding physical evidence (such as equipment, uniforms and facility), regarding people (such as customers and employees) and regarding process (such as the level of involvement of the customer and flow of activities), which were said to separate service marketing from product marketing (Baker & Magnini, 2016:1511). According to Fisk, Brown and Bitner (as quoted by Baker & Magnini, 2016:1511), the above then led to the identification of the following four service characteristics, namely: inseparability, intangibility, perishability and heterogeneity. Burnett (2008:158); George (2011:24-29) and Išoraitė (2016:30) supported the above-mentioned characteristics and added simultaneous production and consumption, non-severability, little standardisation and variability, high buyer involvement, and lack of ownership as a few extra characteristics of services.

Now that the historical development of marketing is understood, it is important to analyse the importance and benefits of effective marketing.

2.4. THE IMPORTANCE AND BENEFITS OF EFFECTIVE MARKETING

According to Kotler and Keller (2012:3), there are a few 21st century challenges that businesses need to endure, such as financial growth and survival in an unforgiving economic setting. Marketing plays an important role in addressing those challenges. All business functions such as accounting, operations finance and so forth will not really mean anything if there is not a significant demand for services and products so that the business can make a profit. Thus, the marketing ability of a business determines financial success (Kotler & Keller, 2012:3). Kotler and Keller (2012:4) added that the importance of marketing extends to society as a whole. Marketing helped with the introduction and gain of acceptance regarding new services and products that have improved people's lives. It was further stated that marketing encourages improvement in current products as marketers innovate to increase their position in the marketplace. Jobs are being created through the demand of services and products, which is in turn built upon successful marketing. When marketing is successful it allows businesses to participate in socially responsible activities to a greater extent (Kotler & Keller, 2012:4).

According to Chauhan (2013:5), marketing can be seen as the most important business function for any possible service or product, because it defines what the tone of the service or product is, as well as how the service or product will be understood and interpreted by the consumer. He further added that marketing is fundamentally the communicating process regarding the value of a specific service or product, as well as the link that connects them to the consumer and allows them to make subjective decisions about the services and products (Chauhan, 2013:5).

Given the importance of marketing, the following benefits are evident (Hallissey, 2016):

- ❖ It can improve a business' trustworthiness and reputation.
- ❖ Improvement on how many products or services the business sells.
- ❖ Improvement on the amount of money that the business can earn.
- ❖ It can improve the number of talented people that would want to work at the business.

Regarding the current new approaches to marketing (as discussed in 2.2), the following benefits below are evident (Standberry, 2017):

- ❖ It is cost-effective.
- ❖ It builds awareness of the brand with beneficial content that involves target buyers.

- ❖ When the content is good, it can help buyers to move through the buyer's journey much faster.
- ❖ It can help to make a personal connection and build credibility and authority.

One of the most important aspects of marketing is the marketing mix, thus it will be discussed next.

2.5. UNDERSTANDING THE MARKETING MIX

According to Tomczak *et al.* (2018:171), a number of variables should be available in a certain situation in every business so that growth and marketing strategies can be implemented (which consist of aspects such as positioning goals and strategies) and marketing objectives achieved. Tomczak *et al.* (2018:171) further added that these variables can be categorised as "so-called marketing instruments" and that together they establish the marketing mix. Borden argued (as quoted by Dolnicar & Ring, 2014:32) that marketing managers mix the following 12 ingredients, namely: branding, personal selling, promotions, distribution channels, packaging, product planning, display, pricing, physical handling, servicing, fact finding, advertising and analysis. According to The Chartered Institute of Marketing (2015:5), there are 7p's of marketing. The traditional four as it is widely known is "product", "price", "promotion" and "place"; recently "physical evidence", "people" and "process" have been added to the mix. For the purpose of this study, only "product", "price", "promotion", "place" and "people" will be discussed, because it is the only elements that are really relevant to this specific study.

❖ Product:

- McDonald stated (as quoted by Dolnicar & Ring, 2014:32) that product includes the design, development, modification, branding and the elimination of products. Tomczak *et al.* (2018:13) added that product includes services, material goods and combinations. According to Wirtz and Lovelock (2018:92) businesses that provide services can differentiate their product by offering several product "models". For example, a restaurant's menu regarding its products can be displayed, which is highly tangible (Wirtz & Lovelock, 2018:92).

❖ Price:

- According to Camilleri (2018:139), price is one of the most important aspects of the marketing mix, as it is the only one that adds value to the business. Price depends greatly on the demand of the customer for a service. Normally, when the price of a product or service decreases, the demanded quantity rises, and as the price rises, the demanded quantity decreases (Camilleri, 2018:139).

This may propose that prices are inversely connected to demand. However, sometimes consumers perceive that higher prices could indicate high quality (Camilleri, 2018:139). McDonald (as quoted by Dolnicar & Ring, 2014:32) stated that price includes the considering costs, demand and competition, and the setting of price for products. Tomczak *et al.* (2013:13) added that pricing consists mainly out of the planning and application of prices obtainable for the particular products. Aspects such as payment conditions, discounts and sales financing are also included in pricing.

❖ Promotion:

- According to McDonald (as quoted by Dolnicar & Ring, 2014:32), promotion includes things like sales, advertising and promotion, and public relations. According to The Chartered Institute of Marketing (2015:7), promotion is the manner in which the business communicates to the consumer in regard to what it does and what it can offer. Things included in promotion are advertising, branding, social media outreach, corporate identity, PR, special offers, exhibitions and sales management. Above all, promotion must give the consumer a reason to choose the business's product and services above the competitor's product, it must also send a consistent message, gain attention and be appealing. The Chartered Institute of Marketing (2015:7) further added that "good promotion is not a one-way communication; it paves the way for a dialogue with customers, whether in person or online". The features of a product or service as well as the benefits that a consumer receives from a product or service should be communicated through promotion (Chartered Institute of Marketing, 2015:7). Thus, Tomczak *et al.* (2018:14) indicated that promotion can be seen as the autarchic effort of providers to influence consumers.

❖ Place:

- McDonald stated (as quoted by Dolnicar & Ring, 2014:32) that place is an indication of distribution channels' decisions. Distribution channels allow consumers to gain access or buy travel products (Camilleri, 2018:105). Distribution can be seen as every decision that may affect the path of a product from the provider to the consumer. This includes things like transport, warehousing and choice of location, on the other hand, it is known as "marketing logistics" (Tomczak *et al.*, 2018:14). In the last fifty years, tourism service providers and their intermediaries made use of technology to distribute their services and products (Camilleri, 2018:105).

❖ People:

- According to The Chartered Institute of Marketing (2015:8), anyone in the business that comes in contact with consumers, will make an impression. Many consumers cannot separate the product or service that is being provided from the employee that delivered it. Thus, according to The Chartered Institute of Marketing (2015:8), a business' employees will have a profound effect on consumer satisfaction, whether it is a negative or positive effect. Kotler and Keller (2016:48) stated that in a way, people do reflect internal marketing as well as the fact that staff members are critical to the success of marketing. The marketing of a business will only be as good as the business's people. Kotler and Keller (2016:48) further stated that the above reflects on the fact that consumers must be seen as people by marketers, so that the consumers' lives can be more broadly understood; that they are not just consumers that consume products and services.

After a clear understanding regarding what the marketing mix consists of, as well as what each aspect entails, it is important to understand how the marketing mix can be applied in the tourism industry.

2.6. THE APPLICATION OF THE MARKETING MIX IN A TOURISM CONTEXT

Kotler, Bowen and Makens (as quoted by Binter, Ferjan & Neves, 2016:211) stated that every business' goal is to develop and keep satisfied any profitable consumers. Ciriković (2014:194) added that the success of the above statement is determined by a business' financial resources, which in the tourism industry involves four elements, namely: product, price, place and promotion. Based on the mentioned elements, a tourism business will adapt to the demands of the market in the best way possible (Ciriković, 2014:194).

In order to fully understand the application of the marketing mix in a tourism context, the product, price, promotion, place (distribution) and people elements will be discussed in detail. The first element to be discussed is the product element.

2.6.1. The product concept in a tourism industry context

Witt and Moutinho (as quoted by Saayman, 2006:111) defined tourism products as a combination between services and activities. According to Saayman (as quoted by Saayman, 2006:111), there are three different aspects that define a tourism product, namely services,

physical structures and experiences. Ciriković (2014:194) added that the tourism product can be seen as a complex set of features, consisting of different activities, physical resources and services. When this combination of activities, natural resources and services are being bought, a desire for experience is also being bought. Ciriković (2014:194) stated that it is the carrying and foremost tool in the business and tourism industry.

According to George (2011:263), a tourism offering is a more accurate description for a tourism product, because of its complexed characteristics and nature. George (2011:263) added that a tourism offering consists of services, products and experiences. Lumsdon (as quoted by George, 2011:263) defined a tourism offering as a mixture of services that deliver mostly intangible, psychological and sensual benefits, but it also includes some tangible aspects.

Bulhalis (as quoted by Saayman, 2006:112) stated that there are 6 different A's that are important in a tourism product. Later on, it was improved and became the 7 A's. These include the following (Saayman, 2006:112-113): *attractions* (which can be man-made or natural), *ancillary services* (which include aspects such as telecommunication and banks), *accessibility* (which includes aspects such as signage and transportation), *activities* (which include all possible activities that are accessible at the destination), *available packages* (includes pre-arranged packages), *amenities* (which includes aspects such as accommodation, entertainment and recreation) and *appeal* (which include the perception of the destination, the image of the destination and the preference of the destination).

To fully understand the product concept in a tourism industry context, the types and characteristics of tourism products will be discussed next.

2.6.1.1. Types and characteristics of tourism products

Saayman (2006:111) stated that there are two types of product developments, namely *intangible products* (in a tourism context, intangible products can include aspects such as tourism routes and tour packages) and *tangible products* (in a tourism context, tangible products can include aspects such as airports and hotels). Tourism's products can be classified in:

❖ **Accommodation and catering:**

- *Accommodation* will include facilities like bed-and-breakfast enterprises, game farms, guesthouses, camping facilities, holiday resorts and caravan parks

(Camilleri, 2018:12). According to Saayman and Swart (as quoted by Saayman, 2013:17), *catering* can include things like coffee shops, restaurants, kiosks, tea rooms and informal and formal bars. Saayman (2013:17) stated that accommodation and catering is important for the tourism industry because tourists need overnight facilities. The number of tourists in South Africa are rising and that is the reason for an increasing need for accommodation.

❖ Transport:

- According to McIntosh, Goeldner and Ritchie, and Lundberg (as quoted by Saayman, 2013:17), transport may include facilities like trains, bikes, buses, taxis, airplanes, ships and cars. Camilleri (2018:7) stated that the tourism industry would not have existed to this extent if there was no form of quick and efficient transport for tourists. Things like availability of transport to attractions, accessibility of tourism attractions, road signs and route maps are all needs that are part of the broad heading of transport (Saayman, 2013:18).

❖ Entertainment:

- According to McIntosh *et al.* and Trigg (as quoted by Saayman, 2013:18), entertainment includes aspects such as the visiting of family and friends, picnic spots, sports, festivals, gambling, shopping centres, markets, and recreational activities and facilities, Camilleri (2018:16) added that lately, wifi facilities are also an important aspect. It is important that tourism attractions and facilities are accessible to everyone and have the necessary equipment; information regarding the facilities must also be available to tourists and the public (Saayman, 2013:18).

❖ Attractions and culture:

- According to the Department of Environmental Affairs and Tourism (as quoted by Saayman, 2013:18), attractions can either be man-made or natural. Swartbrooke (as quoted by Saayman, 2013:18) indicated that there are two types of man-made attractions, namely attractions that are designed and built to attract visitors, and attractions that are not designed and built to primarily attract visitors. Things like amusement parks, zoos, game reserves and garden centres are typically designed and built to attract visitors, while things like archaeological sites, churches and ancient monuments are not. Natural attractions may include things like mountains, fauna and flora, and beaches (Saayman, 2013:18).

❖ Services:

- Tourists require a variety of services that each play an important role in the final tourism product. These services may include things like applying for visas, field- and tour-guiding at different destinations and attractions, and making the needed bookings and reservations (Saayman, 2013:18).

It is important to understand that the tourism product/offering is not only the actual holiday or dining experience that is being bought, but that the tourism product/offering consists of all the intangible and tangible aspects that make the experience enjoyable to all consumers (George, 2011:264). All tourism products (offerings) can be grouped into three different levels, namely the core level, the expected level and the augmented level. It is important to give attention to all these levels and aspects of the product to make sure that it lives up to the expectations of consumers, and that it leads to repeat purchases (George, 2011:264).

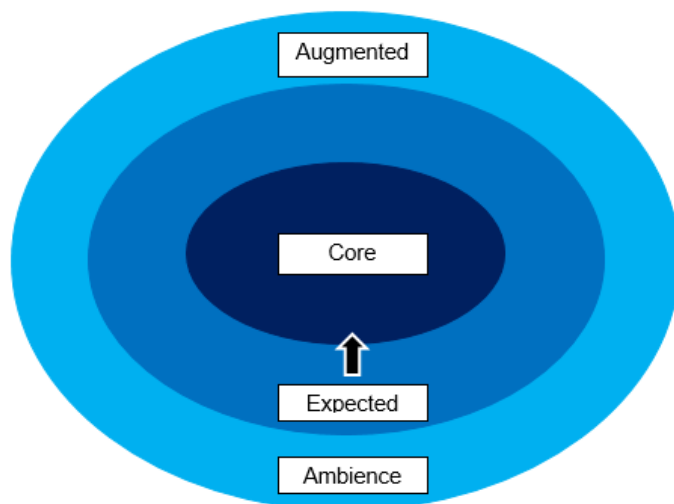


Figure 2.2: Three levels of tourism products (offerings)

Source: George (2011)

The three levels of tourism products/offerings will be discussed below (based on Figure 2.2):

❖ The core product/offering:

- Figure 2.2 illustrates that the core product is centrally positioned of the total products. When a new product/offering is being developed, it is important to first define the core, determine problem-solving benefits or distinguish what services the consumers look for (Kotler & Armstrong, 2018:245-246). The core product is the main component that provides the principal benefits, solutions or experience that the consumer is in search of. Thus, the core product is “what”

the consumer is basically buying. It is important to take note that some core products are highly intangible. An example of a core product/offering can be a one-night stay in a hotel, where the core service is to provide accommodation and security (Wirtz & Lovelock, 2018:92).

❖ The expected product/offering:

- The expected product consists of a mixture of intangible services and tangible products, which must be present to make it possible for the consumer to buy the core product. It includes the specific aspects that are normally expected by consumers when they buy a product/offering (George, 2011:265). For example, when a couple stays at a five-star hotel, they will expect certain things and facilities such as room service, for example. Thus, the expected product/offering can be shortly described as the specific aspects and benefits that exist within the specific product offering, for example, quality (George, 2011:265). Lumsdon (1997:140) described the expected product as the facilitating product, which includes services and goods that make it possible for consumers to buy the core product, for example, booking systems.

❖ The augmented product/offering:

- The augmented product/offering is both intangible and tangible. This level is where the most competition takes place. During this level, businesses' main goal is to get competitive advantage and to make sure that their products/offerings are better than those of competitors. The augmented product/offering includes all the extra benefits and aspects that consumers get (George, 2011:265). For example, an airline can provide movies on-board for consumers. Thus, the augmented product/offering can shortly be described as the "add-ons" that are extrinsic to the product offering itself, but it may have an influence on the choice to purchase (George, 2011:265). Lumsdon (1997:140) described the augmented product as things like accessibility, customer interaction with the business that provides the service, atmosphere and other aspects that are all marginal to the core product. Lumsdon (1997:140) also described the *supporting product*, which includes the extras that add value to the core product and help the business to gain competitive advantage.

Another consideration about the tourism product/offering is the composite nature of it. For example, the composite nature of a hotel may include things like accommodation, a swimming pool and meeting rooms, each of these aspects can be bought as a collective service, or separately (Lumsdon, 1997:142). According to Sasser, Olsen and Wyckoff (as quoted by Lumsdon, 1997:142-143), in tourism, the interaction between service and core benefits almost

always dominates. The tourism product/offering includes some tangible aspects but consists primarily of a combination of services that deliver mainly intangible, sensual and psychological benefits (Lumsdon, 1997:143). The following figure below (Figure 2.3) is a modified framework of the tourism product/offering.

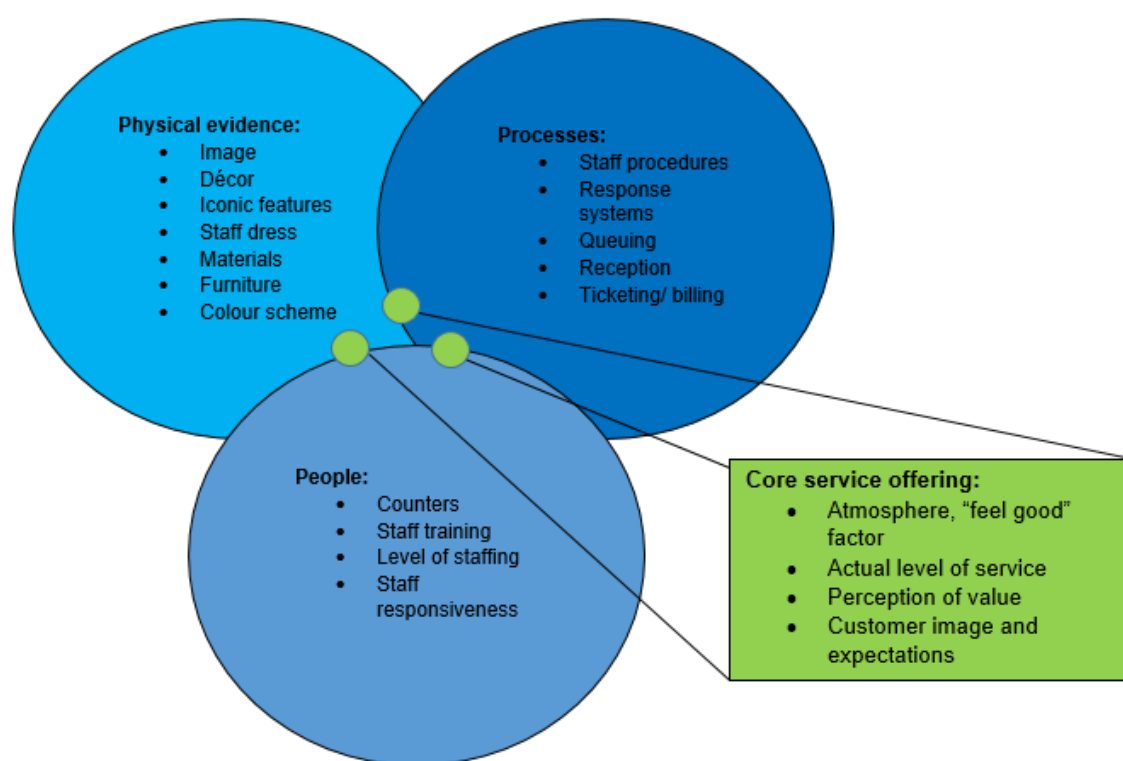


Figure 2.3: A modified framework of the tourism product/offering

Source: Lumsdon (1997)

Burnett (2008:158); George (2011:24-29) and Išoraitė (2016:30) indicated that the tourism product, which is mainly services, has a few characteristics and consists of the following aspects:

❖ **Intangibility:**

- As mentioned earlier, intangibility is a service that is paid for and provided, but it cannot be tasted, heard, smelled, touched or seen before it is purchased, such as a tourism route (Burnett, 2008:158; Kotler & Armstrong, 2018:258; Wilson, Zeithaml, Bitner & Gremler, 2016:65). George (2011:24) supported the above by describing intangibility in service as something that cannot be brought to the consumer, it cannot be tested beforehand, and it cannot be inspected. A tourism product/service/offering is an experience rather than physical goods. For example, when a vacation is bought, the consumer does not know what

the destination will truly look like until arrival, nor the level of service at reception, for example (George, 2011:25).

❖ Simultaneous production and consumption, non-severability, inseparability and perishability:

- *Simultaneous production and consumption* means that while the service is being provided, the experience also takes place, tourism services are being used while they are being provided and it cannot be stored and used at a later stage (Burnett, 2008:158).
- Işoraité (2016:30) described the concept *non-severability* as the production and consumption of services being so closely connected that it cannot be separated and has no severed features.
- Kotler and Armstrong (2018:258) explained that *inseparability* means that services cannot be detached from the provider of the service. For example, a seat on an airline is only provided when it is being bought and the experience of the flying is produced and consumed at the same time (George, 2011:26).
- Wilson *et al.*, (2016:68), and Kotler and Armstrong (2018:258) explained that the aspect *perishability* means that tourism offerings cannot be stored, saved, returned or resold. For example, when a hotel room is not being sold today, the profit not earned by that specific room for today is lost, and cannot be saved or stored for tomorrow (George, 2011:29).

❖ Little standardisation and variability:

- *Little standardisation* means that it is difficult to provide the exact same service every time, especially because the services are being provided by people, who are not always behaving in the same manner (Burnett, 2008:158).
- *Variability* is the performance of service that is unique to each consumer, because services are being provided by people and people differ. For example, flight attendants are part of an airline's offering. Each and every attendant is different and may deliver great service one day and then less great service the next, because of a bad day or a bad mood. Different consumers also experience the same service provided by the same person differently, because consumers also differ in expectations, demands and moods (George, 2011:28). Kotler and Armstrong (2018:258) described variability as service quality being dependent on who provides the service, where the service is being provided, when the service is being provided and how the service is being provided.

❖ High buyer involvement:

- A great deal of input may be placed into the final form of the product. A person wanting to take a cruise for example; a good travel agent will provide a choice of cruises with their different locations, as well as with the different packages available, including prices, whether it is child friendly, entertainment available, choice of food and other aspects regarding the different cruises (Burnett, 2008:158).

❖ Heterogeneity:

- To standardise services is difficult because there is a possibility for variation (Lumsdon, 1997:139). For example, The Grading Council of South Africa (TGCSA) is the only officially known quality assurance body for South Africa's tourism products (The Grading Council of South Africa, 2016). Thus, TGCSA grades facilities like guest houses, hotels etc. with the number of Stars that the specific tourism product deserves. This method helps to maintain a high standard of tourism in South Africa (The Grading Council of South Africa, 2016). Therefore, consumers can use the different Stars, graded by TGCSA, to distinguish the difference in standards and what to expect with the different Stars. For example, a five-star hotel will have more benefits and extras included, than a three-star hotel.

❖ Lack of ownership:

- Services cannot be owned the same way as products, because services are ephemeral and intangible (Lumsdon, 1997:139).

The product development process will be discussed next.

2.6.1.2. Product development process

It is important for products and services to change regularly (Saayman, 2006:118) because it is important to keep up with the constant changing consumer and the constant changing needs of the consumer. The product development process consists of five steps; the figure below can be used as a summary for the product development process filter (Figure 2.4).

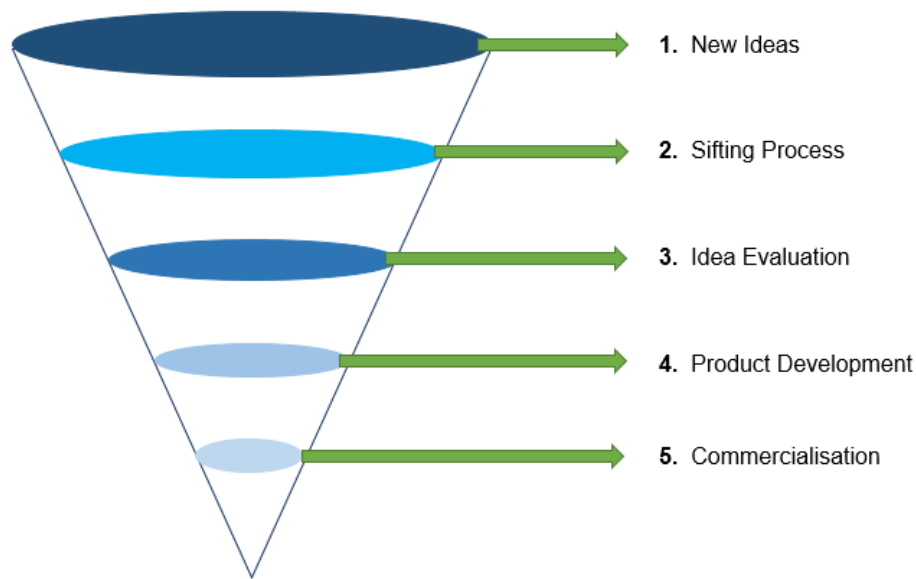


Figure 2.4: Product Development Process Filter

Source: Saayman (2006)

❖ New ideas:

- Kotler and Armstrong (2018:281) described this stage as *idea generation*, which is the systematic search for new product/offering ideas. New ideas can come from staff members, consumers, suppliers, competitors and intermediaries, and other sources. Internal sources can provide new ideas, which can be found through research, staff member schemes or even from brainstorming sessions. Consumers are an effective and significant source of ideas and their ideas can be easily obtained, especially if the business conducts an in-house survey, for example. Suppliers can provide new ideas through suggesting new materials and techniques that can be used in developing a new product. New ideas can also be obtained through analysing competitors and seeing what is being provided or how certain things are done (George, 2014:294). Intermediaries are close to the markets, so travel agents, for example, can provide new ideas on new products as a result of consumer feedback. Other sources that can provide new ideas include advertising agencies, universities, conferences and travelling to other established countries to perceive new trends and niche tourism products (George, 2014:295).

❖ Sifting process:

- During the sifting process, each and every idea is being analysed in terms of the strong and weak points of each idea. To determine whether the idea is good

or bad, the product is being measured against a criteria. It is important to confirm the safety of the products that are made available (Saayman, 2006:120). Only ideas that seem commercially workable should be kept, because costs rise in the later stages of the development of the products (George, 2014:295). Kotler and Armstrong (2018:283) described this stage as the *idea screening* stage, which means the spotting of good ideas and the dropping of the bad ideas as soon as possible.

❖ Idea evaluation:

- For idea evaluation, market research or surveys are used to determine how the new product will satisfy tourist's needs. During this step, enough information must be obtained to determine whether this new product will meet all the requirements (Saayman, 2006:120). Kotler and Armstrong (2018:284) described this stage as the *concept development and concept testing* stage, which means the new product concepts must be tested on a target group of consumers to determine if the new concepts have a strong consumer appeal.
- Kotler and Armstrong (2018:284) added the stage, *marketing strategy development*, which means an initial marketing strategy for the new product must be designed based on the concept of the product.
- Kotler and Armstrong (2018:285) also added the stage, *business analysis*, which means a review must be done regarding the costs, sales and profit projection for a new product, to determine if these factors fulfil the objectives of the company.

❖ Development:

- Product ideas that have lasted through the sifting process as well as the idea evaluation process, must then be further analysed and usually include research and development. It is important that possible tourists are able to see that the idea has been turned into a prosperous product (Saayman, 2006:120). The reaction of the tourists can however cancel the development of that specific idea. There is also a risk to test a product idea, because competitors can gain an idea development from it and it provides them with information related to the product. If the development process is being carefully managed, the research will offer more information to the business with the idea, than its competitors (Saayman, 2006:120). Kotler and Armstrong (2018:286) described this stage as the *product development* stage, which means: to develop a physical product of the product concept, to determine whether the product idea can be turned into a practical marketing offering.

- Kotler and Armstrong (2018:286) added the stage, *test marketing*, which means that the new product and the new product's planned marketing program are being tested in realistic marketing surroundings.
- ❖ Commercialisation:
 - According to Kotler and Armstrong (2018:288), commercialisation means the introduction of a new product into the market. A product can be placed in the market if it lasted through the whole process, up to this point. Good promotion must be used to widely present the product and to inform possible tourists about the new product (Saayman, 2006:120). According to George (2014:295), this step involves high costs, because a big amount of money will have to be spent on promotion to create awareness amongst consumers.

According to Morrison (2010:349), every business has its own product/service mix, which consists of the products and services that are being provided to consumers. Morrison (2010:349) stated that the above-mentioned mix includes every element that is visible in the business, including the following aspects: the behaviour of staff, the appearance of staff and the uniforms of staff, equipment, building exteriors, signage, furniture and fixtures, and communications with customers and other publics.

It is important to understand that all products have a fixed life cycle and if no adjustments or changes are made, the product will “die” sooner or later. This counts for the tourism industry as well, because of an environment that changes regularly, necessary changes must frequently be made to products/offerings (Saayman, 2006:114). To determine the stage of a tourism product/offering, the product life-cycle is being used. Thus, the product life-cycle is the analysing of services and products to classify their stage within the life cycle (George, 2014:291). According to Lamb *et al.* (2018:202), the product life-cycle can be seen as a way to trace the different stages of a product's acceptance, from the product's introductory stage (birth) to the product's decline stage (death). The following figure is an indication of the product life-cycle (Figure 2.5).

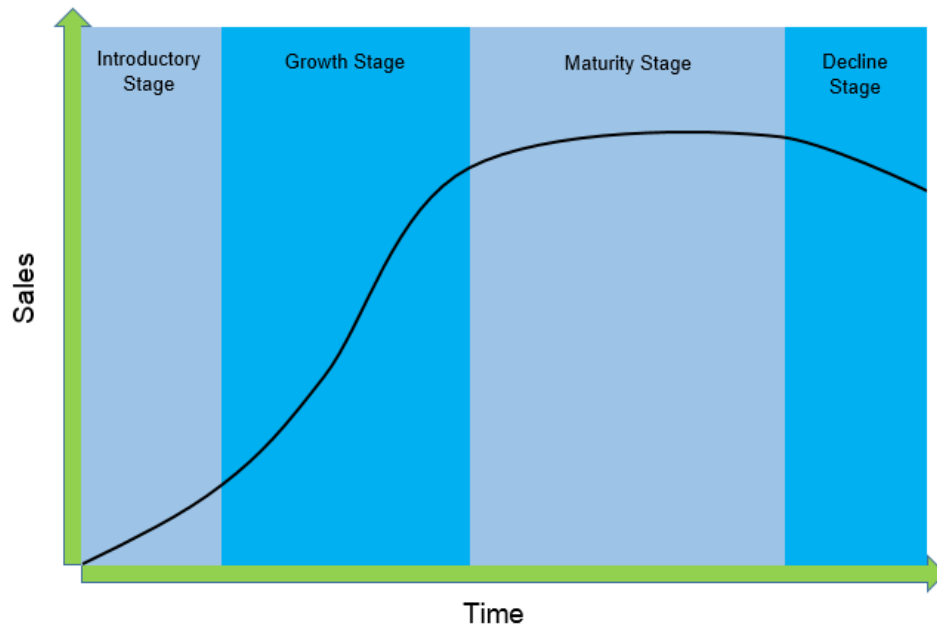


Figure 2.5: Product life-cycle

Source: Lamb, Hair and McDaniel (2018)

❖ Introductory stage:

- According to Lamb *et al.* (2018:203), the introductory stage can be described as the “full-scale launch of a new product in the marketplace”. Kotler and Armstrong (2018:289) added an extra stage (before the introductory stage), namely the *product development stage*, which starts when a business finds and develops a new product. During the product development stage, there are no profits, no sales and the business’ investment costs mount. Kotler and Armstrong (2018:291) described the introductory stage as the stage where the product is being introduced to the market and the growth rate of sales are slow. There are no profits during this stage, because of the heavy expenses regarding the introduction of the product.

❖ Growth stage:

- During this stage, sales will normally grow at an increasing rate, large businesses may start to acquire new, small businesses, there are numerous competitors that enter the market, and, regarding the new product, business profits are healthy overall (Lamb *et al.*, 2018:203). Kotler and Armstrong (2018:291) described the growth stage as the stage where there is fast market acceptance and where profits increase.

❖ Maturity stage:

- During this stage, there is an increase in the decrease rate of sales (Lamb *et al.*, 2018:204). Kotler and Armstrong (2018:291) described the maturity stage

as the stage where there is a decrease in the growth of sales because possible buyers have already accepted the product, the level of profits also decrease because there is a rise in marketing outlays so that the product can be protected against competition.

❖ Decline stage:

- During this stage, there is a drop in the sales of the product. The rate at which the declining takes place, is based on how quickly the consumer's taste changes or how quickly substitute products are accepted (Lamb *et al.*, 2018:204). Kotler and Armstrong (2018:291) described this stage as the stage where sales and profits drop.

The last aspect of the product element that will be discussed is the trends in product development.

2.6.1.3. Trends in product development

New ideas and solutions are being created by businesses and enterprising individuals to try and meet needs that are not being met yet (Kotler & Keller, 2016:95). It is important to distinguish the difference between a “fad”, a “trend” and a “megatrend”.

- ❖ A “fad” is “unpredictable without social, political or economic significance and is also short-lived”. Businesses can “cash” in on a “fad”, for example: Crocs clogs – but to get this right, the right timing and good luck is required (Kotler & Keller, 2016:95).
- ❖ A “trend” is more long-lasting and predictable, and is a “sequence or direction of events with momentum and durability”. Trends can provide strategic direction and it can reveal the form of the future (Kotler & Keller, 2016:95). For example, a trend towards the awareness of nutrition and health has brought a rise in government regulation, as well as publicity that is negative for business’ that still sell unhealthy food (Kotler & Keller, 2016:95).
- ❖ According to Naisbitt and Aburdene, a “megatrend” can be seen as a huge political, economic, technological and social change, which forms slowly over time, but once it's in place, it influences people for a while – can be between seven to ten years, or maybe even longer (as quoted by Kotler & Keller, 2016:95).

A few trends in tourism product development will be shortly discussed:

❖ Sustainable tourism:

- According to Kow (2017), the world is becoming more crowded and travellers are becoming more aware of how destinations are being ruined by overtourism, and therefore, they are looking to visit destinations that are less known.

❖ Voluntourism:

- Voluntourism can also be known as volunteer tourism. The concept of voluntourism is when a traveller visits an exotic place with the purpose of volunteering. This is a great way for people to learn about diverse cultures and discover a country while helping people that are in need (Martinez, 2018).

❖ Airbnb:

- According to Lang (2014), Airbnb can be described as a marketplace where people can list, discover and book exclusive accommodation anywhere in the world. Accommodation is cheaper this way and it allows people to cook their own meals.

❖ Culinary tours:

- According to Postnikoff (2016), culinary tourism can be described as the searching of exceptional and notable drinking and eating experiences.

❖ Space tourism:

- Shalvey (2018) stated that a recent trending topic in the travel industry is space tourism. She added that many businesses such as Richard Branson's Virgin Galactic, for example, sprint to bring their intergalactic flight plans to perfection.

❖ Tailor made:

- According to Slate (2016), the future of tourism will rely profoundly on customisation. There will be no more organised tours, as have been arranged by travel agencies for years. The new and trendy travellers of today will build tours custom made specifically for them and in this way, they will get exactly what they want.

❖ Skip the line:

- Chuba (2018) stated that fifty-seven (57%) of all reservations regarding travelling are made online. In this way, travellers can review a variety of deals on the Internet and choose the ones that meet their wants, needs and expectations the most. Chuba (2018) added that according to the experts, in the following decade, expanding digital travel space will have a turnaround of up to 11,5 trillion.

After understanding the product concept in a tourism industry context, one must also understand the price concept in a tourism industry context in order to fully understand the application of the marketing mix in a tourism context.

2.6.2. The price concept in a tourism industry context

According to Lamb *et al.* (2018:339), pricing can be described as what is being given up in exchange to obtain a good service or product. According to Hudson (2008:179), pricing is one of the most important elements for successful marketing of services and products, but is also one of the elements of the marketing mix that is least understood. The prices being charged for products and services must strike a balance between making a profit for the business and gaining acceptance with the target audience (Hudson, 2008:179). Pricing is a unique element of the marketing mix as it is the only element that provides an income and affects the business' revenue. The other marketing mix elements usually interact with pricing decisions (Hudson, 2008:179). Price also communicates the planned value positioning of a business's brand or product. Big profits can still be gained, and a price premium can still be demanded if a product is well designed and marketed (Kotler & Keller, 2016:483). In the evaluation of another product possibility, price can play two different roles, namely the role of an information cue and the role as a measure of sacrifice. The above roles can, to some extent, have opposing effects (Lamb *et al.*, 2018:339). The term pricing has different meanings to the consumer and to the seller. For the consumer, price means the cost of something and for the seller, price means revenue, which is the main foundation of profits. In a general sense, resources are being allocated in a free-market economy by price (Lamb *et al.*, 2018:338). As a result of new economic realities, many consumers have reconsidered the extent of their willingness to pay for services and products, and this has caused the careful reviewing of pricing strategies of businesses (Kotler & Keller, 2016:483).

The value that a possible tourist places on a product can be seen as the definition for price in the tourism industry. Pricing is one of the most important elements in tourism marketing, because, as mentioned earlier in the marketing mix, price produces an income and marketing cannot occur if there is no capital (Saayman, 2006:135). Saayman (2006:135) further added that if a reference is being made to price in the tourism industry, it is usually referring to rates. Pricing in the tourism industry is a very hard and complex choice, especially if there are a lot of parties involved, of which each independently decide their own prices (Wirtz & Lovelock, 2018:154). The decision of choosing the correct pricing strategy is of extreme importance for the revenue of the business, which is one of the core measures of success. The revenue of a country resulting from tourism includes income that is being acquired from results such as

foreign exchange, improved cultural trade, the product, image and higher employment (Saayman, 2006:135). Saayman (2006:135) stated that the overall image of a country can be influenced by pricing, specifically in terms of expensive or cheap, or first class or average.

The different approaches and strategies to pricing will be discussed next.

2.6.2.1. Different approaches and strategies to pricing

There are many different approaches and techniques that can be used for pricing (Hudson, 2008:190), but some of these approaches and techniques have more relevance to businesses in the tourism industry than others (George, 2011:289). Many of these approaches can be combined, but the four approaches that are being considered as the most effective for a business, falls into the following four main groups:

❖ Pricing based on costs:

- According to Kotler and Armstrong (2018:313), cost-based pricing is to set prices that are based on the costs of the distributing, producing, and selling of the product, plus a reasonable rate of return for risk and effort. Cost-based pricing in a tourism industry context can be described as follows: it is based on the costs that are needed to generate or provide the tourism offering, for example, overhead costs such as food or staffing (George, 2011:290). The total costs are calculated, and the final price is then determined by adding a compulsory mark-up or margin. The cost-based pricing approach is often used for restaurants and retail outlets of tourist attractions. It is important to take into consideration the market demand and competitive position; because if prices are not being set to low, demand will not be exploited and if prices are being set to high it will not attract consumers (George, 2011:290).

❖ Pricing based on demand:

- Higher prices are being asked when there is a higher demand and lower prices are being asked when there is a lower demand, regardless of what the production costs of the tourism offering may be (Hudson, 2008:191). The result of this approach is greater revenues, as long as the tourism offering provides enough worth to consumers that they will pay the higher price. For example, a beach resort that provides accommodation tends to be more expensive in the summer, because the demand is higher than during the winter when there is a lower demand (George, 2011:290).

❖ Pricing based on competition:

- Competition-based pricing is to set prices based on the prices, market offerings, strategies and costs of competitors (Wilson *et al.*, 2016:679). The competition-based approach in a tourism industry context means that the price of the tourism offering is based on the competitors' pricing. An advantage of this approach is to give a business the opportunity for a rise in market shares or sales, because it is mainly focused on what the prices of competitors are rather than the demand of the market or costs (Hudson, 2008:193). This approach is usually being used in markets, where the main benefits of the offerings are similar or in markets that are very sensitive to price, for example, backpacker hotels. It is sometimes difficult to identify the competitors, because there are direct competitors as well as indirect competitors – this may be seen as a disadvantage regarding this specific approach. For example, the prices of a restaurant may be set according to the prices of other restaurants in a specific area, but other choices are available for possible consumers in terms of how they are planning to spend their time and money, for example going to the theatre (George, 2011:290).

❖ Pricing based on value:

- Kotler and Armstrong (2018:309) described value-based pricing as customer value-based pricing, which means to set prices based on the perceptions of consumers in regards to value rather than on the cost of the seller. This approach in a tourism industry context means that the price of a tourism offering is mainly based on how much the consumers think a service or product is worth, not the cost of the tourism offering. Whereas cost-based pricing is focused on the product, value-based pricing is the opposite. Businesses that use this approach, set their prices based on what the perceptions of consumers are, regarding the value of the product and service. Research can be used to understand how consumers think, regarding diverse competitive offers (George, 2011:290).

The four approaches to pricing mentioned above, have a bearing on the development of a strategy for pricing (Lumsdon, 1997:160). Other factors that also have a bearing on the creating of a strategy for pricing, are the structure of the market, the resources of the business and evolution of the market. It is important to take all the factors into consideration so that the business can develop a strategy for pricing that fits best with the general strategy for marketing (Lumsdon, 1997:160). According to Lamb *et al.* (2018:351), a price strategy can be described as a simple and long-term framework for pricing that creates the primary price for a product

and the direction that is projected for price movements over the product life-cycle. According to George (2014:312-312) and George (2011:291-294), there are a few strategies available for new offerings and a few strategies available for existing offerings. These strategies will be discussed below:

❖ Pricing strategies for new tourism offerings:

- Premium/prestige pricing:

This strategy entails a fitted integration with all the elements of the marketing mix (Lumsdon, 1997:160). Premium pricing involves setting prices high so that a tourism offering can be positioned at the luxury or upper end of the market and to target a specific type of consumer (Hudson, 2008:194). The quality and value of the tourism offering must be reflected through the high price, as well as through promotional messages so that consumer expectations are being matched. Luxury cruises such as the MSC Starlight, for example, and destinations like Botswana are examples of tourism offerings that use premium pricing (George, 2014:309).

- Market skimming:

Market skimming is when a new product is launched and a high price is set to skim the maximum profits layer by layer from the consumers that are prepared to pay the high price. The business makes less but more profitable sales (Kotler & Armstrong, 2018:332). Lamb *et al.* (2018:352) described market skimming as a pricing policy where a business asks a high introductory price for a new offering and heavy promotion is often coupled with the high price. This strategy can only be used if the offering is new to the market or if the offering has no or minimal competition. For example, if there is only one hotel in the middle of the Karoo, the property owner can ask high prices, until the lucrative business opportunity is discovered by competitors and they enter the market as well (George, 2014:309).

- Market-penetration pricing:

When a new product is first launched into the market, a low price is set to attract a large number of consumers and a large market share. This strategy usually operates in markets that are highly competitive (Hudson, 2008:195). An example of a market-penetration pricing offering is a low-cost carrier that launches a new route (George, 2014:309).

❖ Strategies for existing tourism offerings:

- Product-bundle pricing:

Product bundling is when numerous products are combined and then offered at a reduced price. The main benefits of an offering that consumers might not really buy otherwise, can be promoted through this strategy (Wilson *et al.*, 2016:693). The benefits may be minimal in terms of costs, but the bundled price and extras that consumers receive, may be enough to persuade the consumers to buy the package. For example, a restaurant might have a certain comprehensive price for a starter, a main meal and a dessert (George, 2014:310).

- Differential pricing:

Different prices will be paid by different market segments for a similar bundle or main benefits (Lumsdon, 1997:161). According to George (2011:292), this strategy is when a business sells an offering at different prices, regardless of the fact that the offering's costs are similar. Pricing in this strategy is more reliant on location, season and different service levels (Lumsdon, 1997:161). For example, a restaurant may offer certain meals at a more affordable price during a certain time a day and on certain days of the week, to attract consumers that are fairly sensitive to price (George, 2011:292). Another example may be the asking of different prices for international and national tourists.

- Yield management:

Yield management is the revenue that is being made on the sales of offerings. This can be calculated based on the amount of consumers, how much money the consumers spend and the amount of offerings that the consumers buy (George, 2014:311). Yield management is a system that forecasts the behaviour of consumers and then alters pricing strategies according to that so that revenues can be maximised (George, 2014:312). For example, a hotel may want to ask a higher price for people that travel for business and less for people that travel for leisure, but it still has to be done fairly. A hotel may then use a boundary strategy, such as a cheaper price for a room when it is being booked a month in advance. This may effectively force people that travel for business to pay the higher price, because usually they cannot book so far in advance (George, 2014:312).

- **Tactical pricing:**
This strategy offers an opportunity for tourism businesses to gain short-term competitive advantage. For example, when a tourism business hosts a conference at a hotel, it may receive one free room for every ten rooms that are booked (George, 2011:294).
- **Promotional pricing:**
According to Kotler and Armstrong (2018:338), this strategy is about temporarily pricing products lower than the listed price, and occasionally even lower than cost, so that short-run sales can be increased. According to George (2011:294), this strategy is also used to attract consumers, in the hope that they will also buy other offerings at normal prices. For example, a hotel at Sun City may have lower room prices in the hope of attracting consumers that will spend a large amount of money gambling in the casino (George, 2011:294).
- **Psychological pricing:**
Psychological pricing can be described as pricing that not only considers the economics, but also the psychology behind it; the price is used to say something about the product (Kotler & Armstrong, 2018:337). George (2011:294) describes this strategy as a price that has been set, based on another method of pricing, and adjusted to attract consumers. This strategy avoids the use of prices set in round figures like R100, for example. To give the perception of extra value to consumers, prices are set somewhat lower. Instead of using prices like R50 or R100, prices like R49,45 or R99 are rather being used (George, 2011:294).

The process of setting the right price will be next up for discussion.

2.6.2.2. Process of setting the right price

Pricing is of extreme importance because it has a direct impact on a business' profits, which is apparent from the profit equation of a business (Kerin & Hartley, 2017:352). The profit equation is as follows:

$$\diamond \text{ Profit} = \text{Total revenue} - \text{Total cost}$$

$$= (\text{Unit price} \times \text{Quantity sold}) - (\text{Fixed cost} + \text{Variable cost})$$

- Fixed cost is costs that do not change if there is an increase or a decrease in output (Lamb *et al.*, 2018:345).
- Variable cost is costs that vary if there is a change in the output level (Lamb *et al.*, 2018:345).

Kerin and Hartley (2017:352) further added that the quantity that is being sold is affected by price. Since the quantity that is being sold usually has an effect on a business' cost, because of the efficiency of production, it is clear that costs are also indirectly being affected by price. Thus, the total revenue (sales) and the total cost are both being influenced by pricing decisions (Kerin & Hartley, 2017:352).

As mentioned above, pricing is of extreme importance, because it has a direct influence on a business' profits (Kerin & Hartley, 2017:352) and therefore, is it important to set the right price for a product/offering. The following steps can be followed to ensure that the right price is being set.



Figure 2.6: Steps in setting the right price

Source: Kotler and Keller (2016)

❖ Step 1: Selecting the price objective:

- It is important that the business first decides where it wants its market offering to be positioned. If the business's objectives are clear, it is much easier to set the price (Kotler & Keller, 2016:489). Moore and Pareek (2006:61) mentioned five key objectives, namely survival, product-quality leadership, maximising current market share, market skimming and maximising short-term profit. Saayman (2006:138) mentioned a few general objectives for when price is being determined, namely enhancing long- and short-term profits without handicapping each other, gaining a detailed rate of interest on the investment, there must be optimal survival in the business as well as long-term survival and

growth of the business, risks must be minimised – especially big losses, debt must be kept within reasonable limits and the business needs to stay ahead of competition by analysing the environment on a consistent basis.

❖ Step 2: Determining demand:

- Each price will have a different effect on a business' objectives of marketing and it will lead to a different demand level. The demand will lower if the price is raised. When determining demand, it is important to consider what affects price sensitivity. Consumers are usually less sensitive to price when it comes to items that they buy regularly or items that are cheap (Kotler & Keller, 2016:492). Kotler and Keller (2016:492) further added that consumers are also less sensitive to price when there are few or no competitors or substitutes; when higher prices are not readily noticed; when buying habits change slowly; when higher prices are being justified; and when price is seen as a minor part of the total cost of obtaining, functioning and servicing the offering over its life period. Demand curves can be estimated through several methods, namely surveys, price experiments, statistical analysis and many other methods (Kotler & Keller, 2016:493). It is also important to know how responsive (elastic) demand is when the price changes. Inelasticity can be described as a small change in price, but hardly a change in demand. Elasticity is a change in price and a significant change in demand as well. If demand is elastic, it will lower the price so that more total revenue can be produced – as long as producing costs and selling more units do not rise excessively (Moore & Pareek, 2006:68).

❖ Step 3: Estimating costs:

- The business should ask a price that will cover its costs in regard to the selling, distributing and producing of the product with a fair return included for its risk and effort. But even though businesses ask prices for products that cover full costs, the result may not always be profitable (Kotler & Keller, 2016:494). There are two different costs in a business, namely fixed costs and variable costs. As mentioned earlier, fixed costs do not change if there is an increase or a decrease in output and variable costs vary if there is a change in the output level (Lamb *et al.*, 2018:345). There is total cost and average cost as well, total cost is the sum of the fixed and variable costs at any production level, and average cost is the cost per unit at that production level, it is total cost divided by production. Managers' want to ask a price that ensures the covering of production costs at any level of production (Moore & Pareek, 2006:69).

❖ Step 4: Analysing the prices, costs and offers of competitors:

- With possible prices in mind, that have been identified by business costs and market demand, the business must also take into consideration the prices, costs and possible reactions of competitors (Moore and Pareek, 2006:73). If the nearest competitors do not have the features of an offering that is being offered by a business, the worth to the customer should be evaluated and that value should then be added to the competitor's price. If competitors do have some of the features of an offering that is offered by a business, the business' value should be subtracted from its own price. Therefore, the business can now decide whether it wants to ask more, less or the same as competitors (Kotler & Keller, 2016:496). Businesses that provide low prices with high quality products, are capturing the "wallets" and "hearts" of consumers all around the world (Kotler & Keller, 2016:496).

❖ Step 5: Selecting the method of pricing:

- A business is ready to select a price after the demand schedule of consumers, the cost function, and the prices of competitors have all been taken into consideration (Kotler & Keller, 2016:497). There are three big considerations in the setting of price, namely: (1) the prices of competitors and an orienting point, provided by the price of substitutes; (2) costs, which set a floor to the price; and (3) the assessment of unique features by customers, which establishes the price ceiling. One or more of these three considerations are usually chosen when a business selects a method of pricing (Kotler & Keller, 2016:497). The following figure (Figure 2.7) is a summary model for price setting:

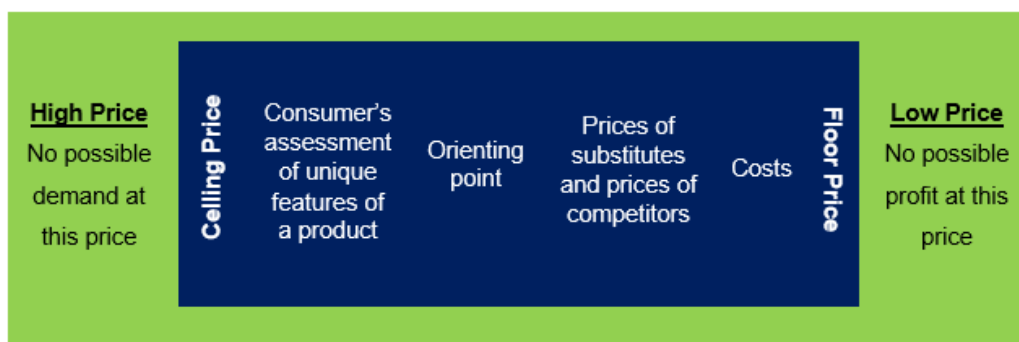


Figure 2.7: Summary model for price setting

Source: Kotler and Keller (2016)

- Kotler and Keller (2016:497) indicated that there are seven different methods of price setting. They are *mark-up pricing*: this method is to add a standard

mark-up to the costs of the product, this is done by determining the total cost of the project and then adding a standard mark-up for profit (Kotler & Keller, 2016:497). *Auction-type pricing*: this is a method that is growing more popular, with three types, namely English auctions, also called ascending bids, where there is one seller and many buyers; Dutch auctions, also called descending bids, where there is one seller and many buyers or one buyer and many sellers; and Sealed-bid auctions where only one bid is being submitted by would-be suppliers, who cannot know anything about the other bids (Kotler & Keller, 2016:497; Moore & Pareek, 2006: 77-78) – this type of pricing is not directly applicable to the tourism industry. *Target-return pricing*: in this method, the business decides the price that yields its return on investment's target rate. *Going-rate pricing*: in this method the prices of the business are mainly based on the prices of competitors (Moore & Pareek, 2006:74,77). *Perceived-value pricing*: this method is where the price is based on the perceived value of consumers; perceived value consists of the buyer's image of the performance of the product, quality of warranty, consumer support and other attributes, such as the esteem, reputation and trustworthiness of the supplier. *EDLP (everyday low prices)*: in this method the prices are constantly low and there are little or no special sales or price promotions, there is also high-low pricing, which means that prices are high overall, but there are regular promotions where prices are temporarily lower than the EDLP level. *Value pricing*: this method is where businesses win loyal consumers by asking a low price for an offering of high quality (Kotler & Keller, 2016:497).

❖ Step 6: Selecting the final price:

- Different methods of pricing, from which the business must choose its final price, narrows the choice down (Kotler & Keller, 2016:502). There are certain additional factors that must be taken into consideration when a business is selecting a price (Kotler & Keller, 2016:502-503) and they are: *other marketing activities' impact* (the quality of the brand as well as advertising relative to competitors); *impact that price would have on other parties* (it is important to understand how distributors, dealers, competitors, the sales force and even the government feels about this price, and determine how they would possibly react towards this price setting); *gain-and-risk-sharing pricing* (there is a possibility that consumers would not accept a seller's offer, because a level of high risk is being perceived); and *the pricing policies of the business* (the price must be consistent with pricing policies of the business).

It is also important for a business to understand that there are certain factors that could affect decisions regarding pricing. There are certain internal factors as well as certain external factors. The figure below (Figure 2.8) will give a summary of these internal and external factors and it will then be discussed.

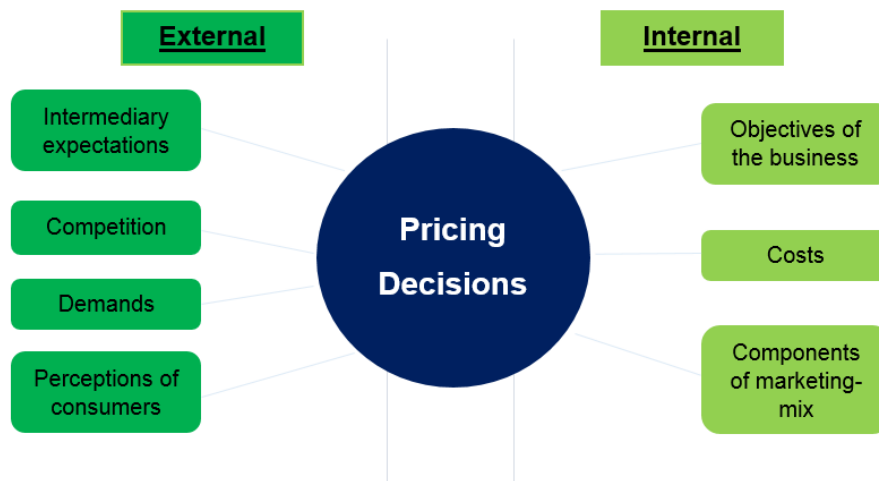


Figure 2.8: Summary of factors that affect pricing decisions

Source: George (2019)

❖ External factors that have an influence on pricing decisions:

- Intermediary expectations:

When prices are being set, it is important for tourism operators to understand their distribution channels and factor in intermediaries' costs (Bowie & Buttle, 2004:159). Many tourism providers such as hotel groups, tour operators and airlines are currently selling directly to consumers via the Internet and therefore, cutting out the middleman (George, 2019:323).

- Competition:

Firstly, it is important to know who a business' competitors are and it is important to take into consideration, both indirect and direct competition. Secondly, it is important to obtain information about the above-mentioned competitors' prices in order to make decisions regarding prices (George, 2019:322).

- Demands:

Demand and the market set higher limits for price and lower limits are being set by price. Distribution channels and consumers are being considered part of the market and therefore, their beliefs, regarding the offering's value, will develop a demand for it as well as a ceiling for its price. Tourism offerings are

usually not a need for consumers and there are many substitutes available (George, 2019:321-322). Thus, price has an extreme influence on demand. It is also important to understand price elasticity, as well as the influence on demand when there is a change in the price. Demand levels may differ for reasons such as: marketing levels and promotional effort, economic conditions and consumer spending trends, busier times of the day, the offering's stage in the product life cycle, and seasonal variations (George, 2019:321-322).

- Perceptions of consumers:

The perceptions of consumers regarding price, is the most important factor that affects price. Consumers decide if a price is too high or too low. Usually consumers use price as an indication of the quality of the tourism offering (George, 2014:306). If consumers feel that a price is too high, they will not buy it and if a price is too low, consumers may see the offering as inferior in quality and will not buy it either. Businesses need to understand the reasons why consumers choose an offering and then set the price based on the ideas of the consumer regarding the offering's value (George, 2014:306-307).

- ❖ Internal factors that have an influence on pricing decisions:

- Objectives of the business:

The decisions that are being made regarding the pricing of the offering, are based on the overall objectives of the business (Bowie & Buttle, 2004:155). Specific strategies and approaches to pricing can be closely linked to the business' objectives. For example, an airline can reduce its prices in order to prevent competitors from entering the market (George, 2019:319).

- Costs:

According to George (2019:321), when a price is being set, the following should be taken into consideration in terms of how much it costs the tourism business: the making of the product (for example, expenditures such as staffing and meals), the distributing of the offering (for example, commission that has to be paid to a travel agency), the promoting of the offering (for example, the cost of a newspaper advertisement), and to staff the business (staffing costs). Businesses that are profit-orientated will ask a price that will cover the expenses regarding the marketing mix, and bring in a return for investors (George, 2019:321).

- Components of the marketing mix:

The marketing mix's components are interdependently linked and therefore, the price must interact with all the other components (Hudson, 2008:181). The

value of an offering must be accurately reflected through price. As mentioned earlier as well, it is of extreme importance that the offering's quality meets the expectations that price has created in the mind of the consumers. The type of offering can also be distinguished through where the offering is being sold (George, 2011:287). The promotional mix of the business also reflects on the offering's price and quality; and with regards to the people factor, the quality of service should never be negotiated by price (George, 2011:287).

The last aspect of the price element that will be discussed is the trends in pricing.

2.6.2.3. Trends in pricing

According to Burnett (2008:246) discounters, economists and financial analysts dominated decisions regarding pricing for far too long. Burnett (2008:246) further added that even though it is essential to still make a reasonable profit, pricing must become an element of marketing that is more often considered. Smarter pricing, as represented by the value-based strategy, seems to symbolise the future (Burnett, 2008:246).

According to Kotler and Keller (2016:484), the practices of prices have knowingly changed because of an unadorned recession in 2008-2009, a slow recovery and quick technological advantages. The new generation of millennials, new values and new attitudes add to consumption. This group is born between about 1977 and 1994 (Kotler & Keller, 2016:484). This millennial generation is usually loaded with things like student loans and other financial demands, and people that fall into this group are re-evaluating what they actually need to own. For many in this group, things like sharing, borrowing and renting are an effective option (Kotler & Keller, 2016:484).

Kotler and Keller (2016:486) indicated that these new behaviours are busy developing a sharing economy where consumers can share things from clothes to skills and through this, consumers extract more value from what is already being owned by them. According to a sharing-related entrepreneur (as quoted by Kotler and Keller, 2016:486), "We are moving from a world where we are organised around ownership to one being organised around access to assets." Kotler and Keller (2016:486) added that it is possible for a person to be a producer and a consumer and to gain the benefits from both when it is in a sharing economy. In any exchange, a good reputation and trust are very important, but in a sharing economy is it imperative. There are two pillars when it comes to a sharing economy (Kotler and Keller, 2016:486):

- ❖ Bartering is one of the oldest ways to acquire goods. Barter is usually found on websites that allow people to swap and sell services and goods. Experts' advise that barter should only be used to sell and swap services and products that a person would be willing to pay for anyway (Kotler & Keller, 2016:486).
- ❖ Renting is one of the sectors of the new sharing economy that is gaining extreme popularity. Renting is also usually found on websites that allow consumers to rent things at an affordable price. For example, RentTheRunway offers consumers the chance to rent designer dresses at an affordable price (Kotler & Keller, 2016:486).

After understanding the price concept in a tourism industry context, one must also understand the promotion concept in a tourism industry context in order to fully understand the application of the marketing mix in a tourism context.

2.6.3. The promotion concept in a tourism industry context

No matter how good a product or service is being developed, distributed or priced, an insufficient number of products and services will survive in the marketplace without effective promotion. Promotion can be seen as the communication that takes place through marketers to inform, encourage and remind possible buyers of a product or a service in order to provoke a response or to influence an opinion (Lamb *et al.*, 2018:262).

Figure 2.9 will give a clear picture regarding the importance of the promotion element in the marketing mix.

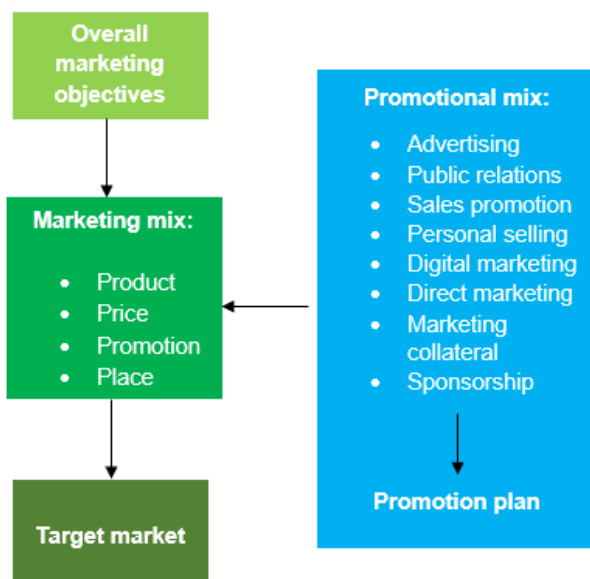


Figure 2.9: The role of promotion in the marketing mix

Source: Adapted from George (2019) and Lamb, Hair and McDaniel (2018)

According to Figure 2.9, the overall goals of the business in regard to the marketing mix, have an influence on the business' promotional strategy goals. A promotional strategy can be seen as a plan for the best use of the elements of promotion, namely advertising, public relations, sales promotion, personal selling, digital marketing, direct marketing, marketing collateral and sponsorship (George, 2019:389; Kerin & Hartley, 2017:472; Lamb *et al.*, 2018:268). When these overall goals are being used, the elements of the promotional strategy (the promotion mix) are joined together into a coordinated plan. The plan for promotion then becomes a very important part of the marketing strategy in trying to reach the target market. The core function of the promotional strategy is to convince the target market that the services and products that are being presented, provides a competitive advantage over competitors. A competitive advantage can be described as the aspects that are unique to a business, which causes target consumers to rather support that business than its competitors (Lamb *et al.*, 2018:262).

Regarding the target groups that have to be addressed, communication as an instrument of marketing has to be more closely defined. These target groups are mainly employees, (sales) market partners, consumers and other people and businesses that have an influence on the sales market (Tomczak *et al.*, 2018:191). Thus, marketing communication includes those marketing mix elements that promote the relationship between the business and its consumers through the exchange of ideas, information and opinions etc. Due to the rising number of substitutable products, which providers try to differentiate using communication, a considerable growth has been noticed regarding the importance of communication (as well as brand management). Communication is essential for the reducing of doubt that is being associated with decision-making (Tomczak *et al.*, 2018:191).

In order to fully understand the promotion concept in a tourism industry context, the different types of promotion will be discussed next.

2.6.3.1. Different types of promotion

Kerin and Hartley (2017:472) stated that there are a few promotional alternatives that make it possible for a business to communicate with consumers. Some of these promotional alternatives are advertising, public relations, sales promotion, personal selling, digital marketing, direct marketing, marketing collateral and sponsorship (George, 2019:389; Kerin & Hartley, 2017:472; Lamb *et al.*, 2018:268). The above-mentioned "promotional alternatives" can also be described as "ingredients" that are used by most promotional strategies to reach a target audience; the combination of "ingredients" is called the promotional mix. A promotional mix can be described as a combination of promotional tools (which includes aspects such as

advertising, public relations, sales promotion, personal selling, digital marketing, direct marketing, marketing collateral and sponsorship) that are used to reach the target audience and fulfil the overall goals of the business (George, 2019:389; Lamb *et al.*, 2018:268; Moore & Pareek, 2006:85). It is important that the correct mix of promotion tools are used in order to achieve a promotional campaign that works effectively. One promotional tool can be used or a combination of tools, which is called integrated marketing communications (George, 2019:383-384).

The different aspects of the above-mentioned promotion mix will be discussed below.

❖ Advertising:

- Advertising can be described as any form of impersonal, one-way mass communication regarding a product, service or business (Hudson, 2008:262; Lamb *et al.*, 2018:269). A benefit of advertising includes efficient means for the reaching of people in large numbers. Disadvantages of advertising include high absolute costs associated with it and the difficulty to receive decent feedback (Solomon, Marshall & Stuart, 2014:392-393).
- There are basically two different types of advertising, namely (Kerin & Hartley, 2017:500-502):

Product advertising is mainly focused on the selling of the product or service. Product advertising usually takes on three different forms. Pioneering is the first form, which tells people about the product, what the product is, what the product can do and where the product can be found; the main objective of pioneering advertising is to inform people (Kerin & Hartley, 2017:500). Competitive or persuasive is the second form, which promotes the features and benefits of a specific brand; the main objective of competitive or persuasive advertising is to persuade the target audience to rather select the business' brand than the competitor's brand. Reminder is the third form, which is used to reinforce former knowledge of a product or service (Kerin & Hartley, 2017:500). *Institutional advertising* is used to build an image or goodwill for a business rather than to promote a specific product or service. Usually this method is used to support the public relations plan or counter adverse advertising publicity. There are four alternative forms for institutional advertising. The first form is advocacy advertising, which states the position of the business on a certain issue (Kerin & Hartley, 2017:501-502). The second form is pioneering institutional advertising, which focusses on announcements stating what the business is about, what the business can do and where the business is located.

The third form is competitive institutional advertisements, which are used to promote the benefits of one product class over another product class and is usually used in markets where different product classes are in competition for the same buyers (Kerin & Hartley, 2017:501-502). The fourth form is reminder institutional advertising, which simply brings the name of the business to the attention of the target audience once again (Kerin & Hartley, 2017:501-502).

- There are different types of media that can be used for advertising, the table below (Table 2.1) shows the different types of media with a few advantages and disadvantages of each.

Table 2.1: Different types of media with advantages and disadvantages of each

Type of media	Advantages	Disadvantages
Television	Reaches a large group of people, appealing to the senses, uses picture, sound, print and motion for effect	High absolute costs, less selectivity on audiences, high clutter, short exposure time and perishable message
Radio	Low costs, can target specific local audiences, good local acceptance, can use sound, humour, and intimacy effectively	No visual elements, short exposure time and perishable message, fragmented audiences
Magazines	Can target specific audiences, credibility and prestige, long life of ads	High costs, long time is needed to place ad, competes for attention with other features of the magazine
Newspapers	Flexibility, timeless, high acceptability, low costs, ads can be quickly changed	Short life span, bad colour, small pass along audience
Internet, digital media and social media	Low costs, ads can be interactive and linked to advertiser, high selectivity	Audience has a high control over content and exposure, potentially low impact
Outdoor	Low costs, flexibility, high visibility, opportunity for repeat exposures, low message competition	Creative limitations, little selectivity of audiences, traffic hazard, message must be short
Direct mail	High selectivity of audiences, allows personalisation, can contain complex information, no ad competition within the same medium	Can be seen as "junk mail", high cost per contact

Newsletters	High selectivity, relatively low costs, interactive opportunities	Costs could run away
Brochures	Messages could be dramatized, full control, flexibility	Overproduction could lead to runaway costs
Telephone	Opportunity to give personal touch, many users	Increasing consumer resistance, high costs

Source: Kerin and Hartley (2017); Kotler and Armstrong (2018); Kotler and Keller (2016)

❖ Public relations:

- Public relations can be described as a non-personal form of communication that either achieves coverage in a mass medium, that is not paid for by the certain business, or it changes opinions regarding that certain business. The importance of public relations not only endeavours to gain editorial coverage, but also to suppress potential bad coverage. If a business has good links with the media, it is easier to moderate or stop bad news that could be damaging for the business prior to its release (Fletcher, Fyall, Gilbert & Wanhill, 2018:567). A major advantage of public relations is that it provides and improves the image of a business. Public relations are often a highly credible form of communication because consumers tend to believe “news stories” more than information that is being provided through advertisements (Fletcher *et al.*, 2018:568). A disadvantage is that it is difficult to get cooperation from the media (Kerin & Hartley, 2017:473).
- When a public relations campaign is being developed, there are a few methods (publicity tools) available to obtain a non-personal presentation of the business, product or service without direct costs (Kerin & Hartley, 2017:526). These publicity tools are:
News release, which consists of an announcement regarding changes in the business or the product line. The main goal of this method is to inform a radio station, newspaper or other media of an idea that could be used for a story (Hudson, 2008:297; Kerin & Hartley, 2017:526).
Public affairs, which is used to build and maintain relationships with local and national communities (Kotler & Armstrong, 2018:470).
News conference is a method that is usually used when new products are introduced or if there are big changes in the business’ structure or leadership. Different media representatives are all invited to an informal meeting in this

method, and materials about the content are sent in advance (Kerin & Hartley, 2017:526).

Investor relations, which is the maintaining of relationships with shareholders and other people in the financial community (Kotler & Armstrong, 2018:470).

Public service announcements (PSA's): this is free space or time given by the media. This method is usually used by non-profit organisations (Kerin & Hartley, 2017:526).

Lobbying, which is the building and maintaining of relationships with the government and legislators so that regulations and legislation can be influenced (Kotler & Armstrong, 2018:470).

High visible individuals are used as a publicity tool to create visibility for themselves, their businesses and their products (Kerin & Hartley, 2017:526).

Development, which consists of working with members of non-profit organisations or donors to gain volunteers or financial support (Kotler & Armstrong, 2018:470).

❖ Sales promotion:

- Other than advertising, public relations and personal selling, sales promotion entails all marketing activities that stimulate dealer efficiency and consumer purchasing (Belch & Belch, 2018:23; Lamb *et al.*, 2018:270). Sales promotion is usually a short-run tool that is used to stimulate immediate demand increases (Lamb *et al.*, 2018:270; Moore & Pareek, 2006:97). Advantages of sales promotion are that it is very effective in changing behaviour in the short run and it is very flexible. A disadvantage of sales promotion is that it could be copied easily, it could be abused easily, and it could lead to promotion wars (Kerin & Hartley, 2017:470, 473).
- There are two major kinds of sales promotion (Belch & Belch, 2018:23): *Consumer-orientated sales promotion*, which are sales tools that are used to support a business's personal selling and advertising (Kerin & Hartley, 2017:519). The table below (Table 2.2) will display the different types of sales tools and give a few advantages and disadvantages of each.

Table 2.2: Different types of sales tools with advantages and disadvantages of each

Type of sales tool	Description	Advantages	Disadvantages
Coupons	A certificate that entitles consumers to an instant discount in price when	Boosts retailers support	Purchases are being delayed by consumers

	the product is being purchased		
Deals	Short term reduction in price that is used to increase possible trail in consumers or retaliate against the actions of competitors	Reduce consumer risk	Purchases are being delayed by consumers and reduce perceived value of product
Premiums	Merchandise is offered at a very low cost or even free of charge as the incentive to purchase a specific product	Consumers like price-reduced or free merchandise	Consumers buy for the premium that they receive and not for the actual product
Contests	Consumers are motivated to apply their skill, analytical or creative thinking to try and win a prize	Encourage consumer involvement with the product	Require analytical or creative thinking
Sweepstakes	Consumers must submit their name for drawing in order to stand a chance in winning something	Consumer uses the store and product more often	Sales decrease when the sweepstakes are over
Samples	Offers a trail of the product, either free of charge or at a reduced cost	It is a low risk for consumers	High costs for the business
Loyalty programs	It encourages consumers to make repeat purchases by acknowledging and rewarding purchases made by a consumer	Helps to create loyalty	High costs for the business
Point-of-purchase displays	Displays and demonstrations at the point of purchase or sale	Provides good visibility of the product	Difficult to get the retailer to give high-traffic space
Rebates	A price reduction based on proof of purchase	Effective at demand stimulating	Reduce perceived value of the product, can be

			easily copied, steals sales from the future
Product placements	Uses a brand-name product in a movie, video game or even a commercial for another product	Positive message in a non-commercial setting	Little control over how the product is being presented

Source: Kerin and Hartley (2018); Kotler and Armstrong (2018); Kotler and Keller (2016); Lamb, Hair and McDaniel. (2018)

Trade-orientated sales promotion is tools that are being used to try and convince resellers to carry a brand, to give the brand shelf space and to promote the brand in advertising. There are several tools that manufacturers use to get a product on the shelf and to keep it there, especially because shelf space is so rare (Kotler & Armstrong, 2018:500). The first tool that manufacturers use is price-off, which is a straight discount off the list price on each case that is being purchased during a certain period of time. The second tool that manufacturers use is allowance, which is an amount that is offered to the retailer in return for agreeing to feature the product of the manufacturer in a way. The third tool that manufacturers use is free goods, which are usually extra cases of merchandise given to resellers who purchase a certain amount or who feature a certain size of flavour (Kotler & Armstrong, 2018:500; Kotler & Keller, 2016:624). Manufacturers could also offer push money, which are gifts or cash to “push” the products of the manufacturers. Manufacturers may also provide speciality advertising items to retailers, which are items like pens, tote bags etc. that carry the logo or name of the business (Kotler & Armstrong, 2018:500).

❖ Personal selling:

- Personal selling can be described as a purchase situation that involves a personal and paid-for communication between two different people in an attempt to influence each other (Lamb *et al.*, 2018:303). The advantages of personal selling are that it provides immediate feedback, it can select the audience, it is very persuasive, and it can give difficult information. The disadvantages of personal selling are that the message may differ between the different salespeople and that it is extremely expensive per exposure (Belch & Belch, 2018:27; Kerin & Hartley, 2017:473).

- There are mainly three different types of personal selling (Kerin & Hartley, 2017:571), and they are:

Order taking, which is usually for a person that reorders, or process routine orders that the business has already sold. The main responsibility of order taking personal is to preserve an ongoing relationship with current consumers and uphold sales (Kerin & Hartley, 2017:571).

Order getting, which are usually people that sell in a predictable sense and identify possible consumers, provide consumers with information, convince consumers to buy, close the sale and follow up on the consumers' use of the service or product (Kerin & Hartley, 2017:572).

Customer sale support, which are personnel that improve the selling effort of order getters by performing a diversity of services (Kerin & Hartley, 2017:572).

- There is also a personal selling process that consists of seven different steps (Kotler & Armstrong, 2018:493), each step is crucial for successful selling and in building a relationship with a consumer (Kerin & Hartley, 2017:575):

(1) *Prospecting and qualifying*, which are the sales step in which a business or salesperson qualifies possible consumers (Kotler & Armstrong, 2018:493).

(2) *Pre-approach*, which is the sales step where the salesperson learns as much as possible about the prospective consumer before the salesperson makes the call (Kotler & Armstrong, 2018:494).

(3) *Approach*, which is the sales step where the consumer and salesperson meet for the first time (Kotler & Armstrong, 2018:494).

(4) *Presentation and demonstration*, which is the sales step where the salesperson tells the consumer the "value story" and demonstrates how this offer solves the consumer's problems (Kotler & Armstrong, 2018:494).

(5) *Handling objections*, which is the sales step where the salesperson seeks out, illuminates and overcomes any objections of the consumer to buying the offering (Kotler & Armstrong, 2018:495).

(6) *Closing*, which is the sales step where the salesperson asks the consumer for an order (Kotler & Armstrong, 2018:495).

(7) *Following up*, which is the step where the salesperson follows up with the consumer after the sale, to ensure that the consumer is satisfied and to ensure repeat business (Kotler & Armstrong, 2018:495).

❖ Digital marketing:

- According to Kiang, Raghu and Huei-Min Shang (as quoted by Minculete & Olar, 2018:63), digital marketing has grown rapidly and continuously over the

last decade. Kiang *et al.* (as quoted by Minculete & Olar, 2018:63) added that this can be seen through the intensive use of the Internet by many businesses around the world, which mainly use it for corporate promotion or advertising. According to Strauss, El-Ansary and Frost (as quoted by George, 2019:429), when the marketing of services and products uses digital electronic channels and devices such as the Internet, wireless media, digital television and e-mail, it is known and described as digital marketing. Furthermore, according to Baines, Fill and Rosengren (as quoted by George, 2019:492), social media can be described as a type of digital marketing that makes use of social media (such as Instagram, Facebook and Twitter) and the social web (such as blogs, social networks, wikis and online communities) or any other online cooperative technology for activities regarding marketing. E-marketing can be described as the usage of more than one form of electronic media for the promotion of brands and products (George, 2019:430).

- George (2019:431-433) stated that there are four domains of e-marketing/online marketing/digital marketing. The first domain is *business to consumer*, which is, according to Kotler and Armstrong (as quoted by Fatima, 2018), when businesses are selling products and services online to the final consumer.

The second domain is *business to business*, which is when businesses sell their services and products to other businesses (Bennett, 2010:156).

The third domain is *consumer to consumer*, which is where consumers gain and share information as well as buying or exchanging products with each other (George, 2019:432).

The fourth domain is *consumer to business*, which is where consumers communicate with the business through the business' website by asking questions or sending in suggestions (George, 2019:433).

- Strauss and Frost stated (as quoted by George, 2019:433) that there are three types of digital marketing media available for marketers to use: owned, paid and earned; content marketing runs through all these types of media like a thread.

Owned media can be described as communication messages that are carried from the business to the internet users on owned channels. Thus, owned media is partly controlled by the business (Strauss & Frost, 2014:332-333). This includes websites, search engine optimisation, blogs, gaming and gaming notifications, microblogging or social network, virtual worlds, mobile text messages, location-based marketing, mobile apps, emails and QR codes.

Offline owned media includes catalogues, promotional items (such as branded pens) and brochures of the business (Strauss & Frost, 2014:332-333).

Paid media can be described as properties that are owned by other people, but the business pays them in order to carry its promotional messages (such as advertising). The content is controlled by the business, but the media has certain technical requirements and content that the advertisers must obey, which means less control than owned media (Strauss & Frost, 2014:332-333). This includes e-mail advertisements, display advertisements, affiliate marketing, text link advertisements, online classified advertisements, social media advertisements, mobile advertisements, search engine marketing, paid search marketing or pay-per-click marketing. Offline paid media includes traditional advertising in newspapers, magazines, outdoor, radio, cinema, television and in stores, etc. (Strauss & Frost, 2014:332-333).

Earned media can be described as the development of a channel because of individual conversations. These messages about the business are being generated by traditional journalists on media websites, social media authors/bloggers, and users of the internet that share insights, opinions, perceptions and experiences on mobile applications and websites. This can also be called user-generated content or user-generated media (Strauss & Frost, 2014:332-333). Businesses have minimum control over this media channel type, but they respond to conversations of consumers and in this manner the business tries to guide the conversation towards the business' positive brand messages. This includes Wikis, social media platforms of discussions, viral marketing, user reviews and ratings, travel and content communities and social influencers. Offline earned media includes word-of-mouth (Strauss & Frost, 2014:332-333).

❖ Direct marketing

- Direct marketing can be described as a marketing system that is entirely controlled by the marketer. This system develops products, promotes them directly to the final consumer through different types of media, accepts direct orders from consumers and delivers the products directly to the consumer (Hudson, 2008:312). The advantages of direct marketing are that messages can be quickly prepared and it facilitates customer relationships. The disadvantages of direct marketing include expensive management of the databases and declining customer response (Kerin & Hartley, 2017:473).

- According to Solomon *et al.* (2014:667-470), the most popular types of direct marketing are mail order, telemarketing, direct response advertising, and M-commerce.

Mail order comes in two different types, namely catalogues (which is a collection of products for sale represented in the form of a book, with pictures and descriptions of each product) and direct mail (which are pamphlets or brochures that offer specific services and products, one point at a time).

Telemarketing is when telephones are used in order to sell directly to consumers.

Direct response advertising is a type of approach that allows consumers to respond to a message by instantly contacting the provider to order the product or to ask questions about the product. Direct response TV also falls under this category and can be described as TV advertisements that search for a direct response, which include advertisements that are shorter than two minutes, home shopping networks or thirty minute and longer infomercials.

M-commerce can be described as promotional and other e-commerce activities that are spread using mobile devices like smartphones and personal digital assistants (Solomon *et al.*, 2014:667-670).

The criteria to select promotion will follow for discussion.

2.6.3.2. The criteria to select promotion

It is important to analyse and choose the correct media for a business' advertising and marketing campaigns (Clow & Baack, 2018:209). Firstly, the analysis of the media situation should lead to the determining of specific media objectives. The media objectives can be seen as the goals that are set for the media program and should be limited to only those that can be achieved through media strategies (Belch & Belch, 2018:354). There are four different objectives, namely differentiating, reminding, informing and persuading (George, 2019:384). According to Slabbert (as quoted by Saayman, 2006:189), a model that can be used to reach promotional goals is the AIDA model. According to Lavidge and Steiner (as quoted by George, 2019:385), different objectives related to the AIDA model need different promotional methods in order to generate **A**wareness, stimulate **I**nterest, and produce a **D**esire, that leads to **A**ction. When determining what needs to be achieved, consideration takes place regarding how to achieve these objectives. This is done through the development and implementation of marketing strategies, which has directly evolved from the required actions to meet the objectives and it involves the criteria in Figure 2.10 (Belch & Belch, 2018:354).



Figure 2.10: Criteria for selecting promotion

Source: Belch and Belch (2018)

❖ The media mix:

- There is a wide range of media available to use. It is possible that only one medium of media might be used, but it is much more likely that a variety of substitutes will be used (Belch & Belch, 2018: 354-355). The budget available, preferences of individuals and characteristics of the product and service are just a few of the factors that would determine what grouping of media would be taken into consideration for use. When a media mix is being used, more flexibility can be added to media strategies, since each medium adds its own diverse advantages. When different types of media are combined, it increases reach, coverage and frequency levels, while improving the possibility of achieving overall goals of marketing (Belch & Belch, 2018: 355).

❖ Target market coverage:

- It is important to determine which target markets should be given the most media emphasis. The developing of media strategies requires matching the most suitable media to the target market by asking: "Through which media and media vehicles can I best get my message to prospective buyers?" (Belch & Belch, 2018:355). The problem here is to get coverage of the market as shown in Figure 2.11.

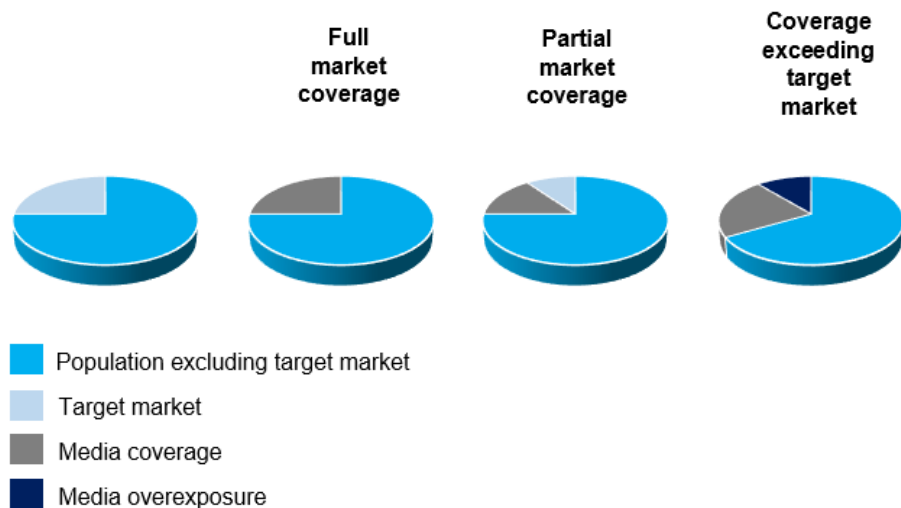


Figure 2.11: Coverage possibilities for marketing

Source: Belch and Belch (2018)

The second pie chart shows full market coverage, which is the main goal, but it is not very likely to happen. The third and fourth pie charts show conditions that are more likely to happen. The third pie chart indicates that there is not coverage of media for the whole market, which means that some possible consumers are left without exposure to the message (Belch & Belch, 2018:355). The fourth pie chart shows the problem of overexposure (it can also be called waste coverage), which means the targeted market is exceeded with media coverage. The term wasted is being used when coverage reaches people that are not possible consumers. People that buy the product as a gift for someone else can still be considered a possible consumer even though they are not part of the proposed target market. The main goal is to spread media coverage to as many consumers of the target market as possible, while the amount of waste coverage is being kept to the minimum (Belch & Belch, 2018:355).

❖ Geographic coverage:

- In order to help place advertisements closest to the target audience, geographic or regional strategies can be used; this also makes the media scheduling much more cost-effective (Bennett, 2010:190).

❖ Scheduling:

- A plan that specifies the exact media to use and when to use it (Solomon *et al.*, 2014:440). For some products it is easy to identify these times and for other products not as much (Belch & Belch, 2018:356). There are three different scheduling methods available:

Continuity, which means that a continuous pattern of advertising is being used throughout the year (Solomon *et al.*, 2014:440). Clow and Baack (2018:215) stated that the rotating and usage of different advertisements will keep consumers intrigued, because they see different advertisements for the same products.

Flighting, which means that at only certain times of the year, certain advertisements are running (Clow & Baack. 2018:215). Belch and Belch (2018:356) stated that *flighting* has a less regular advertising schedule and that during some time periods, the expenditure on promotion is more.

Pulsing is when advertisements are placed throughout the year, in different types of media, but at certain times of the year, the advertisements increase, especially around holiday times (Clow & Baack, 2018:215).

❖ Reach and frequency:

- The primary goal of the media planner is to reach the biggest amount of people that the budget will allow, in the advertising target. The secondary goal is, while staying within the budget, to achieve the appropriate message reach and frequency. Reach can be described as the percentage of target market consumers that are being exposed to a specific advertisement within a specified period. Frequency can be described as the average amount of times a consumer, within a certain target market, has been exposed to a certain advertisement (Hult, Pride & Ferrell, 2014:569) within a specified time period, which is normally four weeks. Thus, it specifies how many times the advertisement has been encountered by a person during a campaign (Clow & Baack, 2018:212).

❖ Recency:

- Ephron noted (as quoted by Belch & Belch, 2018:364) the idea that if an advertisement was only shown in the week preceding a purchase period, it would have a greater impact than additional exposures. This had led to less focus on frequency, more focus on reach and an emphasis on recency. Campaigns use recency planning, which means that the focus is based on short interval reach at minimum levels of frequency as close as possible to the purchase decision. Ephron further added (as quoted by Belch & Belch, 2018:364) that recency planning focusses on a schedule for reach that continues for a period of one week, targeting less to gain exposure, in order to reach as many consumers as possible, rather than focussing on a four-week planning period.

❖ Creative aspects and moods:

- The perceptions of viewers may also be influenced by the medium context in which the advertisement is being placed. A certain type of media may be acquired by a certain creative strategy (Belch & Belch, 2018:364).
- *Creative aspects*: There is a possibility for a product's success to be significantly increased through a strong creative campaign. For this creativity to be applied, a medium that would support such a strategy must be used. In certain situations, the pursued media strategy may be the motivation behind the creative strategy, because the creative departments and media work together closely to accomplish the utmost impact upon the audience of the precise media (Belch & Belch, 2018:365)
- *Mood*: The creativity of a message may be improved by a certain type of media, because a mood is being created, which is conveyed through the communication. A certain type of media and medium may be required by the message to reach its objectives. Likewise, certain media have images that may convey the perceptions of messages positioned within them (Belch & Belch, 2018:366).

❖ Flexibility:

- For a marketing strategy to be effective, it requires a certain degree of flexibility. Strategies may need to be changed or adapted, because of the marketing environment changing so quickly. Flexibility needs to be built into marketing strategies or opportunities may be lost. Flexibility needs to address the following (Belch & Belch, 2018:366):

Market opportunities: An opportunity in the market may arise and the advertiser wishes to take advantage of the opportunity. A new medium of advertising that has been developed may offer an opportunity that was not available before (Belch & Belch, 2018:366).

Market threats: External as well as internal factors may pose a threat to a business, a change in media strategies is thus dictated. For example, if a competitor changes its marketing strategies in order to gain an edge, the business needs to respond or it could create problems for the business (Belch & Belch, 2018:366).

Availability of media: There is the possibility that a certain medium is not available to the marketer, that it does not reach a certain target market, that it has no space or time available, or that it does not reach certain geographic

areas, in which case alternative media must be considered (Belch & Belch, 2018:366).

Changes in media: When there is change in the medium, a change in the media strategy may also be required. When there are changes in the editorial format or a drop-in rating, different types of media use must be considered (Belch & Belch, 2018:366).

Fluctuations in the above-mentioned factors mean that the media strategy must be created with enough flexibility so that adaption to certain market situations can take place (Belch & Belch, 2018:366).

❖ Budget considerations:

- The estimating cost in the development of media strategies is one of the most important decisions. The value of a strategy can be determined based on how well the strategy brings the message to the audience with the minimum waste and lowest costs. Promotional and advertising costs can be placed in two categories (Belch & Belch, 2018:367):

Absolute costs of the medium is the actual total cost that is being required for the message to be placed (Belch & Belch, 2018:367).

Relative costs refer to the relationship between the price that is being paid for the advertising space or time and the size of the audience that the message has been delivered to. Relative costs are important because the audience must be optimised (Belch & Belch, 2018:367).

According to Clow and Baack (2018:129), there are a number of ways in which budgets can be communicated: percentage of sales, quantitative models, meet the competition, pay-out planning, “what we can afford”, and objective and task.

Promotion strategy development process will be discussed next.

2.6.3.3. Promotion strategy development process

Promotion is the most audible, visible and some would describe it as the most intrusive form of marketing activities, but if it is not used intelligently in combination with other marketing efforts, the value of promotion is limited (Wirtz & Lovelock, 2016:238). During the last few years, new and exciting opportunities have emerged in order to reach prospects through social media and the Internet, with different types of targeting and message specificity that was unimaginable before (Wirtz & Lovelock, 2016:238). The main challenge of a promotion plan lies within the strategy of promotion. To make sure that the right promotion methods are being

chosen, the developing process of a promotional strategy (Figure 2.12) can be followed (Slabbert, 2002:65).

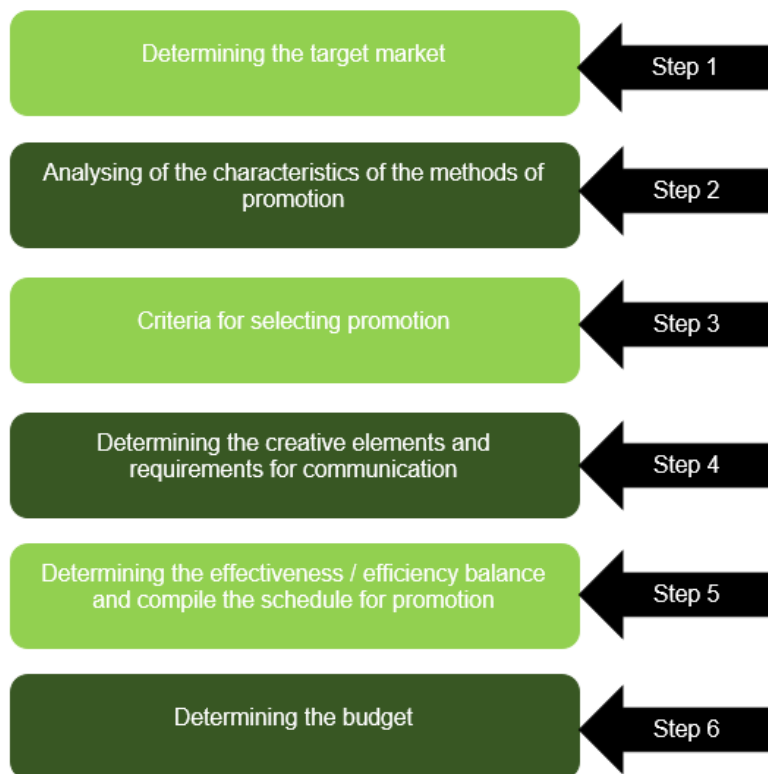


Figure 2.12: Developing process for a promotional strategy

Source: Adapted from Russell and Lane; Parente (as quoted by Slabbert, 2002)

- ❖ Step 1: Determining the target market:
 - Moore and Pareek (2006:87) stated that the first step is to determine the target market. The target market can be an individual, the general public or a special interest group. Choosing the target market and the response that is wanted is of high importance because the content of the message, the way in which the message is communicated and the channels that the message travels through, all depend on to whom the message is targeted (Moore & Pareek, 2006:87).
- ❖ Step 2: Analysing of the characteristics of the methods of promotion:
 - The different types of promotion must be optimised in order to achieve the best possible results with the budget given (Wirtz & Lovelock, 2018:204; Wirtz & Lovelock, 2016:253). For this to be done, a clear understanding regarding what each method consists of, as well as the advantages and disadvantages of each method must be studied and understood. C.f. to 2.6.3.1 which is a description of the different types of promotion, as well as their advantages and disadvantages.

❖ Step 3: Criteria for selecting promotion:

- According to Slabbert (as quoted by Saayman, 2006:189), the choice of promotion is being determined by the target market as well as the reason for advertising. C.f. to 2.6.3.2 that describes the criteria for selecting promotion more in detail.

❖ Step 4: Determining the creative elements and requirements for communication:

- A creative strategy entails guidelines for the impressions, thoughts and feelings that promotion communicates. Elements like a positioning statement, strategic focal point and a large unifying idea are all criteria elements for a creative strategy (Slabbert, 2002:85). According to Belch and Belch (2018:365), the possibility is there for a product's success to be significantly increased through a strong creative campaign.
- For advertising to be effective, it must separate exposure from communication. It is important to always remember that advertising must communicate with its target market and thus, there are a few main communication considerations that should be considered (Slabbert, 2002:85-86):

Creative predispositions of the target market, adults are predisposed to printed media in a different manner than television.

Qualitative environment for the message, for example, an outdoor magazine reaches readers who are in the state of mind for adventure or a holiday.

Synergistic effect, a combination of different types of media must be placed together of which the communicative effect is greater together than apart.

Creative approach, for example, a product needs demonstration and it will be most effective through television, so it is the best approach to use the television medium even though other methods may be more cost effective.

- The most effective form of advertising is the one that is best directed at the best possible tourists. There are two different strategies that can be used in order to reach tourists, they are (Slabbert, 2002:86):

Self-selection strategy, which is when messages are placed in a high cost, high-circulation, but effective medium, that reaches possible and non-possible tourists.

Controlled-coverage, which is when messages are placed in promotion methods that are closely defined with a relatively high cost per thousand (CPM) and it only reaches tourists for the product.

- According to Yeshin (as quoted by Slabbert, 2002:86), there are a few conditions that effective promotion must satisfy, they are: prevent the strategy

being overwhelmed by creative ideas, originate from a sound marketing strategy, surrounding clutter must be broken through in a unique way, effective promotion is convincing, and it must take the viewpoint of the tourist, seeing that tourists buy attributes and benefits.

❖ Step 5: Determining the effectiveness/efficiency balance and compile the schedule for promotion:

- The next step is to move into the promotional schedule's specific tactics. According to Slabbert (2002:86), the first step is consideration regarding the audience's reach, frequency and continuity (which are all balanced against a fixed budget's demands). Reach, frequency and continuity are being discussed in detail in C.f. to 2.6.3.2. The balance must be considered between the method that is most able to communicate the message to possible tourists and the method that costs the minimum (Slabbert, 2002:87).
- It is important for scheduling to be implemented. Scheduling seeks to determine when the messages are being communicated so that the objectives of promotion are being reached at the lowest possible cost. Firstly, it is important to take the objectives of advertising into consideration. If the objectives are short-term, the placements should be focussed over a short time period (Slabbert, 2002:88). Secondly, the purchasing cycle should be taken into consideration. According to Fill (as quoted by Slabbert, 2002:88), less frequency is being required when the cycle is longer. Thirdly, the level of involvement should be taken into consideration. If awareness wants to be achieved, there is a high level of involvement. According to Fill (as quoted by Slabbert, 2002:88), if the involvement is low, attitudes grow from the use of the product and therefore, frequency is important to uphold awareness. When a balance between reach and frequency is being determined, the scheduling of advertising must be determined (Slabbert, 2002:88). Scheduling as well as reach and frequency are being discussed in more detail in C.f. to 2.6.3.2.
- As already mentioned earlier, there are many different forms of media, which makes it more difficult to determine an efficient and effective balance between providing the right media at the right time for the right target audience.

❖ Step 6: Determining the budget:

- According to Belch and Belch (2018:367), the estimating cost in the development of media strategies is one of the most important decisions. The value of a strategy can be determined based on how well the strategy brings the message to the audience with the minimum waste and lowest costs (Belch

& Belch, 2018:367). There are two different types of costs, namely absolute cost and relative costs (c.f. back to 2.6.3.2. to budget considerations where the two different types of costs are being discussed in more detail).

The last aspect of the promotion element that will be discussed is the trends in promotion.

2.6.3.4. Trends in promotion

According to Forbes Communication Council (2018), the marketing world of today is continually changing, particularly in the modern era where social media, audience analytics and automated ad tech is being used. It is important that the brands of today stay on top of these changes in order to reach their audiences effectively, mainly because the consumers of today are becoming more sceptical and savvy of advertising (Forbes Communication Council, 2018). According to Prana Business Consulting (2018), the following trends can be expected to emerge in the year 2018:

❖ **Phygital marketing:**

- The digital world has transformed the ways in which people communicate, receive their advertising and share information. Digital marketing can be combined in all the different types of traditional methods of advertising, which makes it an engagement marketing essential. When the digital world and the physical world come together, “phygital mashups” are being created, which can hit the audience of the business in an extremely engaging way. When consumers interact with the brand in a personal way, by engaging and taking part, the consumers are more likely to become word of mouth marketers and brand advocates. Phygital marketing engages consumers by trying to see into things consumers do and interact with in their everyday life (Prana Business Consulting, 2018).

❖ **Augmented reality:**

- According to Prana Business Consulting (2018), augmented reality will be the lead in social media. Brands that use social media will need to take a serious look regarding the use of augmented reality. Augmented reality will allow brands to become social in exciting new ways (Prana Business Consulting, 2018). An example of this for the tourism industry can be that during the visit of a tourism attraction, a few different celebrity spokespersons can magically stand there and take the role of the tour guide. Thus, tourists can visit places

in their own time and choose one of the available spokespersons of their choice.

❖ Prominence on quality of quantity:

- Prana Business Consulting (2018) stated that content should be created by brands that inspire and engage their audiences, but the approach of “more is always more” needs to change. Businesses should focus on putting out content of quality and relevance, even if the cost is volume. 2018 was the year where brand came to realise the power of “less is more”.

❖ Video marketing has arrived and is here to dominate:

- Video marketing can persuade better than any other type of content marketing (Prana Business Consulting, 2018). Brands of today need to re-focus their energy on video content in order to get better engagement, better search rankings and better recall on content. Prana Business Consulting (2018) indicated that the average viewer is predicted to watch around 36 minutes of videos online per day using a mobile device, whereas the average video viewing on a computer is half as much.

❖ Artificial intelligence:

- Prana Business Consulting (2018) stated that artificial intelligence is expected to make a big impact on how marketing takes place for consumers. A highly-customised content delivery, automatically based on consumers’ lifestyle and persona, can be expected.

Houston (2018) also mentioned a few trends for the year 2018, namely:

❖ The recognition of brands is more attractive than ever:

- Houston (2018) stated that consumers are naturally drawn to brands that are familiar for their outstanding quality. The fast spread of this trend can be mainly traced back to social media, because everybody follows their favourite brands on different social media platforms. Brands know how to influence the power of social media in order to tell their stories in a persuasive way. With the increasing ability of social media to influence consumers, the recognition of brands is becoming more visible.

❖ The buying power is shifting:

- Houston (2018) stated that more millennials are being hired by businesses and therefore buying power is being provided to a younger generation, which is leading to a change in the types of promotional items that are being bought by businesses. Therefore, it is important to choose promotional items that will

appeal to the millennial generation that values usefulness, creativity, and uniqueness.

- ❖ Adding value is the key to the success of a promotional item:
 - People no longer hold on to things that do not add to their lives. Now, more than ever, it is important that the promotional gifts and items that businesses give out are desirable, useful and of high quality (Houston, 2018).

According to Parna (2018) the above-mentioned trends, some of them being predictions, will possibly fail to come to completion as the expectations of consumers and technology keeps on changing.

After understanding the promotion concept in a tourism industry context, one must also understand the place (distribution) concept in a tourism industry context in order to fully understand the application of the marketing mix in a tourism context.

2.6.4. The place (distribution channels) concept in a tourism industry context

The main task of distribution (also called place) is to connect the consumer and producer (Ciriković, 2014:197). Martin (as quoted by Işoraité, 2016:131) supported the above-mentioned definition and defined “place” as the methods and process where services and products reach consumers.

According to Holloway (2004:208), there are two different aspects to be placed in the marketing theory. The first one has to do with the distributive channels: who is responsible for handling enquiries and sales, for a supplier or principal. The second one has to do with the physical supply of products to those channels and eventually to the consumer. The latter process involves the storage and warehousing of goods, keeping inventories of goods in order to balance demand and supply, and the transportation of goods amongst suppliers, dealers and consumers. Holloway (2004:208) further stated that many of these latter functions only count for the marketing of tangible products and have less significance where tourism products and travel are involved. According to Kerin and Hartley (2017:334), intermediaries are hardly ever involved in the distribution of a service; the tangible components of a service can be seen as the distribution site and the deliverer of the service. Consumers of tourism services have to be brought to the product, rather than having the product brought to them and therefore, service and delivery takes place simultaneously (Holloway, 2004:208). Kerin and Harley (2017:334) stated that normally consumers had to go to the provider of the service’s physical location in order to buy the service, but increasing competition has required that many firms

find new ways to deliver services to consumers and to contemplate the value of convenient distribution.

In order to fully understand the place (distribution) concept in a tourism industry context, the different types of place (distribution) will be discussed next.

2.6.4.1. Different types of place (distribution channels)

Distribution channels are used to distribute a tourism offering to a consumer. In the manufacturing industry, distribution channels are used to distribute tangible goods from the producer to the consumer. In the tourism industry, distribution channels are used to move the consumer to the principal (a tourism business that does business with a travel agent who sells the business' offering) or supplier. Tourism offerings are usually distributed through a certain amount of intermediaries (brings consumers and providers together) that connect the suppliers of tourism with possible consumers (George, 2019:342). See figure 2.13 to distinguish the difference between the distribution channels of the tourism industry and the manufacturing industry.

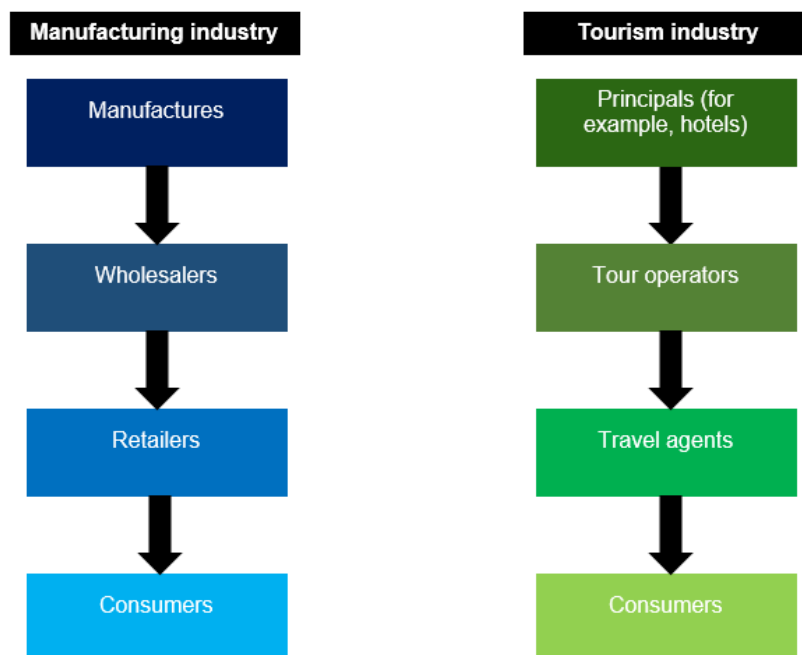


Figure 2.13: Distribution channels of the manufacturing industry and the tourism industry

Source: George (2019)

- ❖ According to Buhalis and Laws; Kotler, Bowen and Makens; Medilk; Middleton and Clarke (as quoted by Andrade, 2013:12); and Lumsdon (1997:189), the tour operators (wholesalers of the tourism industry) buy single travel services from providers of airlines and accommodation with the main goal to combine the different services and

then to sell them as a package at a market-up price straight to the public or through intermediaries. They can be seen as manufacturers of products. Buhalis and Laws; Kotler, Bowen and Makens; Medilk; and Middleton and Clarke (as quoted by Andrade, 2013:12-13) further added that tour operators of the tourism industry can be divided into two different types:

- *Inbound tour operators*, which can also be called ground operators, inbound agents, incoming tour operators etc. Inbound tour operators specialise in making all the necessary arrangements for national or international tourists that visit the country or destination in which they are grounded.
- *Outbound tour operators*, which specialise in sending residents of the country that they are grounded in, to travel abroad.

According to Buhalis; and Marítnez (as quoted by Andrade, 2013:13), tour operators can pre-reserve and pre-purchase many services, for example, travel seats, transfers at destinations and rooms of accommodation in order to set up a single price package where the price of each component cannot be determined. Packages, as mentioned above, are designed to attract consumers. To buy services in bulk generates economies of scale as well as discounts for the tour operators.

- ❖ Buhalis and Laws; Kotler, Bowen and Makens; Medilk; Middleton and Clarke (as quoted by Andrade, 2013:12); and Lumsdon (1997:190) added that the travel agents (retailers of the tourism industry) sell travel services on behalf of transportation companies, providers of accommodation and tourist attractions for commission, but they can also provide additional services. These types of businesses send people to national or international destinations so that they can essentially be called an outbound or outgoing travel agency.
- ❖ Saayman (2006:126) added another intermediary, namely a tour broker, who sells different types of tours like wine tours and sports tours.

George (2019:3342); and Lumsdon (1997:185) stated that there are different channels of distribution, which means that tourism offerings can be sold to the consumer in a few different ways.

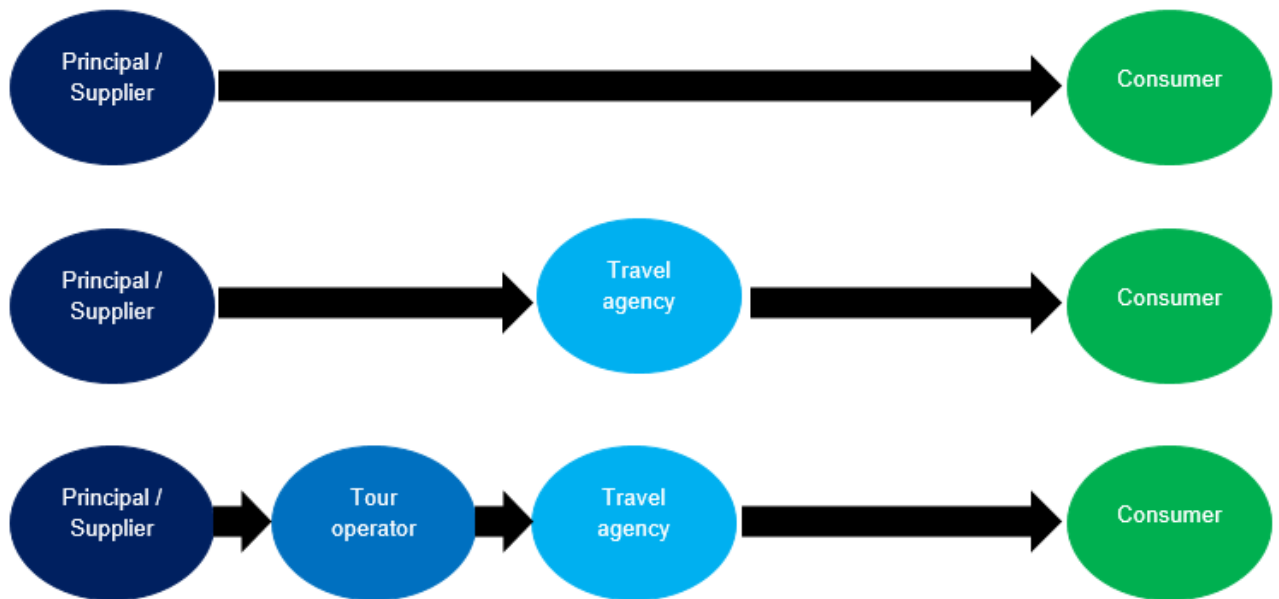


Figure 2.14: Different forms of distribution

Source: George (2019)

- ❖ The first form of distribution is to sell the tourism offering directly to the consumer, for example, a hotel sells a room directly to the consumer that is going to stay in it (George, 2019:342). According to Morrison (as quoted by Kozak, 2006:97), the direct channel of distribution is when the business undertakes total responsibility for the promotion, the reserving, as well as the providing of services to consumers. Cooper, Fletcher, Gilbert, Fyall & Wanhill (as quoted by Andrade, 2013:13) stated that this type of distribution can also be virtual, where there is no physical interaction, only interaction via the internet.
- ❖ According to George (2019:342); and Williams and Ritcher (as quoted by Kozak, 2006:98), the second form of distribution is indirect, where the principal (supplier) sells directly to the travel agency (retailer), which then sells the product to the consumer.
- ❖ According to Cooper, Fletcher, Gilbert, Fyall & Wanhill (as quoted by Andrade, 2013:13), the third form can be called multichannel distribution systems. George (2019:342) stated that principals (suppliers) can use tour operators to sell their products and the tour operators then use travel agents as intermediaries. The following example will give a clear understanding on how this works, the tour operators buy airline seats and beds in accommodation, they produce a travel brochure of the holiday package they provide, and the travel agents then sell these holiday packages for with certain amount of commission. In the above scenario, the tour operator can be seen as the wholesaler and the travel agent can be seen as the retailer (George, 2019:342-343).

Lumsdon (1997:188) stated that there are three different degrees of intensity of distribution which should be taken into consideration:

❖ Intensive distribution:

- The aim is to have wide coverage in most producing markets. Offerings that are being distributed intensively can become convenience items. For example, tour operators would want total coverage, but if they are not represented in a travel agency, a close substitute will be offered to a consumer instead (Longchamp, 2013; Lumsdon, 1997:188).

❖ Selective distribution:

- Some offerings are specially designed for selective markets or are premium priced. Offerings that are distributed at a selective level can become speciality items. The target markets for these offerings are targeted through direct marketing activities or specialist tour operators (Longchamp, 2013; Lumsdon, 1997:189).

❖ Exclusive distribution:

- These types of offerings are usually luxury or speciality items. An example of this is island retreats. Only an exclusive set of consumers are being selected (Longchamp, 2013; Lumsdon, 1997:189).

The place (distribution) process will be discussed next.

2.6.4.2. Place (distribution channels) process

According to Saayman (2006:128) there are a few steps that need to be taken in order to distribute information or to make a destination or place accessible. Kotler (2000:240) added that in order to develop the right channel system for the business, there are also a few steps that need to be taken into consideration.

❖ Step 1:

- The first step is to assemble a test of tourist products and to determine the capability to satisfy needs (Saayman, 2006:128). Kotler (2000:241) stated that during the first step in deciding the right distribution channel, the business must first analyse the desired service output levels of consumers, thus, what the consumer really wants needs to be understood. Kotler and Keller (2016:525-526) implied that channels provide five service outputs:

The desired lot size is the number of units that a channel allows a consumer to buy at a time. In the tourism industry it can be seen as the amount of rooms in a certain type of accommodation that a consumer can buy for a certain time.

Waiting and delivery time, which is the length of time that consumers are to wait for service delivery; consumers prefer fast delivery channels. An example of this in the tourism industry can be the amount of time that a consumer has to wait in order to receive service at the reception of a hotel.

Spatial convenience, which is the degree to which the marketing channel makes the purchasing process easier for consumers.

Product variety, which is the assortment provided by the marketing channel.

Service back-up, which can be described as add-on services that the channel provides, such as credit card facilities, for example.

❖ Step 2:

- According to Saayman (2006:128), the second step is to assemble an importance list in order to reach the tourism market's needs. Kotler (2000:240) stated that the second step in the decision of choosing a distribution channel, is to establish constraints and objectives. Businesses should state their objectives for the marketing channel regarding targeted levels of customer service. The objectives can be influenced by the type of business, environment, competitors, products and marketing intermediaries (Kotler & Armstrong, 2018:369).

❖ Step 3:

- Saayman (2006:128) stated that the third step in the distribution process is to choose the right channels of distribution, which are reconcilable with the tourism market. Kotler and Keller (2016:527) described the third step in deciding on a distribution channel as the identifying of major channel alternatives. Each channel has its own unique weaknesses and strengths (Kotler and Keller, 2016:527). Channel alternatives are described by the types of available intermediaries, the number of intermediaries that are needed, and the responsibilities of each intermediary (Kotler, 2000:241). Burnett (2008:270) added an extra step as the third step, namely the specifications of distribution tasks, which are the determining of the specific distribution functions that the channel system must perform.

❖ Step 4:

- The fourth step in the distribution process is that transport, which is reconcilable with the tourism market, must be provided (Saayman, 2006:128). Kotler

(2000:242) described the fourth step in the decision regarding the right distribution channel as the evaluation of the major alternatives. Kotler and Armstrong (2018:371) stated that each alternative should be evaluated against three different criteria:

Economic criteria, which is when the business compares the costs, possible sales and profitability of each alternative.

Control criteria, the usage of intermediaries normally means giving a certain amount of control over to the marketing of the offering, with some intermediaries taking more control than other intermediaries.

Adaptability criteria, channels normally involve commitments that are long-term, but the business still wants the channel to stay flexible in order to adapt to changes in the environment. Thus, channels that are committed long-term should be significantly superior on control and economic grounds.

❖ Step 5:

- Saayman (2006:128) described the last step in the distribution process as easy movement into the country, enabled with effective customs, and within the country, convenience for the tourist through roads being in a good condition, directions being clearly marked, and the necessary assistance being given to tourists.

The last aspect of the place (distribution) element that will be discussed is the trends in place (distribution).

2.6.4.3. Trends in place (distribution channels)

Distribution strategies are greatly transforming because of the digital revolution. Consumers and businesses are becoming more comfortable with buying online and using smart phones, which has caused the explosion of traditional channels. Therefore, these traditional channel strategies are being modified or replaced. Online retail sales (or e-commerce) have been increasing at a double-digit rate. As traditional retailers' online ventures are being promoted and other businesses avoid retail activity by selling online, they are all implementing new policies and practices. As in all marketing, the key is being held by consumers. Consumers want the best of both worlds, they want the advantages of both digital (customer tips and reviews that are helpful, plenty of information regarding the product, and a huge selection in products) and physical retailers (complete event and experience, thorough physical examination of products, and services that are highly personalised) (Kotler & Keller, 2016:520). Moses; and Rigby (as quoted by Kotler & Keller, 2016:520) stated that consumers expect channel integration that is seamless, so that they can enjoy customer support that is

helpful on the phone, online or in the physical retail; before making a trip they check online for if the desired product or service is available, and desire to receive promotional offers and discounts that are based on the total purchases that took place offline and online.

According to O'Donnell (as quoted by Kotler & Keller, 2016:520), manufacturers and retailers assemble great amounts of mobile, location and social information from their consumers in order to learn about them, by using software that closely monitors what is selling, where is it selling, and at what price is it selling, so that their prices and offerings can be adjusted. Davenport, Mule and Lucker (as quoted by Kotler & Keller, 2016:520-521) stated that marketers want to develop a tailored "next best offer" that takes into consideration the shopping channel (whether it is online or in store), the purchase (service or product), behaviour and attitude of consumers. The goal of the marketer, with respect to those consumers, is to build loyalty or to increase sales.

The service providers of distribution are changing from traditional processes to processes that are technology-based, which are improving the capabilities of transportation and warehousing, and allowing co-operative engagement to drive profitability and operational success (Anon, 2018b). There are a few emerging trends in distribution, namely:

- ❖ Mega-distribution centres are being built in order to enhance delivery schedule, reach economies of scale, and to ensure optimal allocation of human resources.
- ❖ Manual processing is being adopted by process automation, in order to deliver real-time visibility, drive satisfaction of consumers and streamline material flow and process.
- ❖ Advanced technologies like green practices are being integrated in order to reduce the usage of corrugated packaging, reduce the use of paper, and motion sensors that are environmentally sustainable are being used to offer services to consumers (Anon, 2018b).

After understanding the place (distribution) concept in a tourism industry context, one must also understand the people concept in a tourism industry context in order to fully understand the application of the marketing mix in a tourism context.

2.6.5. The people concept in a tourism industry context

No matter how many advantages there may be in technology, many services will always need direct interaction between service employees and consumers (Wirtz & Lovelock, 2016:33). According to Zeithaml and Binter (as quoted by George, 2011:432), the people in the tourism

industry are everybody who plays a part in the delivery of services and therefore, has an influence on the perceptions of the consumer. These people include the staff of the business, the consumer, as well as other consumers that are in the service setting.

Because of the competitiveness in the business environments, businesses all over had to realise the importance of customer care, it is especially vital in the tourism industry, because the tourism industry is normally described as the people industry. In tourism marketing, there are mainly three types of people: consumers, hosts (which consist out of all staff as well as employees) and the intermediaries (George, 2011:432). Both consumers and employees play an important role in the delivery of service. People are of extreme importance in both the production and delivery of services in tourism (George, 2011:432). Holloway (2004:54) stated that no other service is quite like the tourism industry, where satisfaction of the package depends so much on the quality of personal service that is being delivered by so many different human participants.

In order to fully understand the people concept in a tourism industry context, the different types of people and their roles will be discussed next.

2.6.5.1. Different types of people and their roles

The first type of people that will be discussed, are employees. According to The Chartered Institute of Marketing (2015:8) many consumers are not able to separate the service or product from the employee who provides it, thus, employees of a business have a positive or negative profound effect on the satisfaction of the consumer. Service employees are important in all businesses but especially in businesses that provide services. The behaviour of the employees that are providing the service is important because it influences the overall perception of the consumer regarding the service (Raju, 2009:50). According to Chase (as quoted by Bowen, 2016:8), the question is to determine where the employee fits in the service operation. Lovelock stated (as quoted by Bowen, 2016:8) that there are four different roles that employees must fill:

❖ Innovator role:

- Human capital remains a non-substitutable basis for creativity and innovation. Brynjolfsson and McAfee (as quoted by Bowen, 2016:8) highlight how the talent of people, together with machines, can motivate entrepreneurship and innovation in ways that combine customisation and scale.

❖ Differentiator role:

- Bowen (2016:9) stated that the commoditisation of service can be because of an under-emphasis of employees as drivers of the outcome of consumer service. Bolton, Gustafsson, McColl-Kennedy, Sirianni and Tse (as quoted by Bowen, 2016:9) stated that to help differentiate offerings that have become too alike in businesses, with price being the only competitive aspect, things like true human touch can help to differentiate offerings. Sirianni and Binter (as quoted by Bowen, 2016:9) said that a “uniquely human” approach that is honestly empathetic and heartfelt can alter commercial contact into a one on one relationship that is also emotionally appealing. Schneider and Bowen (as quoted by Bowen, 2016:9) remind us that consumers are firstly people and secondly consumers.

❖ Enabler role:

- Employees must help to enable both technology and consumers in order to complete their own roles well in the way that service is being delivered and experienced. According to Lariviere (as quoted by Bowen, 2016:9), the role of the enabler also entails the review of the traditional front-line, front-office versus back office descriptions of employee roles, and consumer contact.

❖ Coordinator role:

- The coordinator role includes formal structures of hiring and training, measurement of performance, rewards, and job designs that embed the processes of reciprocal interrelating (Bowen, 2016:10).

George (2011:433-434) stated that there are four different roles in which employees can affect consumer contact and the task of the marketer:

❖ Contactor role:

- These employees have regular contact with consumers and are usually extremely involved in the marketing activities of the business. These employees hold positions that involve consumer service and the selling of offerings to consumers.

❖ Modifier role:

- These employees have regularly contact with consumers, but they are not directly involved with the traditional marketing activities of the business. These employees need a clear view regarding the marketing strategy of the business as well as the role that they can play in order to respond quickly to the needs of consumers.

- ❖ Influence role:
 - These employees have very little or no contact with consumers, but they are very much a part of the marketing strategies of the business. Awards should be given to these employees according to the standards of consumer-orientated performances.
- ❖ Isolated role:
 - These employees have very little contact with consumers and are involved in the marketing strategies of the business, but they have to understand these overall marketing strategies. These employees can be seen as supporting employees and it is important that they understand how their functions contribute to the service quality that is being delivered to consumers.

The second type of people that are going to be discussed, are consumers. Consumers are present in the place where an offering is being delivered as well as consumed, and they can interact with other consumers as well as employees. Consumers can either reduce or improve the quality of the service that is being delivered, as well as reduce or improve the satisfaction of other consumers that are also present during the delivery of the service. Consumers have an influence on the image of the business. Marketers can try to have some control over the consumers that they would want to attract through their promotional and positioning strategies (George, 2011:434).

People and delivering quality service will be the next concept to be discussed.

2.6.5.2. People and delivering quality service

The Chartered Institute of Marketing (2015:8) suggested a few aspects that need to be taken into consideration in order for the business and its employees to achieve high quality service:

- ❖ The reputation of a brand of a business lies in the hands of the employees, and therefore, they must be well driven, properly trained and have the right attitude.
- ❖ Any employee that comes into contact with consumers should be well-suited to the role.
- ❖ Because of social media, it is possible for every employee to reach a mass audience. A policy for online interaction should be formulated to make sure all employees stay on-message.
- ❖ Happy consumers are great advocates for a business. Good opinions on review sites should be curated.

- ❖ A business can gain competitive advantage by adding value to their offering through larger after sales support and advice. Over time, services like these will possibly become more important to consumers than price.
- ❖ Offerings that account for the highest percentage of sales should be looked at regularly, especially in terms of whether the offering has acceptable after sales support, if the business is satisfied with it, and whether the support could be improved without too much additional cost.

Parasuraman, Zeithaml and Berry developed the SERVQUAL measurement. SERVQUAL measures the gap between the expectations of consumers regarding a service versus what the consumers actually perceive and receive (Morrison, 2010:379). Based on the SERVQUAL instrument of Parasuraman, Zeithaml and Berry, there are five dimensions that measure the gap between the expectations and perceptions of consumers (Morrison, 2010:379):

- ❖ Tangibles:
 - This includes the appearance of the staff, physical facilities and equipment.
- ❖ Reliability:
 - The ability of the business to perform the service correctly and reliably.
- ❖ Responsiveness:
 - The willingness of staff members to assist consumers when needed and to provide quick service.
- ❖ Assurance:
 - The knowledge and politeness of staff as well as their ability to convey confidence and trust.
- ❖ Empathy:
 - The extent to which staff provide caring and individualised attention to consumers.

Thus, without people to buy products and services, and to give new ideas, there would not be an actual reason for marketing (Burnett, 2008:28).

According to the description of numerous experts, it can be concluded that the marketing mix is measured variables that are joined together in order to produce the desired response from the target audience. These aspects include product, price, promotion, place, people, physical evidence and process. It can be said that the marketing mix determines the success rate of marketing for the business because it helps to achieve marketing goals (Saidani & Sudiarditha, 2019:75-76).

2.7. CONCLUSION

The purpose of this chapter was to conduct an in-depth literature review related to current marketing trends and practices within the tourism industry.

In conclusion, marketing plays an important role regarding the success of new products and services. The marketing mix is one of the most important aspects that forms part of marketing. It is important to understand that even though there is many literature regarding these aspects, continuous research needs to be done in order to understand how to improve and change the marketing mix concepts to an extend that will keep up with the changing consumer and still meet their wants and needs, this will overall contribute to the successful marketing of tourism products. Even though there are many aspects regarding marketing, it is very challenging and difficult, especially because of the intangibility of tourism products.

Chapter 3

Analysis of Consumer Behaviour and Innovation

3.1. INTRODUCTION

George (2011:187) stated that it is important for tourism marketers to understand why certain tourism offerings are being purchased and why other offerings are being rejected. He added that it is important to have knowledge regarding the motivations that affect choices. Choices can be influenced by information, promotional activities, branding and the making of other decisions regarding the marketing mix (George, 2011:187). Therefore, consumer behaviour is important in order to understand “how” and “why” consumers make decisions (Solomon, Bamossy, Askegaard, Hog, 2016:198; George, 2011:187), so that marketers can satisfy the needs of consumers (Solomon *et al.*, 2016:8).

Furthermore, businesses of today are faced with increasing competitive market conditions (Cobbenhagen, 2000:3; Lee, 2012:1). Consumers have more strict demands than ever before regarding quality, uniqueness, environmental performance, speed of delivery and customisation (Cobbenhagen, 2000:3). In order to be able to meet these challenges, businesses must provide a constant stream of new and improved processes, services and products to ensure survival, competitiveness, profitability as well as long-term stability (Cobbenhagen, 2000:3; Lee, 2012:1). The need to be innovative is universal, regardless of sector, size or technological sophistication (Cobbenhagen, 2000:3). According to Darroch and McNaughton; Victorino, Verma, Plaschka and Dev (as quoted by Lee, 2012:1) present the ability to implement innovation successfully, often cited as a critical factor in order to guarantee the survival, market share, profitability and growth into new areas of the business.

Tidd, Bessant and Pavitt (as quoted by Weber, 2011:27) stated that the scope regarding service innovation has grown rapidly due to the rise of the Internet. According to Ettlie and Rosenthal; and Oke (as quoted by Beltagui, Candi & Riedel, 2012:115), the examination of innovation in the service sector is important in order to determine how it is different from

product innovation. Pine and Gilmore (as quoted by Beltagui *et al.*, 2012:115) said that even though people argue that we live in a service economy, it has been suggested that we have moved into an experience economy. Boswijk, Thijssen and Peelen; Pine and Gilmore (as quoted by Weber, 2017:27) stated that when services and products are commoditised, experiences will emerge. Fitzsimmons and Fitzsimmons; and Parasuraman, Zeithaml and Berry (as quoted by Beltagui *et al.*, 2012:115) indicated that there is a shift beyond tangible goods as a basis of competitiveness and that the exclusivity of services no longer offers maintainable competitive advantage. Brakus, Schmitt and Zarantonello; Berry, Carbone and Haeckel; and Pullman and Gross (as quoted by Beltagui *et al.*, 2012:115-166) stated that emotional and psychological connections that are made with consumers can result into memorable and compelling experiences, which in turn drives loyalty.

The purpose of this chapter is to conduct an in-depth literature review to analyse the consumer and their behaviour and current innovative trends in the tourism industry. It is thus firstly important to understand consumer behaviour through defining consumer behaviour, understanding the different factors influencing consumer behaviour, understanding the consumer decision-making process and gaining insight regarding the different trends in consumer behaviour. Secondly, it is important to understand innovation successfully, especially in a marketing context through the defining of innovation, understanding the characteristics of innovation, understanding the different types of innovation, understanding the criteria needed for successful innovation, understanding the innovation process, analysing different models for innovation and understanding innovation in the broad concept of innovation in tourism and marketing.

3.2. UNDERSTANDING CONSUMER BEHAVIOUR

Firstly, it is important to understand what a consumer is in order to understand consumer behaviour. A consumer can be described as someone who identifies a certain desire or need, following it up with a purchase, and then disposing of the product during the process of consumption's three stages (Solomon, 2018:29). Consumers can play several roles. The *initiator* can be described as the person that collects information and starts the buying process. The *influencer* can be described as the person who influences other consumer's decisions based on their own criteria (Saayman, 2009:412). The *decider* can be described as the person that decides which product or service to buy and the *buyer* can be described as the person that conducts the transaction (Rani, 2014:55-56). Lastly, the *user* can be described as the person that actually consumes the product or the service (Saayman, 2009:412). Consumers

can also take the form of groups and businesses (Solomon, 2018:29) and not just the individual alone.

It is known amongst marketers that there are many factors influencing the decision making of consumers, whether directly or indirectly. It is important for marketers to know why and how the needs of consumers develop, what these needs are, and who is most likely amongst consumers to use the product or service. Specifically, marketers will study consumer behaviour in order to try and understand which factors impact and lead to purchase decisions (Belch & Belch, 2018:112). Lamb *et al.* (2018:92) added that because of the constant changing preferences of consumers in products and services, it is important that these desires are being understood by marketing managers to develop an appropriate marketing mix for a market that is well-defined.

According to Horner and Swarbrooke (as quoted by Swarbrooke & Horner, 2016:6), consumer behaviour in a tourism context can be defined as the study of people in order to determine why they purchase the products that they do and how their decision is made. Engel, Blackwell and Miniard (as quoted by Swarbrooke & Horner, 2007:6) defined consumer behaviour as the activities that are directly involved in the gaining, consumption and positioning of products and services, including the processes of decision that precede and follow these actions. Swarbrooke and Horner (2007:6) stated that the above definition highlights the importance of the psychological process that the consumer goes through during the pre- and post-purchasing stages.

Schiffman and Kanuk (as quoted by George, 2019:225), as well as Belch and Belch (2018:113) defined consumer behaviour as the activities and process in which people engage that is being displayed by them during the searching, buying, consumption, evaluating, and disposing of services and products that they suppose will satisfy their needs. Lamb *et al.* (2018:92) defined consumer behaviour as the processes that consumers make use of in order to make purchase decisions, also the usage and disposal of products and services that were purchased. Consumer behaviour also includes factors by which purchasing decisions and the use of products can be influenced.

Solomon (2018:28) supported all the above definitions and defined consumer behaviour as the process in which groups or individuals choose, purchase, use, or dispose ideas, services, products, or experiences in order to satisfy their needs and wants. The definitions above state clearly that it is important to understand the mind set of consumers regarding their decision making in order to provide innovative marketing strategies and mediums that will provide them

with services and products to satisfy their needs and desires. Thus, innovative marketing has a direct influence on consumer behaviour.

In the next section, the factors influencing consumer behaviour will be discussed.

3.2.1. Factors influencing consumer behaviour and decision-making

There are certain factors that strongly influence the behaviour of consumers. They are “personal factors”, “psychological factors”, “cultural factors” and “social factors” (George, 2014:197; Kotler, Bowen, Makens & Baloglu, 2017:178), and will be discussed below:

- ❖ Personal factors consist of age and life-cycle stage, occupation, economic situation, lifestyle, and personality and self-concept.
 - *Age and life-cycle stage:* The age of the consumer as well as the life-cycle stage that the consumer is currently in, all determines the type of tourism offering that the consumer is going to purchase. For example, starting-out singles, young couples and new parents have different interests as well as different financial situations (George, 2014:198).
 - *Occupation:* The occupation type of a consumer has an important impact on the services and products that they will buy (Rani, 2014:57). For example, a CEO of a business will most likely purchase first class tickets for a weekend away, whereas a secretary will most likely purchase an economic class ticket for a weekend away.
 - *Economic situation:* The economic situation of a person will affect the choice of the offering as well as the decision to purchase a certain product or service. For example, during recessions many consumers cut back on things like vacations and restaurant meals (Kotler *et al.*, 2017:185).
 - *Lifestyle:* Lifestyle can be described as the type of living being expressed through how people spend their resources and their time, what is being considered as important in their environments, and what they think of the world around them, as well as what they think about themselves (Kerin & Hartley, 2017:135). For example, a consumer claims that he/she wants to stay at an expensive hotel for security reasons, but according to the lifestyle measurement, the consumer also wants to brag about his/her status (George, 2011:190).
 - *Personality and self-concept:* The buying behaviour of consumers is influenced by their distinct personalities. Personality can be described as the

distinguishing of groups and people through unique physiological characteristics. Personality is also being associated with self-concept, which is based on the idea that possessions of consumers reflect and contribute to their identities – that is, “we are what we have/consume” (Kotler & Armstrong, 2018:196). For example, a person that is shy and sees himself/herself as an introvert is unlikely to book a holiday with Contiki Tours (George, 2019:230).

❖ Psychological factors include motivation, perception, learning, beliefs and attitudes.

- *Motivation*: Motivation can be described as a need that is adequately pressing in order to direct a consumer to search for satisfaction of that need. Different theories regarding human motivation have been developed. One of the most popular theories is Maslow’s hierarchy of needs. The needs of people are in order of importance, first is physiological needs (food, water, shelter), second is safety needs (protection and security), third is social needs (friendship, belonging, love), fourth is self-esteem (recognition, status), and lastly, self-actualisation (self-development). As each important need is being satisfied, the next most important need will arise to be satisfied. Another popular theory is Herzberg’s two-motivation theory. According to this theory, consumers are concerned with things that create dissatisfaction and things that create satisfaction (George, 2014:201; Kotler & Armstrong, 2018:171; Kotler *et al.*, 2017:187). Swarbrooke and Horner (2007:54) provided a typology of travel motives in tourism. Tourists can travel for several reasons, for example, physical reasons (exercise and health, relaxation, sunbath), personal reasons (to make friends, to visit family and friends), status reasons (fashionability, exclusivity), emotional reasons (romance, nostalgia, spiritual fulfilment, to escape from everyday life), cultural reasons (experiencing of new cultures, sightseeing), and personal development reasons (learning of new skills, to improve knowledge).
- *Perception*: Perception can be described as the process by which individuals select, organise and interpret a stimuli into a picture that is coherent and meaningful (Lamb *et al.*, 2018:115). Consumers perceive things differently. For example, when two people with the same motivation visit a certain restaurant, the one consumer may perceive it as a sophisticated restaurant and the other consumer may perceive it as a more casual restaurant (George, 2019:231).
- *Learning*: Learning can be described as a process that changes the behaviour of a person as experience and information is being gained (Rani, 2014:59). As consumers use tourism offerings, they learn about it and gain experience,

whether it is good or bad. For example, a consumer may have experienced a great stay at a hotel during a vacation. Information regarding the type of the vacation as well as the destination will be stored and recalled, and will be taken into consideration when that consumer selects a future vacation (George, 2014:202).

- *Beliefs*: A belief can be described as a certain opinion that a person has on something (Rani, 2014:60). Consumers will have different beliefs about tourism offerings and destinations. For example, many tourists may have a negative feeling regarding safety and security when visiting South Africa.
 - *Attitudes*: People have attitudes regarding almost everything, from food and religion, to politics (Kotler *et al.*, 2017:190). Attitudes can be described as the consistently positive or negative feelings, evaluations, and tendencies that a consumer has towards a certain idea or object (Kotler & Armstrong, 2018:173). For example, some consumers may not want to visit a certain destination because the beaches are overcrowded.
- ❖ Cultural factors consist of culture, sub-culture and social class.
- *Culture*: Culture can be seen as the most basic cause regarding the behaviour and wants of a person (Kotler & Armstrong, 2018:159). Culture can be described as the set of norms, values, attitudes, and any other symbols that are meaningful and help in the shaping of human behaviour and the artefacts, or products of that behaviour, as they are transferred from one generation to the next (Lamb *et al.*, 2018:106). Culture determines many aspects, from communication and behaviour patterns, to socialising. For example, South Africans like to braai and watch outdoor sporting events (George, 2014:204).
 - *Sub-culture*: Every culture entails smaller sub-cultures that offer more precise socialisation and identification for their members. Sub-culture can be described as a set of beliefs that is being shared by a subgroup of the main culture, which include racial groups, nationalities, geographic regions and religions (Ramya & Ali, 2016:79).
 - *Social class*: Social class can be described as moderately permanent order divisions in a society where the members share like interests, values and behaviours (Kotler *et al.*, 2017:181). Lower class, middle class and upper class are an example of social class.
- ❖ Social factors consist of reference groups and family.
- *Reference groups*: When people have an indirect or direct (face-to-face) influence on the behaviour and attitudes of a person, they can be referred to

as reference groups (Kotler & Keller, 2016:181). Kotler and Keller (2016:181) stated that membership groups are groups that have a direct influence. The primary membership group includes people that the consumer interacts with regularly like family and friends; the secondary membership group includes people that the consumer associates with less, like a professional or religious group (Kotler & Keller, 2016:181; Lamb *et al.*, 2018:110). Consumers are also influenced by many indirect non-membership groups. There are two groups in this category, the first one is an aspirational group, which is a group that the consumer wishes to join; the second one is a dissociative group, which is a group where the values and behaviour of that group are being rejected by the consumer (Kotler *et al.*, 2017:181; Kotler & Keller, 2016:181; Lamb *et al.*, 2018:110). There are a few other influencers. The first one is word-of-mouth influence, which is the recommendations and personal words of friends, family, associates and other consumers that may have an impact on buying behaviour (Kotler & Armstrong, 2018:163). The second one is an opinion leader, which is a person that has a social influence on other people, because of their knowledge, special skills, personality and other skills; they provide advice based on their experience and are usually experts in their field (George, 2019:237; Kotler & Armstrong, 2018:163). The third one is online social media networks, which include blogs, brand communities, online social media (such as Facebook and Instagram) and message boards (such as Craigslist), where people give opinions, share experiences and socialise (Kotler & Armstrong, 2018:163).

- *Family*: Family remains the most significant consumer buying organisation (Kotler *et al.*, 2017:183) as they have a strong impact on buying behaviour (Ramya & Ali, 2016:78). Marketers are interested in the roles and influences of the wife, husband and children regarding the purchase of different services and products (Ramya & Ali, 2016:78).

Consumer behaviour is being influenced by many factors, characteristics and specificities. Consumer choice is the outcome of a complex interaction between social factors, personal factors, cultural factors and physiological factors. Even though these factors cannot be controlled directly by the marketer, it helps them to gain an understanding of consumer behaviour and consumer's reactions (George, 2014:207; Rani 2014:52).

In order to completely understand consumer behaviour in a tourism industry context, the decision-making process of consumers is of extreme importance.

3.2.2. The decision-making process of consumers

The decision-making process is based on the assumption that consumers go through different stages or a series of push and pull factors, before and after the purchasing of an offering (George, 2014:209). The figure below (Figure 3.1) is an example of the decision-making process. According to Morrison (2010:123), some of these stages in the decision-making process can be skipped by consumers.

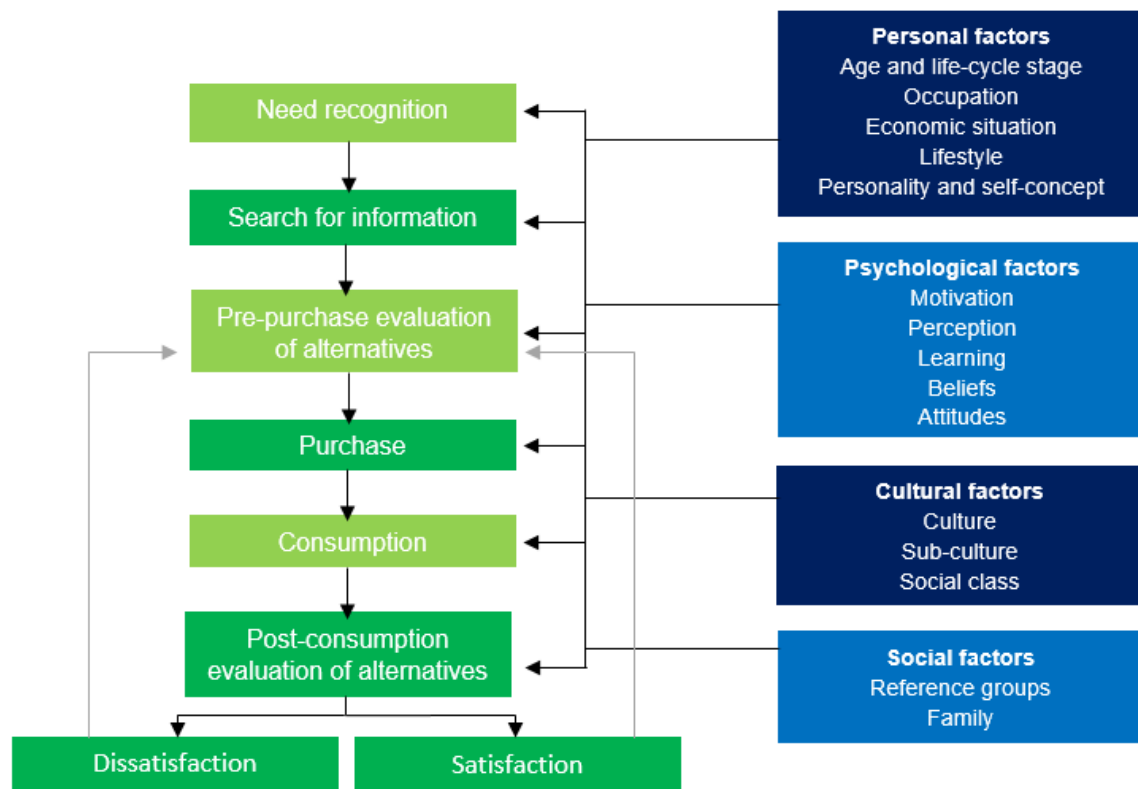


Figure 3.1: The consumer decision-making process

Source: Adapted from George (2019); George (2014) and Morrison (2010)

❖ Need recognition:

- ❖ A need must be recognised for this process to begin, for example, a consumer recognises that he/she has a desire for a vacation (George, 2014:209). Morrison (2010:123) added that there must be a stimulus in order for consumers to take action. The stimulus can come from different types of sources. Firstly, promotions can be used to make potential consumers recognise their needs (Morrison, 2010:124). Secondly, awareness can come from information searches such as the travel-blogs on the internet, for example, and from word-of-mouth recommendations (George, 2014:210). Thirdly, the stimulus can come from a personal or internal drive like hunger for instance – most people are aware of this need and don't need to be told.

Consumers may become aware of a certain need because of the joined impact of several stimuli (Morrison, 2010:124).

❖ Search for information:

- ❖ When the consumer is aware of the need, it becomes a want. Normally, if a want exists, the consumer usually begins searching for information (Morrison, 2010:124; Fung & Liu, 2019:62). According to Kotler *et al.*, (2017:192) information can be obtained from different sources. The first source is personal, like friends, family, acquaintances and neighbours. The second source is commercial, like displays, salespeople, advertising and packaging. The third source is public, like consumer rating businesses, reviews and editorials in the travel section. The fourth source is the Internet, like blogs and the website of the business (Kotler *et al.*, 2017:192). Morrison (2010:124) added that internal sources like past experiences in the consumer's mind can also play a role. Of all the alternatives available, not all are being considered, for simple reasons like negative word-of-mouth information, lack of awareness, previous bad experiences and high-priced costs (Morrison, 2010:125).

❖ Pre-purchase evaluation of alternatives:

- ❖ During this stage, consumers evaluate the cost of the alternatives against the information that has been collected (George, 2019:242). The consumer determines a set of choice criteria (Fung & Liu, 2019:36) based on certain aspects, such as recommendations, price (this is the main influence), location, convenience, past experiences, amenities etc. The alternatives are then being ranked in order of preference by the consumer (George, 2019:242). At the end, one alternative is favoured over all the others (Morrison, 2010:125).

❖ Purchase:

- ❖ There are two factors that can come between the purchase intention and the purchase decision. The first one is the attitude of others (Kotler *et al.*, 2017:194); many consumers discuss their choices with people close to them, like family and friends, and some of them may not agree with the decision of the consumer (Morrison, 2010:125). The second one is unexpected situations (Kotler *et al.*, 2017:194), this may include things like the loss of a job, illness or sudden death in the family (Morrison, 2010:125), or unexpected expenses that must be paid, for example, car repairs (Kotler *et al.*, 2017:194). Consumers will not know how the experience will be until after they purchase it. It is important that the experience will be good in order for the post-purchase evaluation to be favourable (Kotler *et al.*, 2017:195).

❖ Consumption:

- ❖ This is the stage where the actual experience takes place, for example, experiencing the vacation by visiting the destination (George, 2019:243). Morrison (2010:126) added that the level of service received by the consumer, as well as the overall experience, will have an influence on consumer satisfaction.
- ❖ Post-consumption evaluation of alternatives:
 - ❖ After the actual experience, consumers compare their expectations with the level of performance and are either satisfied or dissatisfied. This stage is important because it will influence future vacation decisions (George, 2014:212; Belch & Belch, 2018:128).
- ❖ Satisfaction or dissatisfaction:
 - ❖ When consumers are satisfied, they will most likely return, and they will tell friends, family and acquaintances about their positive experience, which can influence other consumers to make a purchase as well. When consumers are unsatisfied, they will most likely not return and will tell other people of their bad experience, which can discourage them from making a purchase (George, 2019:243; George, 2014:212; Morrison, 2010:126).

The influence of marketing will be evident in step 2 (search for information) and step 3 (pre-purchase evaluation of alternatives) of the consumer decision-making process.

The decision-making process of the consumer is not as straightforward as it seems. As mentioned earlier, consumers may skip some of the steps and potential buyers can withdraw at any stage before the actual purchase. It is important to keep in mind that every consumer is different and may require different information at different stages of the decision-making process (George, 2014:212).

Consumer trends will be discussed next.

3.2.3. Consumer trends

The consumer of today is extremely difficult to truly understand (Moutinho *et al.*, 2014:562) because they have significantly changed (Hall, 2012:65). They have started to become promiscuous, they have learned how to complain, they have become more sophisticated and they try a lot of different brands (Hall, 2012:65). Understanding the consumer (tourist) of today is much more critical, as they appear to be more changeable and demanding, they also show complex patterns regarding decision-making, and structures regarding preferences (Decrop,

2014:251). The passive role of consumers no longer satisfies postmodern tourists, these tourists want to become co-producers of their behaviours and choices. They want to be more involved in their travel activities and in the creation of tourism offerings. Thus, the creation of value depends on both tourists and operators (Decrop, 2014:264). The challenges for marketers become more difficult as the tourism environment changes and shifts at an increasingly fast rate – new technologies shape the way people look for and share information; markets disappear and arise; consumers become more demanding, inquisitive, changeable and sophisticated; and core values that influence activities, motivations and interests have been reinvented as generations change (Moutinho *et al.*, 2014:561). Furthermore, when taking the new media environment into consideration, consumers are increasingly in control. They have more choices regarding which media to use as well as the choice about how and whether they want to receive commercial content. Tourism marketers need to go where consumers are in order to communicate efficiently and effectively – this is increasingly online (Hudson, 2014:476), which creates both challenges and opportunities for marketing in tourism.

According to Fuggle (2016), the aspirations and priorities of today's tourist are changing fast, and it is more worthwhile than ever for tourism businesses to make an effort in order to understand their consumer better. Fuggle (2016) added that there are five things to know about the tourist of today:

- ❖ Tourists will spend more money because it is worth it. If a tourism business provides quality service and tourists view this as worthwhile, they will not hesitate to spend their money.
- ❖ Tourists see travel as being part of their wellbeing. Forty-nine percent (49%) of tourists that are increasing their travel budget state that they and their families deserve it, while thirty-one percent (31%) state that it is important for their well-being and health.
- ❖ Tourists will take a look at TripAdvisor before they book. 4 out of 5 TripAdvisor users will usually look at feedback and references, especially Generation X (74%). Seventy-six percent (76%) of TripAdvisor users stated that photos have an influence on their booking decision.
- ❖ The tourists of today, not just millennials, but sixty-nine percent (69%) of global travellers, are seeking new experiences.
- ❖ The tourists of today are well connected, and they want the businesses to be connected as well.

Thus, the tourist of today will spend money on things they see as worthwhile, they travel because they deserve it and it is good for their wellbeing, their decisions are mainly based on

reviews and references, they seek new experiences, and they are more technology orientated than ever before. This matter has major implications for marketing.

The changes and trends in the environment are joining together to create a completely new tourist consumer. The consumers of today will not accept mass-marketing, they seek for personalised treatment; true, real and authentic experiences, and they expect services and products to function as a doorway to authentic living (Moutinho *et al.*, 2014:568). Consumers live in a twenty-four-hour society of information, where technologies play a much bigger role than television; they have knowledge, education, and an understanding of the tourism sector and all that it can offer. The consumer of today will only respond to brands that are true and trustworthy – brands that fit into their lifestyle and understand their personal wants and needs (Moutinho *et al.*, 2014:568).

This poses a challenge for the marketing of tourism products, because the marketing message should be delivered differently.

From the information above, it is clear that consumers want to be part of the development of products and services; consumers want to have a say and be part of the innovative marketing process. Therefore, consumers must be understood in order to provide them with innovative marketing strategies and innovative products and services to meet their needs and desires.

The following part of this chapter will be regarding innovation and the understanding of its importance in a tourism marketing context.

3.3. UNDERSTANDING INNOVATION

Internationally, tourism has undergone a fundamental change and therefore, the tourism policy progressively focuses on the promotion of innovation. The main goal is to reach a new burst of growth at the lowest cost possible in terms of incentives. It is expected that innovation should increase profits for the suppliers of tourism products and services, as well as adding to consumer surpluses (OECD, 2006:17). OECD (2006:17) added that there is something magical about innovations. Innovations are the crucial motor of growth in market economies. The ability to innovate is essential to the whole economy of a modern nation, not only to the survival of individual businesses (OECD, 2006:17). OECD (2006:18) stated that the tourism industry has a certain number of specific characteristics that can positively or negatively influence the process of innovation. Tourism has an inherent geographical dimension and it plays an important role in many economic sectors. Innovation can succeed in tourism, but only

in circumstances of the greatest possible competition that makes the renewal of current structures possible. New structures are needed that will increase growth and productivity (OECD, 2006:18).

According to Kanter (as quoted by Hall and Williams, 2008:5), innovation can be broadly described as the process of bringing any problem solving and new idea into use. Ideas can include many aspects, such as improvement of communication, cutting costs, reorganising- and new budgetary systems. Kanter (as quoted by Hall and Williams, 2008:5) further stated that innovation is the development, acceptance and implementation of new ideas, processes and services, and products. Acceptance and implementation are the most important part of this definition because it contains the capacity to adapt and to change. According to Mohr, Sengupta and Slater (2010:9), the word innovation usually refers to the introduction of something new, with the intent to solve a problem or to increase value either to producers or consumers. Mohr *et al.*, (2010:9) added that these new things can include methods, ideas, devices or digital content. According to the Organisation for Economic Co-Operation and Development (OECD) (as quoted by Zach & Hill, 2017:197), innovation can be described as the implementation of a significantly improved or new product (it can be a service or goods), a new method of marketing, a new process, or a new organisational method in external relations, business practices or workplace organisation.

The father of the economic theory of innovation, Schumpeter (as quoted by Divisekera & Nguyen, 2018:158), described innovation as the critical dimension of economic change and as a “creative destruction”. Creative destruction refers to the non-stop process and product mechanism of innovation, where outdated production units are being replaced by new ones. Schumpeter further added that (as quoted by Divisekera & Nguyen, 2018:158) the mechanism refers to the opening of new markets, the introduction of new products, new production methods, creation of new market structures in an industry, and the development of new sources regarding the supply of inputs. Divisekera and Nguyen (2018:157) stated that the need to be innovative has almost become a requirement for the sustainability, survival and future growth of modern industries that are operating in a global marketplace that is highly competitive, such as the tourism industry.

According to a study done by Kahn (2018:453), innovation has become a universal term, but many businesses of today still find innovation elusive. Successful businesses recognise that innovation consists of a range of aspects, ranging from major radical innovations to minor incremental changes; take note that innovation is not a phenomenon that is binary (Kahn, 2018:454). Whereas the pervasiveness of innovation resulted in misunderstanding and

overuse; innovation is vital to all businesses as it is a necessary for longevity (Kahn, 2018:458). In order to really manifest innovation and to gain its benefits, it is important to understand that innovation consists of three different things, namely an outcome, process and mindset (Kahn, 2018:453). Table 3.1 below describes each element as well as addressing the main aspects (Kahn, 2018:453, 458).

Table 3 1: Understanding innovation successfully

Element	Strategic focus	Strategic question	Consideration
Innovation is an outcome	The desired output (ends)	What would you (the business) like to see happen?	- Marketing innovation - Process innovation - Product innovation - Organisational innovation - Supply chain innovation - Business model innovation
Innovation is a process	How innovation should be organised to bring the outcome to fruition (ways and means)	How will you (the business) make this happen?	- Product development process - Innovation process
Innovation is a mindset	Internalisation of innovation by individual members of the organisation (state)	What should be ingrained and installed to prepare for the how and what?	- Organisation culture - Individual mindset

Source: Adapted from Kahn (2018)

Innovation is being strongly associated with the criteria of success and failure, with the belief that success is essential for innovation. It is clear from literature that outcomes categorised as success and failure are all part of a prosperous process, and a mindset that accepts this allows both outcome and process. Innovation does not assure success even though it is much wanted, thus failure is an option. There are many opportunities that are being presented by innovation, upon which the business chooses to act, with execution being critical (Kahn, 2018:459).

Thus, from the information above, it is clear that innovation plays an important role in order to provide better products, services and marketing strategies, which in turn will better satisfy the needs and desires of the modern consumer.

To fully understand innovation, the characteristics of innovation must be understood.

3.3.1. Characteristics of innovation

Rogers stated (as quoted by East, Wright & Vanhuele, 2011:101) that there are a few characteristics that can affect the adoption rate of innovation.

- ❖ *Observability* is about the incensement of social influence and awareness, because people observe what products and services other people use and then tend to follow the consumption habits of the communities they live in.
- ❖ *Compatibility*, or the reliability of an innovation with the existing needs, experiences and values of the adopting population. Incompatibilities in religion and culture may be specific risks for the adoption of innovation.
- ❖ *Trialability* is about allowing the experience to be gained with the innovation before full adoption or purchase.
- ❖ *Complexity*, or how easy an innovation can be used and described to others and whether the innovation entails considerable learning or particular expertise.
- ❖ The *relative advantage* that an innovation has over previous approaches in order to meet the same need. Certain innovations, like the Internet for example, has strong network effects, so that there is a relative growth in advantage with the number of adopters.

There is also the alleged risk, or cost, of an innovation. The higher the price, the less confidence there will be in the after-sales service; or the stricter the policy on returns, the more unwilling people will be to adopt it. The adoption characteristics of Roger have an indirect impact on alleged risk; it will be increased by problems regarding complexity and compatibility and be reduced by observability and trialability (East *et al.*, 2011:102).

After an understanding is gained regarding the different characteristics of innovation, one must also gain knowledge regarding the different types of innovation in order to understand the broad concept of innovation as a whole.

3.3.2. Different types of innovation

In 1934, Joseph Schumpeter, the father of innovation research, and numerous subsequent scholars, distinguished between the different forms of innovation (Hjalager & Madsen, 2018:374):

- ❖ *Product and service innovation* adds new benefits, functionalities and appearances to experiences and items that consumers purchase. Product innovation in the tourism industry can be an exciting and new ride at an amusement park, for example. Product and service innovation can also include variety and quality improvements in restaurants (Hjalager & Madsen, 2018:374).
- ❖ *Process innovation* is the development of new approaches in the production process. This includes technology and smarter delivery methods. An example of this in the tourism industry can be the self-service handling of baggage at airports (Hjalager & Madsen, 2018:374).
- ❖ *Marketing innovation* addresses the different ways in which the details of products and services are being communicated to consumers before, during and after consumption (Hjalager & Madsen, 2018:374). According to Mwando (2017:75), marketing innovation is when new methods of marketing are being implemented. This includes new sales approaches (Trott, 2017:17), updating of websites, and utilisation of social media and invention of methods in order to ensure communication to consumers and exploitation of viral opportunities in new ways (Hjalager & Madsen, 2018:374). OECD (as quoted by Mwando, 2017:75) added that new methods also include changes in the placement and promotion of products, changes in the design of the product and its packaging, as well as methods for the pricing of services and products. According to OECD (as quoted by Mwando, 2017:75), things like co-operative marketing initiatives, new channels of marketing and new markets can all be examples of marketing innovation. According to Macerinskiene and Mikaliuniene (as quoted by Mwando, 2017:75-76), innovations of marketing are aimed to better address the needs of consumers, as well as the opening of new markets with an objective to increase the sales of the business. Based on the above-mentioned, Macerinskiene and Mikaliuniene (as quoted by Mwando, 2017:76) indicated that in tourism, it may contain brand merging.
- ❖ *Organisational innovation* is the introduction of new methods in order to collaborate with external stakeholders and manage staff. Examples can include new ways of teamwork and training (Hjalager & Madsen, 2018:374), and sales approaches (Trott, 2017:17).
- ❖ *Management innovation* includes total quality management systems.
- ❖ *Production innovation* includes quality circles, new software to help with production planning and new inspection systems (Trott, 2017:17).

A criteria for successful innovation will be discussed next.

3.3.3. Criteria for successful innovation

The rate of failure for new ideas and products is devastating, thus, not all innovations are successful. An innovation needs to meet the challenging criteria of the four aspects below in order to be successful (Doyle, 2011:7-8):

- ❖ *The innovation must offer value for consumers.* Even though a new product might have great technology, consumers will not buy it if it does not offer greater benefits. Thus, innovators have to start research regarding the consumer very early in the development process in order to identify whether there is a market segment for the product and if there is a potential competitive advantage. Regarding innovation in marketing, when making use of online-marketing, the value offered to consumers may include easy access to information and a much faster decision-making process (Doyle, 2011:7-8). Thus, the more innovative marketing gets, the quicker decisions can be made and the easier it is to make decisions.
- ❖ *The innovation must be perceived as unique.* Even though a new product might have great technology, if it does not offer unique benefits for consumers, it would not have much appeal to them. The uniqueness of the results is what is of importance to consumers, not the uniqueness of the technology (Doyle, 2011:7-8). Regarding the approach to marketing, it should be unique and specific to the needs of the consumers.
- ❖ *The innovation must be marketable.* For an innovation to have value for the business, there must be enough consumers that are prepared to pay prices great enough to cover the costs and to create an economic surplus (Doyle, 2011:7-8). Regarding the innovation of marketing, the marketing strategies must be usable so as to enable the selling of any product.
- ❖ *The innovation must be sustainable.* When an innovation can be quickly and easily copied, it does not add much value to the business. Thus, the innovator must consider generating barriers to new entrants. Sometimes patents can offer such a barrier. In order to shut the market out to competition, decisiveness in capturing market share is important. In many markets, the best tactic is building a brand to improve the uniqueness of the product (Doyle, 2011:7-8). One of the great challenges regarding innovation in marketing is that it constantly needs to change.

The innovation process will be discussed next.

3.3.4. The innovation process

In the industry of today, there are many difficult challenges regarding the delivering of innovative services and products to meet the needs of the technology-savvy consumer. Thus, a better understanding of the innovation process can help to maximise opportunities for success and helps overcome obstacles (Spruce, 2013:181).

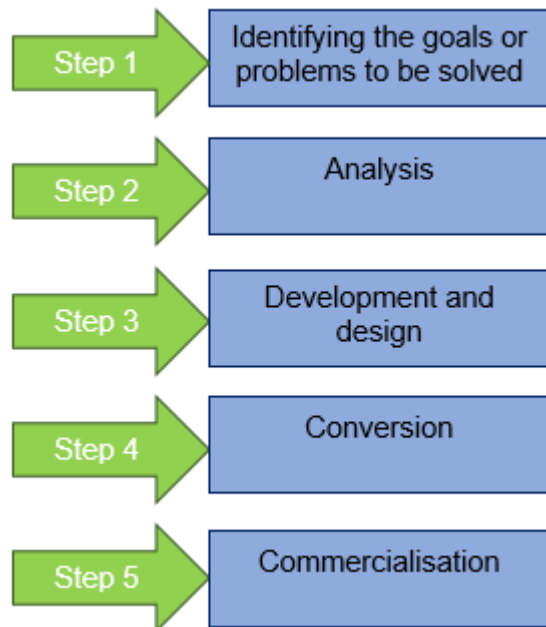


Figure 3.2: Innovation process

Source: Adapted from Spruce (2013)

- ❖ Step 1: Identifying the goals or problems to be solved:
 - ❖ Firstly, it is important to be clear on what the innovation goals for a business are, as well as why the business wants or needs to engage in this type of innovation. It is essential to include a good cross-section of the business when developing these goals and make the most of the expertise within the business, even spreading this to the client and consumer network in order to get the market view (Spruce, 2013:184).
- ❖ Step 2: Analysis:
 - ❖ This step includes real-world discovery of the current situation, challenges, needs and wants of the consumer, etc. In addition to consumers, it is important to analyse what trends may have an impact on the business, what competitors are doing, and what other businesses in other industries do that we can learn from and implement in the industry of our business (Spruce, 2013:184).

- ❖ Step 3: Development and design:
 - ❖ Based on the information that is gained in step 2, it is sensible to develop a portfolio of ideas that consists of ways to innovate in order to meet these goals and problems. Once these ideas are developed, an early evaluation and prioritisation will lead to a portfolio that is filled with innovations to be tested (Spruce, 2013:184).
- ❖ Step 4: Conversion:
 - ❖ Next, these ideas must be turned into practical innovation products so that it can be tested in the identified marketplace. The main goal here is to only test ideas within a limited scope in order to determine whether the innovation is liked by the consumers, whether the consumers accept the innovation and their willingness to pay for the innovation (Spruce, 2013:184). This is an important step because, according to consumer and market feedback, the innovations would probably have to be changed or modified. Some of the ideas will work and others will not, it would take some experimenting to determine which ideas will meet the needs of a commercially viable market (Spruce, 2013:184).
- ❖ Step 5: Commercialisation:
 - ❖ This is the step where the innovations are developed into full-scale operations. This step requires access to production facilities, logistics, routes to market, etc. Co-operative working throughout the business, and within industries that are external to the business, partnerships and subcontracting management, can play an important role in this step (Spruce, 2013:184-185). The risk decreases step by step during this process as confidence is being built in the products and a greater understanding is gained regarding the commercial and technical issues that are being faced. However, costs increase radically as movement takes place from discussion to prototyping, and then to production. Innovation needs a careful balance of reward and risk at all the stages, and will be influenced by the culture and view of the business regarding with whom and when to share this (Spruce, 2013:184-185).

Models for innovation will be the following topic in this chapter.

3.3.5. Models for innovation

Because of the unique characteristics and nature of services, and because the product development processes have not been applied in the development of new services, the

process has been ad hoc or haphazard. Although the new product development processes signify a framework that is useful regarding the studying of new service development, more research is compulsory to integrate the impact of the unique characteristics of services into the process of the development of new services (Trott, 2017:535). Figure 3.3 is an example of a sequential model for the service innovation process that was developed by Scheuing and Johnson in 1989. There are some limitations regarding these models; they are time-consuming, costly and overly bureaucratic processes. The new market opportunity that is being recognised at the beginning of the process may no longer be available when the product is being commercialised, just because the process is time-consuming (Trott, 2017:535-536).

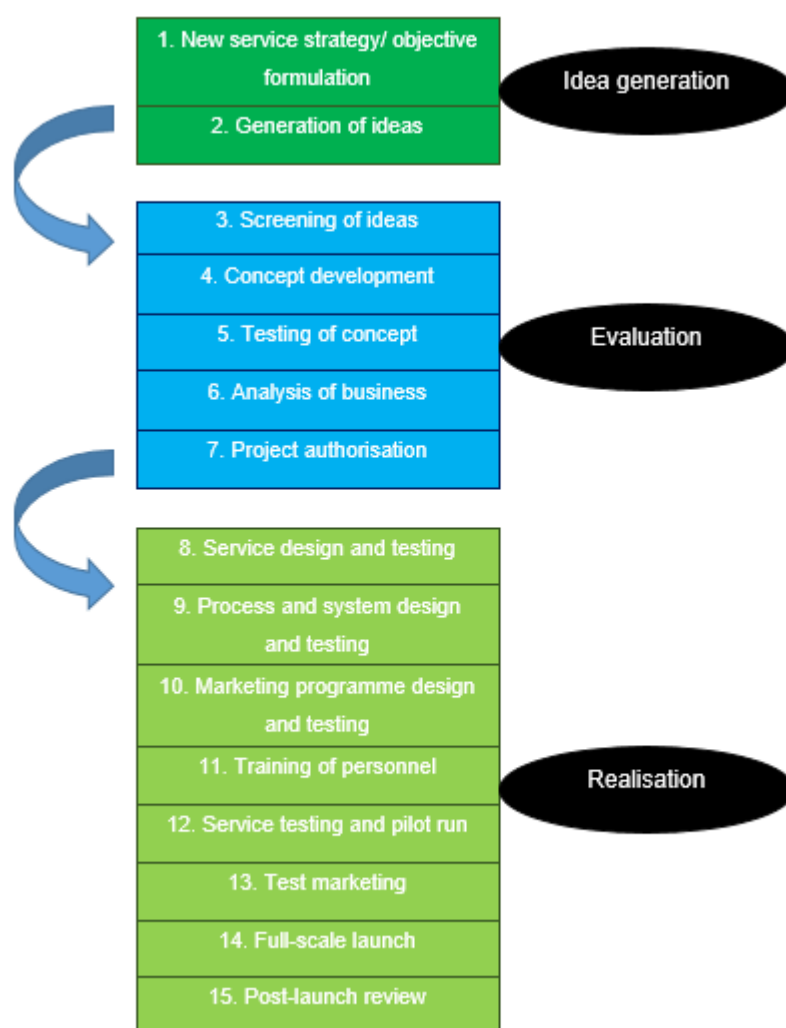


Figure 3.3: Model for the innovation process of services

Source: Adapted from Scheuing and Johnson as cited by Trott (2017)

The new development of services or products is an iterative process that continues after the market launch stage or commercialisation. In this setting, the models of new product development that characterise the process as iterative have been applied in the setting of

services as well (Trott, 2017:536). Johnson, Menor, Roth and Chase (2000:18) suggested a new concurrent service development model (Figure 3.4) that conceptualises the iterative stages of the service development process. Certain aspects such as systems, actors and technology play an important role in the process of new service development (Trott, 2017:536).

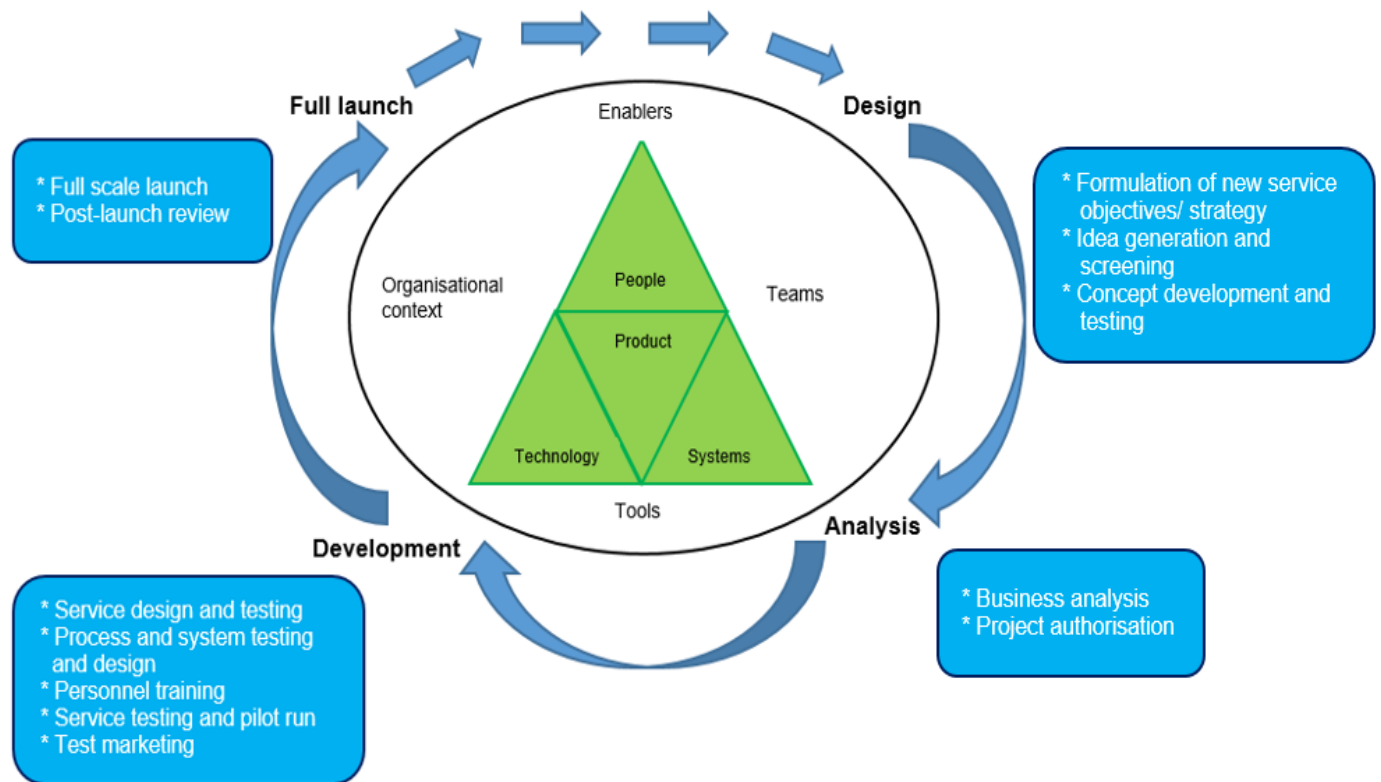


Figure 3.4: The new service development cycle
Source: Johnson, Menor, Roth and Chase (2000)

The concurrent service development model in Figure 3.4 has improved communication and expertise in all departments that are being used. These types of service development models, as in Figure 3.4, are less costly and relatively faster compared to the sequential service development models, as in Figure 3.3, and it also avoids possible design errors that may occur during future stages. However, specialisms of different departments' people may develop problems during co-operative working because these people do not always speak the same language and don't always have a full understanding regarding each person's activities. This may result in an increase in cost and in time to market (Trott, 2017:537).

If marketing must go through all these above-mentioned processes it will always be a step or two behind. This poses a problem for innovation in marketing because it is something that needs to happen fast.

For the purpose of this chapter and this study, it is important to understand how innovation fits within the tourism industry.

3.3.6. Innovation in tourism

According to Novelli, Schmitz and Spencer; Ottenbacher, and Tajeddini (as quoted by Zach, 2016:271), there remains a constant topic, namely innovation in the literature of hospitality and tourism, and even though the academic literature regarding innovation in tourism is small, it is growing (Halkier, Kozak & Svensson, 2014:1547). According to Mei, Arcodia and Ruhanen; Nicolau and Santa-Maria; Paget, Dimanche and Mounet; and Tseng, Kuo and Chou (as quoted by Thomas & Wood, 2014:39), the capability to innovate can be viewed as adding to the competitiveness of destinations and businesses.

Hjalager (as quoted by Zach, 2016:271) stated that by reducing the costs of production or through the development or adjustments of new service offerings, value is being created for stakeholders and visitors. Hjalager (as quoted by Zach, 2016:271) further added that it is typically argued by traditional resource-based-view research that innovations that are successful, are largely being determined by internal organisational resources. Nordli (2018:201) stated that interaction and collaboration with actors from the outside, as well as the information that they provide, is central to innovation. According to Denicolai, Cioccarelli and Zucchella (as quoted by Zach, 2016:271), it is argued that resources that are available beyond the boundaries of the business must be used in concert with resources that are internal in order to achieve success in tourism. Ku, Yang and Huang; Novelli, Schmitz and Spencer; Tajeddini; and Tinsley and Lynch (as quoted by Zach, 2016:271-272) stated that numerous studies have identified that innovation and collaboration are the foremost drivers of organisational performance and success of hospitality and tourism businesses.

According to Nordli (2018:201), a few studies indicate that market sources such as consumers, suppliers and competitors are particularly significant influencers on tourism innovation. Hjalager and Nordin (as quoted by Marasco *et al.*, 2018:2367) projected a typology where tourism innovation is being driven by users. Hjalager and Nordin (as quoted by Marasco *et al.*, 2018:2367) further claimed that even though interaction with consumers always plays a critical role in the tourism industry, the practice of including them in the processes of innovation is frequently unsystematic. Hjalager and Nordin (as quoted by Marasco *et al.*, 2018:2367) identified different user involvement methods in order to contribute to the above-mentioned direction, which include both where the input of the user is being collected without direct involvement, as well as situations where the involvement is active.

Camison, Monfort-Mir; Hertog, Galloui and Segers; Krizai, Brodnik and Bukover; and Orfila-Sintes, Crepsi-Cladera and Martinez-Ros (as quoted by Thomas & Wood, 2014:39) stated that so far, it has been problematic in tourism to estimate the scale of innovation. Arta and Acob; Carlisle, Kunc, Jones and Tiffin; Hjalager and Flagestad; Sorensen; and Hall (as quoted by Thomas & Wood, 2014:39) were of the opinion that because of the above-mentioned problem, there are many unresolved differences of opinion regarding how innovation in tourism should be measured as well as on the factors that affect its form in several sectors, locations and over time. Hall and Williams; Tejada and Moreno; and Williams and Shaw (as quoted by Thomas & Wood, 2014:39) further added that recent reviews regarding innovation in tourism's literature, have all indicated that more empirical research and theorising is needed on almost all of the aspects regarding the phenomenon.

Furthermore, it is important to understand the concept of innovation in marketing and thus, it will be discussed next.

3.3.7. Innovation in marketing

OECD and Eurostat (as quoted by Ilić, *et al.*, 2014:35) stated that until recently, improvement in new product development and improvement in the production process, were the only things included in innovation, while today, organisational and marketing innovation is also being included in terms of innovation. Harel, Schwartz and Kaufman (2019:30) supported the above-mentioned statement by adding that process and product innovation were mainly focused on by previous studies and that less attention was given to organisational and marketing innovation.

The Central Bureau of Statistics (as quoted by Harel *et al.*, 2019:20) stated that marketing innovation can be described as the implementation of a new method or marketing strategy that is significantly different from previous methods and strategies. The Central Bureau of Statistics (as quoted by Harel *et al.*, 2019:20) added that the implementation, as mentioned above, might include significant changes in aspects such as sales channels, product packaging, pricing methods, product design, sales promotion and market positioning.

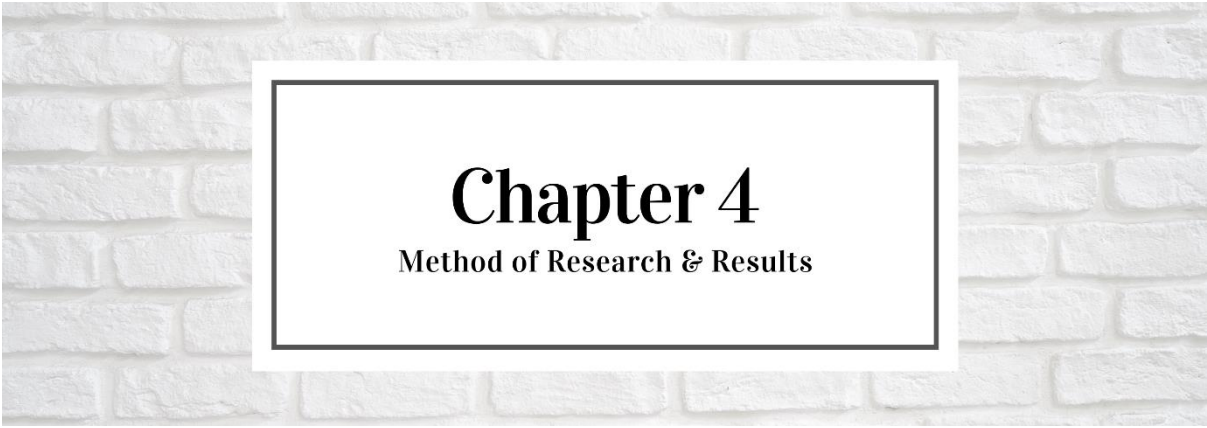
According to Ilić *et al.* (2014:35), marketing innovation's key objective is to improve the process of identification and profitable satisfaction regarding the needs of consumers. Ilić *et al.* (2014:35-36) added that besides the above-mentioned objectives, penetration into new markets can also be seen as a marketing innovation objective; in other words, sales and product presence in the market often reaching a larger scale (Ilić *et al.*, 2014:36). According

to Ferrell and Hartline (as quoted by Ilić *et al.*, 2014:36), the promotion of the inter-related four instruments, namely the basic marketing mix (cf. 2.5 & 2.6), that is focused on meeting the needs of the consumer through achieving a competitive advantage that is sustainable, is what marketing innovation is being based on. Kahn (2018:456) supported the above-mentioned by stating that marketing innovation's goal is to connect on different and new levels with consumers and therefore, it might include new promotional effort types. Through this method, a marketing innovation that helps that demand is being driven by creating awareness, uniqueness of products and recognition of brands. A marketing innovation is generally not something that is being directly sold to the final consumer (Kahn, 2018:456), it is more a way of doing it. Lack of scientific information in this regard was evident.

3.4. CONCLUSION

The purpose of this chapter to conduct an in-depth literature review to analyse the consumer and their behaviour and current innovative trends in the tourism industry.

It is clear from the above that the consumers of today are changeable, difficult to understand and have very strict demands. Consumers want to be part of the development of products and services, consumers want to have a say and be part of the innovative marketing process. Therefore, consumers must be understood in order to provide them with innovative marketing strategies and innovative products and services to meet their needs and desires. Furthermore, it is clear from this chapter that literature regarding tourism innovation needs more empirical research and theorising on almost all aspects of this phenomenon, and the lack of scientific information regarding marketing innovation was evident throughout this chapter.



Chapter 4

Method of Research & Results

4.1. INTRODUCTION

The purpose of this chapter is to report and explain the results of the data that were collected by means of a quantitative survey, which determined the individual travelling behaviour of tourists, travelling decision-making of tourists and innovative practices. This was done by identifying the profile of the tourists and what influences their travelling behaviour and decision-making, based on the results of the empirical survey through multivariate statistical analyses.

The profiles of the domestic and international tourists travelling to and in South Africa, which were examined, included demographic information and aspects of travelling behaviour. An in-depth analysis of individual tourist behaviour was carried out. Factors that contribute to the travelling decision-making of tourists and innovative practices were explored in more detail by means of a factor analysis. The approach of the research, as well as the results, are discussed in detail to explain the development of the measuring instrument, sampling method, survey and an overview of the descriptive results and exploratory results. These analyses included factor analyses, *t*-tests, ANOVAs (One-Way-Analysis-of-Variance) and Spearman Rank Order Correlation analyses. This provided comprehensive insight into the data and resulted in in-depth discussions.

4.2. EMPIRICAL RESEARCH

The empirical research consisted of four different sections: The first section was the research design and method of the data collecting. The second section was the sampling. The third section was the development of the questionnaire. The fourth section was the data analysis. It will likewise be dealt with in this chapter.

4.2.1. Research design and method of data collecting

There are seven different approaches to research based on information requirements, namely exploratory research, descriptive research, explanatory research, casual research, comparative research, evaluative research and predictive research (Jennings, 2010:17-22). For the purpose of this study, descriptive research was used. With descriptive research, the researcher is allowed to describe the tourism phenomenon in this study. This type of research contributes to typology development of tourists, steps in the tourism decision making processes, and a starting point for databases, where future changes in tourism impacts and trends can be measured (Jennings, 2010:18).

There are two different types of methods to collect data, namely quantitative and qualitative. Qualitative research can be defined as research that involves gaining a lot of information about a small amount of people rather than a limited amount of information about a big group of people. On the other hand, qualitative research is not concerned with numbers (Veal, 2006:40) but deals with the depth of information. Qualitative research is used when a researcher wants to know how a community works and what makes them “tick”, and the two biggest advantages of qualitative research are that it provides “rich” information about people and their needs, motivations, aspirations, behaviour and experiences; and qualitative research is able to include changes over time (Brunt, Horner & Semley, 2017:29).

Due to the nature of this research study, quantitative research was utilised to reach the objectives of the study. A number of definitions exist for quantitative research. It can be defined as: “Quantitative research is research involving the administration of a set of questions with predetermined response options to a large number of respondents” (Burns & Bush, 2014:146). According to Brunt (as quoted by Brunt *et al.*, 2017:28), quantitative research depends on numerical evidence in order to test hypotheses and is usually used to ensure reliability of statistical tests (Brunt *et al.*, 2017:28). Because this was a quantitative study, primary data was collected on the topic from existing sources and a self-administered questionnaire was used to collect problem-specific data. According to Brunt *et al.* (2017:28), quantitative research has a few advantages and limitations:

- ❖ The data can easily be summarised and analysed through the usage of statistical programmes (advantage).
- ❖ A lot of information in the tourism, hospitality and event management industry is needed in a quantitative form to allow managers to make decisions (advantage).
- ❖ Samples may not always be representative because of problems related to those respondents who do not want to take part in the research (limitation).

- ❖ Quantitative methods are often impersonal, with limited information available about the respondent's experiences or life history (limitation).

There are a few different methods that can be used in order to collect data from respondents. The methods that are being used the most are (Maree & Pietersen, 2016:176-177):

- ❖ Group administration of questionnaires, which is where the researcher distributes questionnaires to respondents, while waiting for it to be completed.
- ❖ Email or postal surveys, which refer to an email or mail sent to respective respondents. The respondents then need to read the given instructions, answer the questions and send back the questionnaire for capturing.
- ❖ Telephone surveys are when interviewers call respondents, ask questions and then record the answers of the respondents.
- ❖ Face-to-face surveys are when interviewers visit respondents, ask questions and record the respondents' answers.

It is important to adopt a research method that not only enables the achievement of the objectives but also fits the respondents and their ability and willingness to partake in the survey. In the case of this study the researcher was interested in the meaning of the respondents' opinions regarding innovation in tourism destination marketing in the case of South Africa, which was the first of its kind in this field of study. The descriptive nature of this study required a face-to-face survey. Thus, a destination-based survey was conducted at the OR Tambo International Airport's departing halls from 1 October 2019 to 4 October 2019, and a structured questionnaire served as the instrument for collecting the data. OR Tambo International Airport was chosen due to it being one of Africa's biggest and busiest airports that facilitates over 21 million passengers per year (OR Tambo International Airport, 2018), and the mere fact that these respondents are tourists and have been exposed to marketing and certain innovations in travel and marketing.

The process of conducting research at the airport was a challenge due to the security regulations. After the approval of the research by the Airport Board, a date was negotiated for the survey to be completed. Following this, the fieldworkers had to obtain police clearance before permission was granted for permits to be in the departing halls. The permits had to be collected and registered for each person at the airport, and were only valid for a few days, thus all fieldwork had to be completed during a certain time.

The survey was conducted by two fieldworkers who managed the distribution of the questionnaires at OR Tambo International Airport. The respondents were informed about the purpose of the research beforehand to ensure that they participated willingly and responded openly and honestly. The fieldworkers were properly informed regarding the purpose of this specific research study and were equipped to assist respondents with any questions that they may have asked relating to the questionnaire, but without interfering with their answers.

4.2.2. Sampling

There are two different sampling methods; firstly, the probability sampling category, where anyone in the population has a known chance to be selected into the sample (Burns & Bush, 2014:242). Probability sampling methods include simple random sampling, systematic sampling, stratified sampling and cluster sampling (Maree & Pietersen, 2016:192). Secondly, the non-probability sampling category, where the chances of selecting members from the population into the sample are not known (Burns & Bush, 2014:242). Non-probability sampling methods include convenience sampling, quota sampling, snowball sampling and purposive sampling.

Due to the unavailability of a list of passengers travelling through OR Tambo Airport, it was not possible to make use of probability sampling even though it would be the best choice. Thus, the survey followed a non-probability sampling method and made use of convenience sampling, where the elements of the population were chosen because they were conveniently and easily accessible (Maree & Pietersen, 2016:197) and willing to participate. To improve the convenience due to the unavailability of numbers, every second tourist (including international and domestic tourists which was determined by a screening question) was asked to complete a questionnaire in order to be more representative.

There are several approaches that may be used to determine the sample size. These include the use of published tables or of applying formulae. Here, the formula by Krejcie and Morgan (1970:607) was used to calculate the sample size needed from the survey. Krejcie and Morgan (1970:608) stated that when the population is > 100 000, the sample size is 384. The level of precision is five percent (5%) to compensate for surveys with sampling errors (for example, those questionnaires that are not returned or are incomplete). A sample size of 400 was thus anticipated. The sample size was, however, increased to 450 to take into account the possibility of incomplete questionnaires.

A final number of 232 questionnaires were completed and used as part of the dataset- this included both international and domestic questionnaires. There were a few barriers that made the collecting of more questionnaires difficult. Language was a particular barrier with reference to the international tourists; few were fluent in English and understood the purpose of the research. The time allowed for the survey to be completed was limited, and during this survey another study was also conducted at the airport. Overall the responses of the international visitors were less due to their unwillingness to participate.

4.2.3. Development of the measuring instrument

According to Maree and Pietersen (2016:177), the design of the questionnaire is seen as the most important part of the research process, as this is the instrument with which data are being generated. The appearance of the questionnaire, the question sequence, the wording of questions and the response categories, including closed questions, open questions, closed-open questions and biographical questions, are all of utmost importance to assure that the questionnaire is a ready-to-use instrument to elicit information (Maree, 2016:178). Closed questions are when a set of responses are given, and the respondent must choose one. With open questions, a space is provided to answer the asked question, no set of responses are given. In the case of closed-open questions, a closed question is asked (responses are given, and one must be chosen), but there is an option namely “other”, which forms part of an open question. Biographical questions are asked to gather important personal information from respondents, including questions regarding the respondents’ age, gender, occupation, etc (Maree & Pietersen, 2016:180-184).

There were two different self-administered questionnaires; one for international respondents and one for domestic respondents (the type of respondent was determined by a screening question). Therefore, an international respondent could not have completed a domestic questionnaire, but the results were combined and therefore twenty-four percent (24%) of all the data combined consisted out of international respondents. The only difference occurred in section A, which was associated with demographic information. The international respondents’ self-administrated questionnaire had supplementary questions, such as country of residence; number of previous visits to South Africa, including this time; the medium of hearing from South Africa; and the advance booking in time of this current trip. The domestic respondents’ self-administrated questionnaires also had supplementary questions, such as place of residence; advance booking of a weekend breakaway; and advance booking of a fourteen-day holiday. The rest of the demographic information was the same for both of the questionnaires. Demographic information was needed to address selected objectives of this

study, as these characteristics have an influence on the way people react to marketing (Andre, 2015; Pratap, 2017) and innovation.

The self-administrative questionnaires of both domestic and international tourists contained four different sections. As mentioned before, the first section was section A and included questions related to demographic information and travel behaviour of respondents. The second section, section B, was a Likert-scale question and focussed on questions related to the individual behaviour of tourists as they travel; questions were based on information gained from Fuggle (2016), Decrop (2014) and Moutinho *et al.* (2014). The third section, section C, was also a Likert-scale question and focussed on questions related to travel decision-making, which included questions regarding the tourism product, price, place, promotion, people, and current and future trends in tourism; questions were based on information gained from Belch and Belch (2018), Chuba (2018), Clow and Baack (2018), Kotler and Armstrong (2018), Lamb *et al.* (2018), Mariano (2018), Martinez (2018), Shalvey (2018), Kerin and Hartley (2017), Kow (2017), Fuggle (2016), Kotler and Keller (2016), Slate (2016), Decrop (2014), Lang (2014), Moutinho *et al.* (2014), Postnikoff (2016), Andrade (2013), George (2011; 2014; 2019), Saayman (2013), Burnett (2008), Saayman (2006) and Lumsdon (1997). The fourth and last section, section D, contained a Likert-scale question and focussed on questions regarding innovative practices, which included questions related to personal innovative involvement and digital platforms; questions were based on information gained from Chuba (2018), Kotler and Armstrong (2018), Mariano (2018), Shalvey (2018), Kerin and Hartley (2017), Fuggle (2016), Kotler and Keller (2016), Slate (2016), Decrop (2014) and Moutinho *et al.* (2014).

4.2.4. Statistical data analysis

The analysing of data is a vital part of research, especially in the field of the tourism market (Brunt *et al.*, 2017:171). The data from the completed questionnaires have been captured on Microsoft Excel and exported to SPSS software (Statistical Package for Social Sciences). Staff at the Statistical Services at the North West University analysed the data and it was interpreted by the researcher. The analysis included descriptive statistics, which can be described as statistical methods that are being used to summarise and arrange the data in a way that is meaningful and usable (Pietersen & Maree, 2016:204). Descriptive statistics allow researchers to determine whether there are relationships between the different variables and to describe any trends in the data (Jennings, 2010:299).

For the purpose of this study, frequency tables, factor analysis, *t*-Tests, ANOVA (analysis of variance) and Spearman Rank Order Correlations were the statistical methods that were used. Each statistical method will be briefly described:

- ❖ According to Sarstedt and Mooi (2019:110), a frequency table can be described as a table that includes all possible values regarding a variable in absolute terms as well as how often do they relatively occur in terms of percentage. For the purpose of this study, frequency tables were used to analyse the demographic information, travel behaviour, travel decision making elements and innovative practices.
- ❖ According to Babbie (as quoted by Jennings, 2010:299), a factor analysis can be described as a statistical method where patterns in variations are determined with consideration to several variables. The main purpose of the factor analysis is to reduce data to manageable variables that can be utilised in other analyses. In the case of this study, factor analyses were used to determine factors influencing travel decision-making and innovation practices.
- ❖ *t*-Tests are useful when the insight of different groups is compared. Based on an ordinal variable, *t*-Tests are used to clarify whether two groups vary from each other. *t*-Tests can also be used to verify or refute assumptions that are made about two groups (Brunt *et al.*, 2017:207). In the case of this study, *t*-tests were used to determine the effect of gender on travelling decision-making and innovative practices as well as the effect of marital status on travelling decision-making and innovative practices.
- ❖ ANOVA (One Way Analysis of Variance) is comparable to *t*-Tests when considering the classifying of variances between different groups and the mean. However, *t*-Tests are used to classify variances between two groups, while ANOVA is used when the classifying of variances is for more than two groups (Brunt *et al.*, 2017:207). In the case of this study, ANOVAs were used to determine the effect of occupation, place of residence and reason for visit on travelling decision-making and innovative practices.
- ❖ Spearman Rank Order Correlations can be described as a non-parametric measurement of the direction and strength of association that is evident between two variables, and is measured on an ordinal scale (Anon, 2018c). In the case of this study, Spearman Rank Order Correlations were used to determine the correlations between travelling decision-making and innovative practices and other related variables.

The implementation of these statistical methods led to the data being presented in an understandable manner through different tables and figures. In the next section, the descriptive results are discussed, followed by the inferential statistics.

4.3. DESCRIPTIVE RESULTS

The results are presented under demographic information of respondents, which also includes travelling behaviour information of tourists, travelling behaviour of tourist as an individual, travelling decision-making and innovative practices in the tourism industry. Two hundred and thirty-two completed questionnaires were utilised in this analysis (this consisted out of the international and domestic questionnaires combined).

4.3.1. Demographic information of respondents

The questions asked in Section A, focussed on the demographic information of the respondents and were analysed using descriptive statistics. The demographic information included closed and open questions and focused on characteristics such as gender, age, occupation, highest level of education, marital status and province or country of residence (domestic tourists).

Table 4.1: Demographic information of respondents

Category and Variable	Percentage (%)
Domestic tourists	76%
International tourists	24%
Gender	
Male	55%
Female	45%
Age	
>30 years	54%
31-40 years	17%
41-50 years	12%
51-60 years	11%
<61 years	6%
Country of residence	
Argentina	1%
Canada	1%
China	1.3%
England	0.4%
Germany	0.4%
India	1%
Ireland	1.9%
Israel	1%
Italy	1%
Jamaica	0.4%
Macau	0.4%

Malawi	0.4%
Mozambique	0.4%
Namibia	2.6%
Netherlands	2.2%
New Zealand	4.3%
Poland	0.4%
Santorini	0.4%
Scotland	1%
Singapore	0.4%
South Africa	76%
United Arab Emirates	0.4%
United States of America	1.3%
Zambia	0.4%
Province (Place) of residence	
Gauteng	17%
North West	10%
Western Cape	17%
Eastern Cape	10%
Mpumalanga	3%
Northern Cape	4%
Kwa-Zulu Natal	7%
Limpopo	2%
Free State	6%
Outside South African borders	24%
Highest level of education	
Matric	21%
Diploma, Degree	39%
Post-graduate	22%
Professional	17%
Other	1%
Occupation	
Professional	23%
Management	12%
Self-employed	7%
Technical	7%
Sales	5%
Administrative	6%
Civil service	0%
Education	9%
Pensioner	0%
Student	16%
Other	15%
Marital status	
Single	48%

Married	45%
Other	7%

Domestic and international respondents

According to the results in Table 5.1, 76% of respondents were from South Africa and 24% of respondents were international tourists visiting South Africa. The domestic tourism market should form the backbone of the tourism industry and thus, their opinions related to marketing and innovation is important.

Gender

55% of the respondents participating in this study were male and 45% female, which is a fairly equal distribution of gender.

Age

54% of the respondents were younger than 30 years of age, 17% of respondents were between the ages of 31-40 years, 12% were between the ages of 41-50 years, 11% were between the ages of 51-60 years and 6% of respondents were 61 years and older. The average age of respondents was 34 years.

Country of residence

76% of respondents were from South Africa and 24% from an international destination. From an international perspective, 4.3% of respondents were from New Zealand, 2.6% of respondents were from Namibia and 2.2% of respondents were from Netherlands. A small percentage of respondents came from other countries such as Argentina, Canada, China, England, Germany, India, Ireland, Israel, Italy, Jamaica, Macau, Malawi, Mozambique, Poland, Santorini, Scotland, Singapore, United Arab Emirates, United States of America and Zambia.

Place of residence

Most of the domestic tourists (17% respectively) originate from Gauteng and the Western Cape, and 10% of respondents came from North West and Eastern Cape. Gauteng and Western Cape are known as the economic hubs of South Africa, which support frequent travel. The 24% of international visitors were indicated as living outside the borders of South Africa (they completed the international questionnaire).

Highest level of education

39% of respondents were qualified with either a degree or diploma, while 22% of respondents had post-graduate degrees, 21% had matric and 17% of respondents hold a professional qualification. The latter referring to lawyers, doctors, to only name a few.

Occupation

23% of respondents participating in this study were professionals, 16% students and 15% of respondents were employed in other types of occupations that were not listed in the questionnaire, such as electrician, pastor, politician, soldier, stay at home mother and videographer.

Marital status

48% of respondents indicated that they were single, 45% indicated they were married and 7% of respondents listed other options that were not listed in the questionnaire, such as: in a relationship (2.6%), divorced (2.2%), widowed (1.3%) and engaged (0.4%).

The second part of Section A of the questionnaire gathered general information regarding travel behaviour and it was analysed using descriptive statistics. The travel behaviour information of respondents included both open and closed questions, and consisted of length of stay, number of people in travelling group, people being paid for, reason for visit, advance booking, type of accommodation, mode of transport and spending behaviour.

Table 4.2: Travel behaviour information of respondents

Category and Variable	Percentage (%)
Number of previous visits, including the current trip. (International tourists)	
First time visitor	34%
2-3 times	21%
4-5 times	7%
6-10 times	17%
11-15 times	9%
More than 16 times	12%
Number of people in the travelling group (including yourself)	
1 person	34%
2 people	39%
3-5 people	20%
6-10 people	4%
11 or more	3%
Number of people you are paying for (including yourself)	
0 people	21%

1 person	49%
2-4 people	28%
5 people or more	2%
Advance booking of a weekend-breakaway (Domestic tourists)	
1-7 days	20%
8-14 days	18%
15-30 days	38%
31-60 days	15%
More than 60 days	9%
Advance booking of a 14-day breakaway (Domestic tourists)	
1-14 days	8%
15-30 days	22%
31-60 days	13%
61-120 days	19%
121 days and more	38%
Reason for your visit	
Business	34%
Culture/Historic	1%
Leisure/Holiday	27%
Visiting family and friends	21%
Adventure	5%
Shopping	0%
Sport	5%
Medical	1%
Nature	2%
Other	4%
How you heard about South Africa (International tourists)	
TV, Radio, Newspaper	4%
Word of mouth	49%
Social media (Facebook etc.)	9%
Internet websites	13%
Other	25%
Advance booking of this trip (International tourists)	
1-14 days	19%
15-30 days	17%
31-90 days	31%
91-180 days	13%
181-365 days	20%
Length of stay during current trip	
1-3 days	31%
4-7 days	23%
8-14 days	25%
15-30 days	13%
More than 30 days	8%

Accommodation type		
Family and friends		31%
Hotels		29%
Backpackers		1%
Guesthouse or B&B		13%
Airbnb		7%
Lodges		12%
Other		7%
Mode of transport within South Africa:	Yes (in %)	No (in %)
Airplane	97%	3%
Rental car	72%	28%
Bus	14%	86%
Train	8%	92%
Uber	48%	52%
Other	46%	54%
Estimated money spent		Average (in Rand)
Accommodation		R4074.45
Restaurants		R1562.93
Food (other than restaurants)		R847.95
Beverages		R563.53
Clothes and footwear		R902.76
Transport		R1823.90
Souvenirs and jewellery		R302.84
Visiting attractions		R904.81
Activities		R1137.93
Other expenses (not listed above)		R1276.03
Overall average spending (in Rand)		R13397.13

Number of previous visits, including the current trip (International tourists)

The question was only asked for international tourists. 34% of respondents were first-time visitors to South Africa, 21% of respondents have visited South Africa 2-3 times before and 17% of respondents have visited 6-10 times before.

Number of people in the travelling group (including yourself)

39% of respondents were travelling in groups of 2, while 34% of respondents were travelling alone and 20% of respondents' group size was between 3-5 people.

Number of people you are paying (including yourself)

49% of respondents were only paying for themselves, 28% of respondents were paying for 2-4 people (including themselves) and 21% of respondents did not pay for anyone (including

themselves) – the reason for this may be that a high number of respondents were business travellers, students or part of a sport group, where most or all their expenses were paid.

Advance booking of a weekend-breakaway (Domestic tourists)

This question was only asked for domestic tourists. 38% of respondents indicated that they book a weekend-breakaway 15-30 days in advance, 20% indicated they book 1-7 days in advance and 18% of respondents indicated they book 8-14 days in advance.

Advance booking of a 14-day breakaway (Domestic tourists)

This question was only asked for domestic tourists. 38% of respondents take 121 days and more to book a 14-day breakaway in advance, 22% of respondents book 15-30 days in advance and 19% of respondents book their 14-day breakaway 61-120 days in advance.

Advance booking of this trip

This question was only asked for international tourists. 31% of respondents booked this trip 31-90 days in advance, 20% of respondents booked 181-365 days in advance and 19% of respondents booked this trip 1-14 days in advance.

Reason for visit

34% of respondents indicated that their main reason for visiting was business, 27% indicated it was for holiday or leisure purposes and 21% of respondents were visiting family and friends. This provides a fair distribution of respondents from both business and leisure perspectives.

How you heard about South Africa (International tourists)

This question was only asked for international tourists. 49% of respondents heard about South Africa through word-of-mouth discussions or recommendations, 25% heard about South Africa through other mediums that were not listed in the questionnaire, such as respondents who used to live in South Africa, and respondents who heard about South Africa from their families and friends.

Length of stay during current trip

Most respondents indicated that their stay was between 1-3 days (31%). 25% of respondents indicated that their stay was between 8-14 days and 23% of respondents' stay was 4-7 days.

Accommodation type

31% of respondents indicated that their stay was with family and friends for accommodation purposes and 29% of respondents made use of hotels for accommodation purposes.

Mode of transport in South Africa

97% of respondents made use of an airplane during their trip and 72% made use of a rental car. 86% of respondents indicated that they did not make use of a bus, a train (92%) or uber (52%). Even though 54% of respondents indicated that they did not make use of any other transport, 46% of respondents indicated that they made use of other transport, such as family or friend's car (6.5%) and their own car (6%). (Respondents could choose more than one option).

Estimated money spent

The average amount that respondents spent during their entire trip was R13 397.13. On average, the respondents spend R4074.45 on accommodation, R1562.93 on restaurants, R847.95 on food (other than restaurants), R563.53 on beverages, R902.76 on clothes and footwear, R1823.90 on transport, R302.84 on souvenirs and jewellery, R904.81 on visiting attractions, R1137.93 on activities and R1276.03 on other expenses that were not listed, such as airtime, family gifts, magazine and newspaper, and petrol. The reason for the low amount of spending might be because most respondents were business travellers and did not include the amounts already paid by the company. Other reasons for the low amount of spending might be because respondents also indicated that the church, husband, parents, USSAS and other tours paid for most or all of their expenses.

4.3.2. Travelling behaviour of tourists

Every tourist that travels has different needs, wants, preferences, expectations and past experiences and therefore, presents with different behaviour. Section B of the questionnaire consisted of a Likert scale question and focussed on the behaviour of a tourist as an individual when they are travelling. Descriptive statistics were used to analyse the results. This section had seven variables, which refer to their way of doing things when travelling. This also influences the way they perceive innovation and how easily they can adapt to change in the tourism environment.

Table 4.3: Travelling behaviour of tourists

Item	Variable	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean and Standard deviation
	When travelling:						
A	I am flexible	7%	8%	22%	26%	37%	3.78 (±1.22)
B	I am easy going	5%	6%	16%	36%	37%	3.94 (±1.10)

C	I am demanding	27%	25%	29%	12%	7%	2.47 (± 1.20)
D	I enjoy taking risks	14%	17%	31%	18%	20%	3.14 (± 1.30)
E	I am open to new experiences	3%	2%	16%	35%	44%	4.15 (± 0.96)
F	I always consider safer options	5%	8%	28%	34%	25%	3.67 (± 1.09)
G	I enjoy familiar/known options	2%	9%	33%	32%	24%	3.65 (± 1.01)

Based on the results of Table 4.3, respondents *agree* to *strongly agree* with the following factors related to their individual travel behaviour:

- ❖ Respondents are open to new experiences when they travel (79%). According to Fuggle (2016) and Moutinho *et al.* (2014), the consumer of today searches for real and authentic experiences.
- ❖ Respondents consider themselves as easy going when travelling (73%).
- ❖ Respondents consider themselves as flexible when travelling (63%).

Based on the mean values of each statement, it was clear that the respondents are open to new experiences when they travel ($\bar{x}$ = 4.15; 83%) as well as easy going when travelling ($\bar{x}$ = 3.94; 79%) and they consider themselves as flexible when they travel ($\bar{x}$ = 3.78; 76%). Thus, travelling tourists do not have pre-set ideas that are fixed. This is critical if one wants to develop new and innovative practises for marketing as the market must be able to accept changes to current methods.

4.3.3. Travelling decision making

Section C of the questionnaire was also in the form of a Likert scale and focussed on the importance of certain statements in regard to the decision-making of tourists when they travel. Descriptive statistics were used to analyse the results. This section had twenty-eight variables and consisted of different questions, based on the tourism product, price, place, promotion, people, innovation and new trends. The last column of Table 4.4 is an indication of the literature on which each variable (question) was based.

Table 4.4: Travelling decision making

Item	Variable	Not important at all	Slightly important	Important	Very important	Extremely important	Mean and Standard deviation	Literature based aspects
A	My holiday destination recycles, re-uses and reduces	14%	24%	37%	9%	16%	2.90 (± 1.24)	Tourism product
B	I prefer to visit tourism destinations that are less known	16%	18%	26%	26%	14%	3.05 (± 1.29)	Tourism product
C	I want to participate in community activities whilst travelling	32%	27%	20%	12%	9%	2.40 (± 1.29)	Tourism product
D	I prefer to visit tourism destinations that are less crowded	5%	14%	30%	25%	26%	3.52 (± 1.17)	Tourism product
G	I make my bookings through a system such as Airbnb	19%	12%	29%	21%	19%	3.09 (± 1.36)	Tourism product
X	I want to experience food and drinks that are unique to the destination	4%	10%	19%	27%	40%	3.88 (± 1.16)	Tourism product
R	I want to package my own tourism experience (holiday)	8%	10%	27%	26%	29%	3.58 (± 1.24)	Tourism product/People component of tourism
E	I would prefer that South Africa has a one-stop shop for all app	7%	11%	27%	24%	31%	3.61 (± 1.21)	Promotion/Innovation
F	I experience my future holiday destinations through digital marketing such as videos, 360 views, 3D experiences	15%	19%	23%	22%	21%	3.13 (± 1.35)	Promotion/Innovation
O	I receive promotions online (social media, SMS, Email)	13%	18%	29%	16%	24%	3.19 (± 1.34)	Promotion of tourism products
P	I make use of Social media (Facebook, Instagram, Twitter, Pinterest) to make travel (holiday) destination decisions	12%	14%	24%	20%	30%	3.43 (± 1.36)	Promotion of tourism products
S	I make use of the Internet (websites) to make travel (holiday) destination decisions	3%	4%	23%	32%	38%	3.99 (± 1.01)	Promotion of tourism products
T	I gather basic information before travelling and additional information as I travel	2%	8%	31%	27%	32%	3.81 (± 1.03)	Promotion of tourism products
W	I make use of reviews when deciding on a travel (holiday) destination	4%	11%	21%	29%	35%	3.80 (± 1.16)	Promotion of tourism products/People component of tourism

Y	I prefer to pay an all-inclusive price for my experience	6%	14%	22%	22%	36%	3.70 (±1.25)	Pricing of tourism products
H	I prefer to pay a basic fee and additional costs for any other facilities used at my holiday destination (such as a sauna)	13%	20%	29%	20%	18%	3.09 (±1.29)	Pricing of tourism products
I	I prefer to pay a basic fee and additional costs for any other activities used at my holiday destination (such as river rafting)	9%	18%	28%	26%	19%	3.28 (±1.23)	Pricing of tourism products
U	I travel to a destination where I would have control over my pricing by only paying for those services and products that I use	1%	10%	26%	32%	31%	3.83 (±1.01)	Pricing of tourism products
M	I can easily access online travel information	3%	4%	21%	34%	38%	3.99 (±1.03)	People component of tourism
K	I make use of apps such as TripAdvisor when I am deciding on a travel (holiday) destination	18%	11%	19%	27%	25%	3.30 (±1.42)	People component of tourism
Aa	Tourism destinations listen and apply recommendations made by tourists	6%	12%	31%	31%	20%	3.47 (±1.11)	People component of tourism
Bb	Value and good service are more important than pricing	3%	7%	26%	20%	44%	3.95 (1.11)	People component of tourism
J	Someday I want to take a trip to space	52%	10%	9%	10%	19%	2.35 (±1.62)	Future trend
L	I would enjoy being served by a robot	55%	16%	15%	6%	8%	1.94 (±1.27)	Future trend
N	I generally do online shopping	20%	11%	30%	19%	20%	3.11 (±1.48)	Place component of tourism
V	I prefer to make use of companies that implement green practices in their marketing strategies	13%	20%	34%	20%	13%	3.01 (±1.20)	Place component of tourism
Q	I make all my travel bookings via online booking systems	5%	4%	31%	24%	36%	3.83 (±1.11)	Place component of tourism
Z	I prefer to meet and mix with local people	10%	15%	24%	31%	20%	3.36 (±1.26)	Place component of tourism

As displayed in Table 4.4, respondents rated the following factors as *very important* to *extremely important* in their travelling decision-making process:

- ❖ Online travel information can easily be accessed (72%).
- ❖ The usage of the Internet (websites) to make travel (holiday) decisions (70%).
- ❖ Experience of food and drinks unique to a destination (67%).
- ❖ Make use of reviews when deciding on a travel (holiday) destination (64%).
- ❖ Travelling to destinations where respondents have control over pricing by only paying for the services and products that they use (63%).
- ❖ Value and good services are more important than pricing (60%).
- ❖ Making all travel bookings online via online booking systems (60%).
- ❖ Gathering basic destination information before travelling and additional information while travelling (59%).

The results in Table 4.4 indicated that respondents rated the following factors *not at all important* to *slightly important* in their travelling decision-making process:

- ❖ Being served by a robot (71%).
- ❖ Taking a trip to space someday (62%).

Based on the mean values of each statement, it was clear that the respondents considered easy access of online information ($\bar{x}$ = 3.99; 80%), the usage of the Internet (websites) to make travel (holiday) decisions ($\bar{x}$ = 3.99; 80%), value and good service as being more important than pricing ($\bar{x}$ = 3.95; 79%); and the experience of food and drinks that are unique to a destination ($\bar{x}$ = 3.88; 78%), as the most important factors when making travelling decisions.

Respondents consider taking a trip to space someday ($\bar{x}$ = 2.35; 47%) and being served by a robot ($\bar{x}$ = 1.94; 39%) as the factors that are least important when making travelling decisions. Thus, it is clear that the Internet is no strange element for tourists, and they use it regularly to make travelling decisions. Also, experience and good service is not something tourists mind paying for (Fuggle, 2016), c.f. to 3.2.3. It is also clear that even though there is a lot of talk about travelling to space and that the world will be taken over by robots, the current market has not adopted this forward-thinking.

When considering the distinction between product, price, promotion, place, people and travel trends, the following were evident:

- ❖ The most important tourism product trend: to experience food and drinks unique to the destination ($\bar{x}$ = 3.88; 78%);
- ❖ The most important promotional trend: to make use of the Internet (websites) to make travel (holiday) destination decisions ($\bar{x}$ = 3.99; 80%);
- ❖ The most important pricing trend: travel to a destination where the respondent has control over pricing by paying only for those services and products used ($\bar{x}$ = 3.83; 77%);
- ❖ The most important people trend: the respondent can easily access online travel information ($\bar{x}$ = 3.99; 80%);
- ❖ The most important place trend: the respondent can make all travel bookings via online booking systems ($\bar{x}$ = 3.83; 77%);
- ❖ In both cases, reference to the importance of future trends was rated extremely low.

4.3.4. Innovative practices

Section C of the questionnaire was a Likert scale question, which focussed on how innovative the respondent found certain factors that are elements of the tourism industry. These elements were identified by different sources, such as Chuba (2018); Kotler and Armstrong (2018); Mariano (2018); Shalvey (2018); Kerin and Hartley (2017); Fuggle (2016); Kotler and Keller (2016); and Lang (2016). Descriptive statistics were used to analyse the results. This section had eleven variables.

Table 4.5: Innovative practices

Item	Variable	Not at all innovative	Slightly innovative	Innovative	Very innovative	Extremely innovative	Mean and Standard deviation
A	Airbnb or Uber	5%	7%	25%	22%	42%	3.87 (± 1.18)
B	Travel apps	4%	5%	27%	34%	30%	3.82 (± 1.03)
C	TripAdvisor	2%	13%	22%	31%	32%	3.78 (± 1.09)
D	A trip to space	31%	15%	14%	12%	28%	2.90 (± 1.62)
E	To package my own tourism experience	5%	11%	27%	29%	28%	3.63 (± 1.14)
F	Being served by a robot in a restaurant	40%	15%	20%	10%	15%	2.47 (± 1.47)
G	To experience a destination through 3D/4D	11%	15%	30%	22%	22%	3.29 (± 1.28)
H	To experience a destination through 360 views	9%	13%	31%	24%	23%	3.38 (± 1.22)

I	A one-stop travel shop for all app for SA	6%	9%	21%	37%	27%	3.70 (±1.13)
J	Digital marketing through Facebook, Instagram, YouTube, Reddit, LinkedIn, Tumblr, Pinterest, Google+, Twitter	5%	11%	30%	28%	26%	3.59 (±1.14)
K	Marketing through loyalty packages	9%	11%	33%	23%	24%	3.41 (±1.23)

The results in Table 4.5 indicated that respondents rated the following factors as *very innovative* to *extremely innovative*:

- ❖ Airbnb or uber (64%).
- ❖ Travel apps (64%).
- ❖ A one-stop travel shop for all app for South Africa (64%).
- ❖ TripAdvisor (63%).

Based on the mean values of each statement, it was clear that the respondents considered Airbnb or Uber ($\bar{x}$ = 3.87; 77%), travel apps ($\bar{x}$ = 3.82; 76%); TripAdvisor ($\bar{x}$ = 3.78; 76%); and a one-stop travel shop for all app for South Africa ($\bar{x}$ = 3.70; 74); as slightly to most innovative aspects that form part of the tourism industry. Thus, tourists see different types of apps as a very innovative part of the elements that form part of the tourism industry.

In summary, it is clear from the descriptive results that most respondents were either single or married male or female South African travellers, on average 34 years of age, living in Gauteng or the Western Cape, qualified with a degree or diploma and working as a professional. These travellers normally book a weekend-breakaway 15-30 days in advance and a 14-day-breakaway 121 days or more in advance. Business was their main reason for travelling, they stayed between 1-3 days at family or/and friends; and made use of an airplane and/or rental car during their trip. Based on the domestic tourism survey biannual report of 2018, most of the travellers also stayed at family or/and friends (STATSSA, 2018). The 2019 report of domestic tourism of South Africa also stated that travellers spent an average of 3-4 days on their trip (South African Tourism, 2019). These travellers travelled in groups of 2, but only paid for themselves. Most of the international tourists came from New Zealand, it was their first time in South Africa, and they heard about South Africa for the first time through word of mouth. Overall, the respondents spent an average amount of R13 397.13 during their trip. These respondents consider themselves as easy going, flexible and open to new experiences when they travel. Respondents considered the following factors as the most important factors when making travelling decisions: easy access of information online; the usage of Internet (websites)

to make travel (holiday decisions); value and good service is more important than pricing; and the experiencing of food and drinks unique to a destination. Lastly, respondents considered Airbnb or Uber, travel apps, a one-stop travel shop for all app for South Africa and TripAdvisor as the most innovative elements that form part of the tourism industry.

4.4. EXPLORATORY RESULTS

To obtain a more summative and direct view of the most important factors when making travelling decisions and considering innovative elements that form part of the tourism industry, two factor analyses were done and are subsequently discussed.

4.4.1. Travelling decision-making

To examine the factors underlying the travelling decision-making of tourists (based on price, place promotion, product, people and trends), a principal axis factor analysis with oblique rotation (direct oblimin) was undertaken. The twenty-eight-travelling decision-making aspects yielded seven factors with eigenvalues higher than 1.0 (Field, 2005:633). These factors explained 59% of the variance, which is acceptable (Field, 2005:653), and were labelled: "Traditional online decision-making practices", "Sustainable tourism decision-making practices", "Personal preferences", "Future trends", "Tourism product preferences", "Innovative practices", and "Modern online decision-making practices" (See Scree Plot below). Other than three aspects that had factor loadings lower than 0.442, the rest of the factor loadings were 0.442 and higher. Bartlett's test of sphericity was significant ($p < 0.000$) and the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) was 0.805, both of which are acceptable. In all cases, the Cronbach Alpha value of the factors was above 0.652, which is acceptable for a non-standardised questionnaire in an exploratory phase. It is clear from the component correlation matrix (Table 4.6) that small correlations exist between the factors, thus supporting the individuality of each factor as part of travelling decision-making.

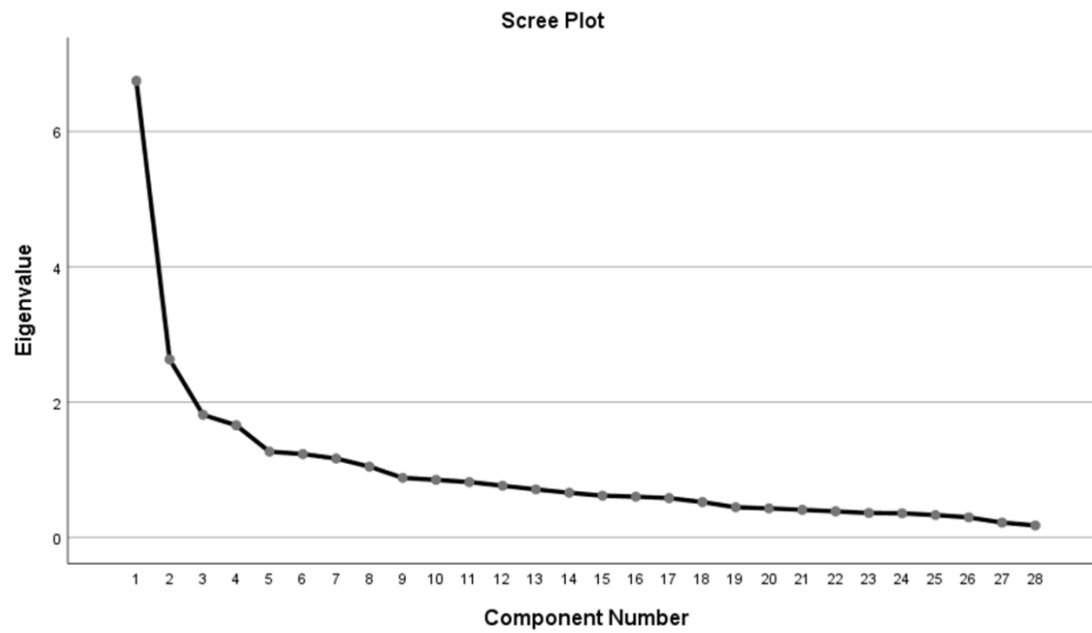


Figure 4.1: Scree plot for the factor analysis of travelling decision-making

Table 4.6: Component correlation matrix

Component	Traditional online decision-making practices	Sustainable tourism decision-making practices	Personal preferences	Future trends	Tourism product preferences	Innovative practices	Modern online decision-making practices
Traditional online decision-making practices	1.000	0.035	0.203	-0.029	-0.058	0.162	-0.304
Sustainable tourism decision-making practices	0.035	1.000	0.206	0.064	-0.284	0.116	-0.127
Personal preferences	0.203	0.206	1.000	0.060	-0.181	0.192	-0.232
Future trends	-0.029	0.064	0.060	1.000	-0.042	-0.024	-0.034

Tourism product preferences	-0.058	-0.284	-0.181	-0.042	1.000	-0.200	0.237
Innovative practices	0.162	0.116	0.192	-0.024	-0.200	1.000	-0.283
Modern online decision-making practices	-0.304	-0.127	-0.232	-0.034	0.237	-0.283	1.000

Table 4.7.: Principal axis factor analysis with oblimin rotation for travelling decision-making aspects

Factor label	Factor loadings						
	Traditional online decision-making practices	Sustainable tourism decision-making practices	Personal preferences	Future trends	Tourism product preferences	Innovative practices	Modern online decision-making practices
I make use of the Internet (websites) to make travel (holiday) destination decisions	0.629						
I make all my travel bookings via online booking systems	0.549						
I make use of reviews when deciding on a travel (holiday) destination	0.518						
I prefer to visit tourism destinations that are less crowded		0.767					
I prefer to visit tourism destinations that is less known		0.696					
I want to participate in community activities whilst travelling		0.584					
My holiday destination recycles, re-uses and reduces		0.485					
I prefer to make use of companies that implement green practices in their marketing strategies		0.442					
I prefer to pay a basic fee and additional costs for any other facilities used at my holiday destination (such as a sauna)			0.947				
I prefer to pay a basic fee and additional costs for any other activities used at my holiday destination (such as river rafting)			0.888				
I make use of apps such as TripAdvisor when I am deciding on a travel (holiday) destination			0.498				
I make my bookings through a system such as Airbnb			0.450				
I would enjoy being served by a robot				0.742			
Someday I want to take a trip to space				0.727			
I prefer to meet and mix with local people					-0.781		

Tourism destinations listen and apply recommendations made by tourists					-0.710		
I prefer to pay an all-inclusive price for my experience					-0.565		
Value and good service are more important than pricing					-0.535		
I want to experience food and drinks that are unique to the destination					-0.531		
I would prefer that South Africa has a one-stop shop for all app that includes all things, such as accommodation, restaurants, adventures						0.671	
I experience my future holiday destinations through digital marketing such as videos, 360 views, 3D experiences						0.660	
I receive promotions online (social media, SMS, Email)							-0.814
I make use of Social media (Facebook, Instagram, Twitter, Pinterest) to make travel (holiday) destination decisions							-0.777
I do online shopping in general							-0.704
I can easily access online travel information							-0.503
I gather basic information before travelling and additional information as I travel							-0.378
I want to package my own tourism experience (holiday)							-0.378
I travel to a destination where I would have control over my pricing by only paying only for those services and products that I use							-0.285
Cronbach Alpha	0.733	0.731	0.737	0.587	0.742	0.652	0.775
Inter-item mean	0.49	0.35	0.42	0.43	0.38	0.49	0.33
Mean and Standard deviation	3.87 (±0.88)	2.97 (±0.86)	3.191 (±1.00)	2.15 (±1.23)	3.67 (±0.82)	3.37 (±1.11)	3.57 (±0.81)

“Traditional online decision-making practices”, factor 1, included factors such as: I make use of the Internet (websites) to make travel (holiday) destination decisions, I make all my travel bookings via online booking systems, I make use of reviews when deciding on a travel (holiday) destination; and I make use of the Internet (websites) to make travel (holiday) destination decisions. Some of these elements were also identified in studies done by San-Martín, Jiménez and Liébana-Cabanillas (2020); Liao and Shi (2017); Kotler & Keller, 2016; and Cosma, Bota and Tutunea (2012). Factor 1 holds a mean value of 3.87 (± 0.88) and is seen as the most important of all the factors. Thus, tourists want new innovations but they are cautious of these new ways, however they still trust traditional ways of doing things such as making bookings.

“Sustainable tourism decision-making practices”, factor 2, included factors such as: I prefer to visit tourism destinations that are less crowded, I prefer to visit tourism destinations that are less known, I want to participate in community activities whilst travelling; my holiday destination recycles, re-uses and reduces; and I prefer to make use of companies that implement green practices in their marketing strategies. Some of these elements were also identified in a study done by Sörensson and von Friedrichs (2013).

“Personal preferences”, factor 3, included factors such as: I prefer to pay a basic fee and additional costs for any other facilities used at my holiday destination (such as a sauna), I prefer to pay a basic fee and additional costs for any other activities used at my holiday destination (such as river rafting), I make use of apps such as TripAdvisor when I am deciding on a travel (holiday) destination; and I make my bookings through a system such as Airbnb. Some of these elements were also identified in a study done by Nilashi, Ibrahim, Yadegaridehkordi, Samad, Akbari and Alizadeh (2018).

“Future trends”, factor 4, included factors such as: I would enjoy being served by a robot; and someday I want to take a trip to space. Some of these elements were also identified in a study done by Lu, Ruiying and Gursoy (2019); and Chuba (2018).

“Tourism product preferences”, factor 5, included factors such as: I prefer to meet and mix with local people, tourism destinations listen and apply recommendations made by tourists, I prefer to pay an all-inclusive price for my experience, value and good service are more important than pricing; and I want to experience food and drinks that are unique to the destination.

“Innovative practices”, factor 6, included factors such as: I would prefer that South Africa has a one-stop travel shop for all app that includes all things such as accommodation, restaurants, adventures; and I experience my future holiday destinations through digital marketing such as videos, 360 views, 3D experiences Some of these elements were also identified in a study done by Bogicevic, Seo, Kandampully, Liu and Rudd (2019).

“Modern online decision-making practices”, factor 7, included aspects such as: I receive promotions online (social media, SMS, Email), I can easily access online travel information , I make use of Social media (Facebook, Instagram, Twitter, Pinterest) to make travel (holiday) destination decisions, I do online shopping in general, I can easily access online travel information, I gather basic information before travelling and additional information as I travel, I want to package my own tourism experience (holiday); and I travel to a destination where I would have control over my pricing by paying only for those services and products that I use. Some of these elements were also identified in a study done by Chung and Koo (2015).

“Traditional online decision-making practices” (Factor 1) revealed the highest mean value of 3.87 (± 0.88) and “Future trends” had the lowest mean value of 2.15 (± 1.23). Thus, it is clear that even though recent and future trends state that the idea of being served by a robot or taking a trip to space are aspects people are moving towards, respondents do not agree with this.

4.4.2. Innovative practices

To examine the factors underlying how innovative the respondent found selected innovative practises of the tourism industry, a principal axis factor analysis with oblique (direct oblimin) was undertaken. The eleven aspects determining how innovative certain elements of the tourism industry are resulted in three factors explaining 64% of the variance, which is acceptable (Field, 2005:653). These were labelled “Personal innovative preferences”, “Cutting edge innovative preferences”, and “Sharing economy preferences” (See Scree Plot below).

These aspects had factor loadings not lower than 0.501. The Bartlett’s test of sphericity was significant ($p < 0.000$) and the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) was 0.773, both of which are acceptable. It is clear from the component correlation matrix (Table 4.8) that small correlations exist between factors, thus supporting the individuality of each motivation factor. In all cases, the Cronbach Alpha value of the factors was above 0.700, therefore showing high levels of internal consistency.

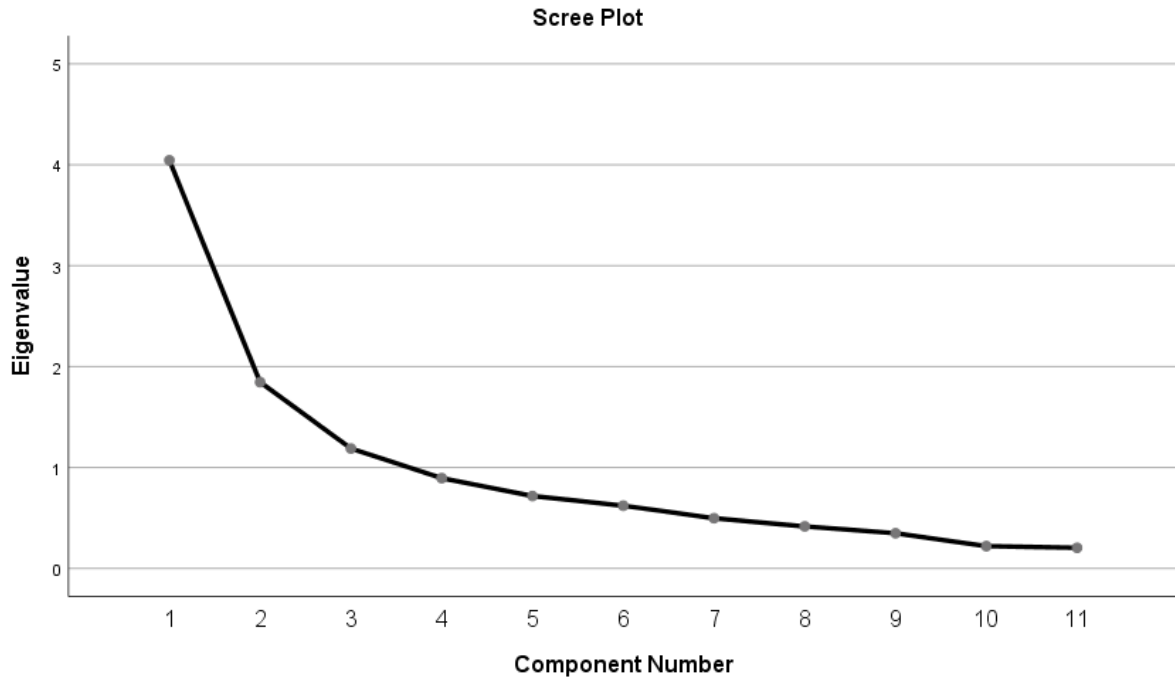


Figure 4.2: Scree plot for innovative practices

Table 4.8: Component correlation matrix

Component	Personal innovative preferences	Cutting-edge innovative preferences	Sharing economy preferences
Personal innovative involvement	1.000	0.180	0.421
Cutting-edge innovative practices	0.180	1.000	0.136
Sharing economy practices	0.421	0.136	1.000

Table 4.9: Principal axis factor analysis with oblimin rotation for determining how innovative certain elements of the tourism industry are

Factor label	Factor loadings		
	Personal innovative preferences	Cutting-edge innovative preferences	Sharing economy preferences
Marketing through loyalty packages	0.786		

one-stop travel shop for all app for S A	0.719		
Digital marketing through Facebook, Instagram, YouTube, Reddit, LinkedIn, Tumblr, Pinterest, Google+, Twitter	0.702		
To package my own tourism experience	0.656		
Being served by a robot in a restaurant		0.851	
A trip to space		0.747	
To experience a destination through 3D/4D		0.674	
To experience a destination through 360 views		0.501	
Travel apps			0.921
TripAdvisor			0.837
Airbnb or Uber			0.793
Cronbach Alpha	0.75	0.73	0.81
Inter-item medium	0.43	0.42	0.60
Mean and Standard deviation	3.59 (±0.89)	3.01 (±1.05)	3.82 (±0.97)

Factor 1 was labelled “Personal innovative preferences”, and included factors such as marketing through loyalty packages, a one-stop travel shop for all app for SA, digital marketing through Facebook, Instagram, YouTube, Reddit, LinkedIn, Tumblr, Pinterest, Google+, Twitter; and to package my own tourism experience. Factor 2 was labelled “Cutting edge innovative preferences” and included factors such as being served by a robot in a restaurant, a trip to space, to experience a destination through 3D/4D; and to experience a destination through 360 views. Factor 3 was labelled “Sharing economy preferences” and included factors such as Travel apps, TripAdvisor; and Airbnb or Uber.

“Sharing economy preferences” (Factor 3) had the highest mean value of 3.82 (±0.97). Thus, it is clear that the respondents consider aspects such as travel apps, TripAdvisor and Airbnb or Uber as the most innovative elements that form part of the tourism industry (Lang, 2014; Kotler & Keller, 2016:486).

4.4.3. Inferential results for travelling decision-making

In this section, the inferential results for the travelling decision-making in tourism are discussed, where the data was analysed by means of spearman rank order correlations, *t*-tests and ANOVA's.

4.4.3.1. Correlations between travelling decision-making and selected demographic variables: Age and Education

Table 4.10: Correlation analysis for travelling decision-making, and age and education

		Age	Education
Traditional online decision-making practices	Correlation Coefficient	-0.016	.178**
	Sig. (2-tailed)	0.816	0.007
	N	209	228
Sustainable tourism decision-making practices	Correlation Coefficient	0.067	0.075
	Sig. (2-tailed)	0.334	0.256
	N	209	228
Personal preferences	Correlation Coefficient	0.013	.201**
	Sig. (2-tailed)	0.855	0.002
	N	209	228
Future trends	Correlation Coefficient	-.156*	-0.079
	Sig. (2-tailed)	0.024	0.235
	N	209	228
Tourism product preferences	Correlation Coefficient	-0.008	0.104
	Sig. (2-tailed)	0.906	0.119
	N	209	228
Innovative practices	Correlation Coefficient	-0.003	0.122
	Sig. (2-tailed)	0.971	0.067
	N	209	228
Modern online decision-making practices	Correlation Coefficient	-.148*	0.020
	Sig. (2-tailed)	0.032	0.768
	N	210	229

* small $r_s = .10-.29$; ** medium $r_s = .30-.49$; ***large $r_s = .50-1.0$ (Cohen, 1998)

Spearman rank-order correlations were used to describe the strength and direction of the linear relationship between travelling decision-making and selected demographic variables.

From Table 4.10, it is clear that correlations exist between the travelling decision-making factors and age, as well as education. Firstly, two negative correlations are evident for age with reference to “Future trends” ($p=0.024$) and “Modern online decision-making practices” ($p=0.032$). The older the respondents the less important they considered future trends ($r_s = -.156$) and modern online decision-making practices ($r_s = -.148$). Secondly, two correlations were also evident for education level, with reference to “Traditional online decision-making practises” ($p=0.007$) and “Personal preferences” ($p=0.002$). The older the respondents the more important they considered “Traditional online decision-making practices” ($r_s = -.178$) and “Personal preferences” ($r_s = -.201$). In all cases the correlations were small.

4.4.3.2. Correlations between travelling decision making and selected demographic variables: Gender

The t -test was used to compare travelling decision-making factors by gender. The results are presented in Table 4.11.

Table 4.11: t -test for travelling decision-making by gender

	Gender		p-value	F-value	Effect size
	Male Mean & Std dev	Female Mean & Std dev			
Traditional online decision-making practices	3.73 (± 0.93)	4.05 (± 0.78)	0.005*	4.357	0.34
Sustainable tourism decision-making practices	2.90 (± 0.87)	3.04 (± 0.83)	0.230	0.000	0.16
Personal preferences	3.17 (± 0.97)	3.20 (± 1.03)	0.862	0.963	0.02
Future trends	2.35 (± 1.23)	1.88 (± 1.19)	0.004*	2.068	0.38
Tourism product preferences	3.57 (± 0.81)	3.78 (± 0.82)	0.052*	0.140	0.26
Innovative practices	3.27 (± 1.11)	3.49 (± 1.10)	0.134	0.068	0.20
Modern online decision-making practices	3.43 (± 0.79)	3.75 (± 0.79)	0.003*	0.004	0.40

*Statistical significant difference: $p \leq 0.05$ (Pallant, 2016)

Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)****

Table 4.11 indicates that a *t*-test on gender was conducted to compare the statistical differences ($p \leq 0.05$) on travel decision-making between males and females. It is clear that four statistical differences were evident between the two groups. Firstly, a statistically significant difference was found on “Traditional online decision-making practices” ($p=0.005$), where female respondents rated this travelling decision-making factor higher in importance than the male respondents, with a small effect size of 0.34. Secondly, a statistically significant difference was found on “Future trends” ($p=0.004$), where male respondents rated this factor higher in importance than the female respondents, with a small effect size of 0.38. “Tourism product preferences” ($p=0.052$) and “Modern online decision-making practices” ($p=0.003$) were rated as higher in importance by female respondents than by the male respondents. Clearly, females consider both “Traditional and modern online decision-making practices” as more important than males. It might be that females are more familiar with the online shopping environment and prefer to do the travel bookings through these channels. To a certain extent, the males were more adventurous by rating the “Future trends” higher than the females.

4.4.3.3. Correlations between travelling decision making and selected demographic variables: Marital status

The *t*-test was used to compare travelling decision-making by marital status. The results are presented in Table 4.12.

Table 4.12: *t*-test for travelling decision-making by marital status

Marital status					
	Single Mean & Std dev	Married Mean & Std dev	p-value	F-value	Effect size
Traditional online decision-making practices	3.88 (± 0.82)	3.93 (± 0.90)	0.664	0.137	0.06
Sustainable tourism decision-making practices	2.98 (± 0.78)	2.92 (± 0.95)	0.633	4.239	0.06
Personal preferences	3.12 (± 0.90)	3.30 (± 1.10)	0.193	5.537	0.16
Future trends	2.38 (± 1.22)	1.97 (± 1.23)	0.015*	0.228	0.33
Tourism product preferences	3.69 (± 0.79)	3.67 (± 0.87)	0.880	1.733	0.02
Innovative practices	3.33 (± 1.08)	3.44 (± 1.16)	0.469	0.739	0.10

Modern online decision-making practices	3.57 (±0.80)	3.61 (±0.83)	0.722	0.384	0.05
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**Statistical significant difference: $p \leq 0.05$ (Pallant, 2016)*

*Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)*****

Table 4.12 indicates that a *t*-test on marital status was conducted to compare the statistical differences ($p \leq 0.05$) on travel decision-making between single and married respondents (two biggest groups in the sample). It is clear that one statistical difference was evident between the groups with reference to “Future trends” ($p=0.015$). Single respondents rated the travelling decision-making aspect higher in importance than the married respondents, with a small effect size of 0.33. It seems that those that are not in some form of relationship are also more adventurous in rating “Future trends” as more important to them.

4.4.3.4. Correlations between travelling decision-making and selected demographic variables: Place of residence

An ANOVA was used to compare travelling decision-making factors by place of residence. The results are presented in Table 4.13.

Table 4.13: ANOVA for travelling decision making by place of residence

Place of residence											
	Gauteng	North West	Western Cape	Eastern Cape	Mpumalanga & Limpopo	Northern Cape	Kwa-Zulu Natal	Free State	Outside of SA borders	p-value	F-value
	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev		
Traditional online decision-making practices	3.74 (±0.91)	3.77 (±0.98)	3.76 (±0.85)	3.75 (±0.98)	3.55 (±0.69)	4.20 (±0.98)	3.87 (±0.68)	3.93 (±0.77)	4.13 (±0.86)	0.269	1.255
Sustainable tourism decision-making practices	2.95 (±0.83)	2.88 (±0.72)	2.70 (±0.86)	2.67 (±0.68)	2.98 (±0.67)	2.88 (±0.78)	3.03 (±0.76)	2.91 (±0.86)	3.35 (±0.97)	0.017*	2.393
Personal preferences	2.97 (±1.07)	2.86 (±0.75)	3.07 (±1.01)	2.99 (±0.93)	2.98 (±1.18)	3.52 (±1.26)	3.30 (±0.85)	2.72 (±0.91)	3.74 (±0.87)	0.000*	3.843
Future trends	2.15 (±1.38)	2.26 (±1.29)	2.18 (±1.17)	2.04 (±1.23)	2.27 (±1.21)	1.45 (±0.96)	2.23 (±0.92)	2.40 (±1.28)	2.12 (±1.29)	0.821	0.545
Tourism product preferences	3.58 (±0.97)	3.46 (±0.80)	3.50 (±0.85)	3.53 (±0.66)	3.65 (±0.93)	3.58 (±0.55)	3.93 (±0.53)	3.61 (±0.83)	3.96 (±0.80)	0.118	1.629
Innovative practices	3.40 (±1.21)	3.33 (±1.15)	3.10 (±1.05)	3.13 (±1.19)	3.45 (±0.96)	3.50 (±1.05)	3.43 (±0.84)	3.27 (±1.15)	3.63 (±1.11)	0.546	0.866
Modern online decision-making practices	3.63 (±0.92)	3.55 (±0.68)	3.23 (±0.68)	3.45 (±0.75)	3.37 (±0.99)	3.90 (±0.90)	3.57 (±0.77)	3.60 (±0.71)	3.79 (±0.79)	0.072	1.832

*Statistical significant difference: $p \leq 0.05$ (Pallant, 2016)

Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)****

Statistically significant differences exist for “Sustainable tourism decision-making practices” ($p=0.017$); “Personal preferences” ($p=0.000$) and travelling decision-making. The differences for “Sustainable tourism decision-making practices” are, however, too small to report. However, for “Personal preferences”, it was evident that respondents from outside of SA borders ($\bar{x} = 3.74$) agree to a greater extent that it contributes to travelling decision-making, than visitors from the Free State ($\bar{x} = 2.72$). An effect size of 1.13 shows the practical significance of this finding, not losing sight of the number of respondents in each group.

4.4.3.5. Correlations between travelling decision-making and selected demographic variables: Occupation

An ANOVA was used to compare travelling decision-making factors by occupation. The results are presented in Table 4.14. Even though traditional online decision-making practices show a significant p-value of 0.026, the differences were too small to report. From the table it is clear that occupation did not have an influence on the travel decision-making factors of respondents.

Table 4.14: ANOVA for travelling decision-making by occupation

Occupation											
	Professional	Management	Self-employed	Technical	Sales	Administrative	Education	Student	Other	p-value	F-value
	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev		
Traditional online decision-making practices	4.10 (±0.85)	4.01 (±0.85)	3.29 (±0.53)	3.90 (±0.97)	3.82 (±0.62)	3.62 (±1.05)	4.133 (±1.07)	3.72 (±0.74)	4.12 (±0.80)	0.026*	2.237
Sustainable tourism decision-making practices	3.21 (±0.91)	3.19 (±0.67)	2.86 (±0.90)	2.85 (±0.82)	2.82 (±0.72)	2.96 (±0.94)	2.81 (±0.73)	2.82 (±0.76)	2.86 (±1.01)	0.380	1.078
Personal preferences	3.54 (±1.07)	3.17 (±1.07)	3.09 (±0.80)	2.79 (±0.81)	3.11 (±0.82)	3.25 (±1.23)	3.06 (±1.03)	3.06 (±0.72)	3.19 (±1.08)	0.269	1.255
Future trends	2.28 (±1.34)	2.08 (±1.21)	1.97 (±1.18)	2.19 (±1.09)	1.59 (±0.86)	2.15 (±1.26)	2.58 (±1.35)	2.34 (±1.28)	1.76 (±1.18)	0.310	1.184
Tourism product preferences	3.88 (±0.90)	3.79 (±0.71)	3.26 (±0.89)	3.78 (±0.60)	3.64 (±0.77)	3.70 (±1.11)	3.65 (±0.93)	3.57 (±0.66)	3.61 (±0.81)	0.390	1.063
Innovative practices	3.62 (±1.08)	3.58 (±1.20)	2.91 (±0.95)	3.03 (±1.19)	3.27 (±1.01)	3.62 (±1.08)	3.68 (±1.13)	3.06 (±0.98)	3.47 (±1.23)	0.118	1.630
Modern online decision-making practices	3.60 (±0.88)	3.78 (±0.83)	3.12 (±0.46)	3.53 (±0.80)	3.43 (±0.72)	3.38 (±0.93)	3.90 (±0.76)	3.59 (±0.69)	3.69 (±0.83)	0.158	1.502

*Statistical significant difference: $p \leq 0.05$ (Pallant, 2016).

Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)****

4.4.3.6. Correlations between travelling decision-making and selected travel behaviour aspects

Table 4.15: Correlation analysis for travelling decision-making and selected travel behaviour aspects

		How many times visiting SA	Travel group size (including yourself)	How many people are being paid for (including yourself)
Traditional online decision-making practices	Correlation Coefficient	-0.078	-0.017	0.045
	Sig. (2-tailed)	0.566	0.795	0.503
	N	56	229	227
Sustainable tourism decision- making practices	Correlation Coefficient	0.006	-0.057	0.076
	Sig. (2-tailed)	0.968	0.387	0.254
	N	56	229	227
Personal preferences	Correlation Coefficient	-0.122	-0.011	0.057
	Sig. (2-tailed)	0.371	0.865	0.396
	N	56	229	227
Future trends	Correlation Coefficient	-0.206	-0.042	0.024
	Sig. (2-tailed)	0.129	0.523	0.723
	N	56	229	227
Tourism product preferences	Correlation Coefficient	0.008	0.021	0.036
	Sig. (2-tailed)	0.951	0.755	0.586
	N	56	229	227
Innovative practices	Correlation Coefficient	-0.059	-0.025	0.109
	Sig. (2-tailed)	0.667	0.709	0.102
	N	56	229	227
Modern online decision-making practices	Correlation Coefficient	-0.127	-0.039	0.003

	Sig. (2-tailed)	0.352	0.552	0.965
	N	56	229	227

* small $r_s = .10-.29$; ** medium $r_s = .30-.49$; ***large $r_s = .50-1.0$ (Cohen, 1998)

From Table 4.15, it is clear that there are no correlations between the travel decision-making factors of respondents and the number of previous visits to South Africa, the size of the travel group and the number of people paid for. It is interesting, but the high number of business tourists in the sample might have influenced these results as they travel for work purposes and are not necessarily influenced by length of stay on a business trip.

4.4.3.7. Comparison of travelling decision-making by reason for visit

An ANOVA was used to compare travelling decision-making by reason for visit. The results are presented in Table 4.16. Statistically significant differences exist for “Traditional online decision-making practices” ($p=0.040$), “Sustainable tourism decision-making practices” ($p=0.001$), “Tourism product preferences” ($p=0.046$), “Innovative practices” ($p=0.022$) and “Modern online decision-making practices” ($p=0.046$), when compared to the different reasons for travelling to South Africa. In most cases, the main differences were between cultural and historical reasons for travel and the travel decision-making factors. Due to the small number of tourists that selected cultural and historical reasons for travel ($N=2$), no significant conclusions can be made from this trend and should be interpreted with caution.

Table 4.16: ANOVA for travelling decision-making by reason for visit

Reason for visit											
	Business	Cultural/Historic	Leisure/Holiday	Visiting family and friends	Adventure	Sport	Medical	Nature	Other	p-value	F-value
	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev		
Traditional online decision-making practices	3.84 (±0.88)	5.00 (±0.00)	4.02 (±0.81)	3.97 (±0.90)	3.67 (±0.79)	3.48 (±0.66)	3.11 (±0.38)	3.25 (±1.10)	3.29 (±1.38)	0.040*	2.072
Sustainable tourism decision-making practices	2.87 (±0.82)	5.00 (±0.00)	2.94 (±0.70)	3.11 (±0.95)	3.15 (±0.75)	2.39 (±0.81)	2.27 (±1.10)	3.85 (±0.41)	2.86 (±0.97)	0.001*	3.489
Personal preferences	3.05 (±1.02)	5.00 (±0.00)	3.28 (±0.95)	3.31 (±1.07)	3.35 (±0.94)	2.82 (±0.68)	2.50 (±0.66)	3.56 (±0.38)	2.82 (±0.97)	0.075	1.817
Future trends	2.06 (±1.19)	1.50 (±0.71)	2.26 (±1.30)	2.03 (±1.22)	2.18 (±0.98)	2.59 (±1.43)	1.83 (±1.44)	2.00 (±1.08)	2.43 (±1.69)	0.869	0.482
Tourism product preferences	3.55 (±0.83)	5.00 (±0.00)	3.76 (±0.81)	3.83 (±0.78)	3.65 (±0.89)	3.33 (±0.70)	3.27 (±0.46)	3.90 (±1.05)	3.11 (±0.35)	0.046*	2.014
Innovative practices	3.20 (±1.10)	5.00 (±0.00)	3.63 (±1.17)	3.49 (±1.03)	3.45 (±0.61)	2.82 (±0.81)	2.33 (±1.26)	3.38 (±1.31)	2.79 (±1.25)	0.022*	2.306
Modern online decision-making practices	3.45 (±0.83)	4.93 (±0.10)	3.68 (±0.77)	3.70 (±0.80)	3.62 (±0.47)	3.17 (±0.68)	2.90 (±0.41)	3.57 (±0.53)	3.54 (±1.08)	0.046*	2.009

*Statistically significant difference: $p \leq 0.05$ (Pallant, 2016)

Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)****

4.4.3.8. Comparison of travel-decision making factors by travelling behaviour

Spearman rank-order correlations were used to describe the strength and direction of the linear relationship between travelling decision-making and travelling behaviour of respondents. From Table 4.17, it is clear that correlations exist between the travelling decision-making factors and I am flexible, I am easy going, I enjoy taking risks, I am open to new experiences and I always consider safer options. The first correlation was evident for I always consider safer options with reference to “Traditional online decision-making practices” ($p=0.001$), respondents who always consider safer options when making travelling decisions, also prefer more traditional ways of decision-making ($r_s = .222$). The following correlations were evident for I am flexible ($p=0.000$), I am easy going ($p=0.016$), I enjoy taking risks ($p=0.005$) and I am open to new experiences ($p=0.008$) with reference to “Sustainable tourism decision-making practices”, which indicates that respondents who consider themselves as flexible ($r_s = .233$), easy going ($r_s = .162$), enjoy taking risks ($r_s = .190$) and open to new experiences ($r_s = .180$), consider sustainability as an important factor when making travelling decisions. The I enjoy taking risks correlation were evident with reference to “Personal preferences” ($p=0.001$), which indicates that respondents that enjoy taking risks find the personal preferences factor important ($r_s = .231$). The I enjoy taking risks correlation were also evident with reference to “Future trends” ($p=0.001$), which indicates that respondents who likes to take risks consider future trends such as a “trip to space” as an important factor ($r_s = .213$). A few correlations were evident for I enjoy taking risks ($p=0.010$), I am open to new experiences ($p=0.000$), and I always consider safer options ($p=0.002$) with reference to “Tourism product preferences”, which indicates that respondents who consider themselves as someone who enjoys to take risks ($r_s = .173$), are open to new experiences ($r_s = .291$) and always consider safer options ($r_s = .203$), has different tourism product preferences. Correlations were also evident for I am open to new experiences ($p=0.010$), I always consider safer options ($p=0.008$) and I enjoy familiar/known options ($p=0.011$) with reference to “Innovative practices”, which indicates that respondents who consider themselves as open to new experiences ($r_s = .173$), always consider safer options ($r_s = .177$) and enjoy familiar/known options ($r_s = .170$), consider different new innovative practices as an important factor, therefore respondents enjoy innovation, but they do not want to take unnecessary risks. The following two correlations, I enjoy taking risks ($p=0.028$) and I always consider safer options ($p=0.009$) were evident with reference to “Modern online decision-making practices” which indicates that respondents that enjoy to take risks ($r_s = .148$) and always consider safer options ($r_s = .176$) also consider more modern online decision-making practices as an important factor. In all the cases the correlations were small.

Table 4.17: Spearman Rank Order Correlations for travel-decision making factors by travelling behaviour

		Travelling behaviour						
		I am flexible	I am easy going	I am demanding	I enjoy taking risks	I am open to new experiences	I always consider safer options	I enjoy familiar/known options
Traditional online decision-making practices	Correlation Coefficient	0,045	0,016	-0,034	0,024	0,086	.222**	0,061
	Sig. (2-tailed)	0,499	0,810	0,611	0,727	0,205	0,001	0,365
	N	223	222	223	220	219	223	224
Sustainable tourism decision-making practices	Correlation Coefficient	.233**	.162*	0,025	.190**	.180**	0,066	0,017
	Sig. (2-tailed)	0,000	0,016	0,713	0,005	0,008	0,329	0,795
	N	223	222	223	220	219	223	224
Personal preferences	Correlation Coefficient	0,090	0,113	-0,043	.231**	0,089	-0,044	-0,099
	Sig. (2-tailed)	0,179	0,092	0,522	0,001	0,191	0,518	0,138
	N	223	222	223	220	219	223	224
Future trends	Correlation Coefficient	0,094	0,101	0,085	.213**	0,062	-0,035	0,092
	Sig. (2-tailed)	0,161	0,133	0,208	0,001	0,360	0,603	0,168
	N	223	222	223	220	219	223	224
Tourism product preferences	Correlation Coefficient	0,083	0,090	-0,023	.173*	.291**	.203**	0,095
	Sig. (2-tailed)	0,217	0,182	0,736	0,010	0,000	0,002	0,155
	N	223	222	223	220	219	223	224
Innovative practices	Correlation Coefficient	0,058	0,086	-0,042	0,058	.173*	.177**	.170*

Modern online decision-making practices	Sig. (2-tailed)	0,389	0,204	0,530	0,395	0,010	0,008	0,011
	N	223	222	223	220	219	223	224
	Correlation Coefficient	0,053	-0,007	0,106	.148*	0,088	.176**	0,072
	Sig. (2-tailed)	0,428	0,917	0,115	0,028	0,195	0,009	0,286
	N	223	223	223	220	219	223	224

* small $r_s = .10-.29$; ** medium $r_s = .30-.49$; ***large $r_s = .50-1.0$ (Cohen, 1998)

4.4.4. Inferential results for innovative practices

In this section, the inferential results for the innovative elements in the tourism industry are discussed, where the data were analysed by means of spearman rank order correlations, *t*-tests and ANOVA's.

4.4.4.1. Correlations between innovative practices and selected demographic variables: Age and Education

Table 4.18: Correlation analysis for innovative practices and selected demographic variables

		Age	Education
Personal innovative preferences	Correlation Coefficient	-0.042	0.032
	Sig. (2-tailed)	0.548	0.631
	N	210	228
Cutting-edge innovative preferences	Correlation Coefficient	-0.135	.147*
	Sig. (2-tailed)	0.052	0.027
	N	209	227
Sharing economy preferences	Correlation Coefficient	-0.066	0.113
	Sig. (2-tailed)	0.341	0.900
	N	209	227

* small $r_s = .10-.29$; ** medium $r_s = .30-.49$; ***large $r_s = .50-1.0$ (Cohen, 1998)

Spearman rank order correlations were used to describe the strength and direction of the linear relationship between innovative practices and selected demographic variables. From Table 4.18 it is evident that a correlation exists between innovative practices and “Cutting-edge innovative preferences” and education ($p=0.027$). The more educated the respondents, the more important they considered “Cutting-edge innovative preferences” ($r_s = .147$). In this case the correlation was small.

4.4.4.2. Correlations between innovative practices and selected demographic variables: Gender

The *t*-test was used to compare innovative practices factors by gender. The results are presented in Table 4.19.

Table 4.19: *t*-test for travelling decision-making by gender

	Gender		p-value	F-value	Effect size
	Male Mean & Std dev	Female Mean & Std dev			
Personal innovative preferences	3.45 (±0.90)	3.74 (±0.85)	0.013*	0.025	0.32**
Cutting-edge innovative preferences	3.06 (±0.99)	2.95 (±1.12)	0.428	1.690	0.10
Sharing economy preferences	3.72 (±0.87)	3.94 (±1.03)	0.076	4.012	0.22

*Statistical significant difference: $p \leq 0.05$ (Pallant, 2016)

Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)****

Table 4.19 indicates that a *t*-test on gender was conducted to compare the statistical differences ($p \leq 0.05$) on innovative practices between males and females. It is clear that only one statistical difference was evident between the two groups. A statistically significant difference was found on “Personal innovative preferences” ($p=0.013$), where female respondents rated this innovative practice aspect higher in importance than the male respondents, which had a small effect size of 0.32. Clearly, females consider both “Personal innovative preferences” and “Sharing economy preferences” as more important than what males do. To a certain extent, the male respondents were more adventurous by rating the “Cutting-edge innovative preferences” higher than the females.

4.4.4.3. Correlations between innovative practices and selected demographic variables: Marital status

The *t*-test was used to compare innovative practices by marital status. The results are presented in Table 4.20.

Table 4.20: *t*-test for innovative practices by marital status

	Marital status		p-value	F-value	Effect size
	Single Mean & Std dev	Married Mean & Std dev			
Personal innovative preferences	3.63 (±0.90)	3.51 (±0.89)	0.340	0.079	0.13
Cutting-edge innovative preferences	3.19 (±0.99)	2.92 (±1.06)	0.052	0.334	0.26
Sharing economy preferences	3.82 (±0.92)	3.83 (±0.97)	0.964	0.134	0.01

*Statistical significant difference: $p \leq 0.05$ (Pallant, 2016)

Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)****

Table 4.20 indicates that a *t*-test on marital status was conducted to compare the statistical differences ($p \leq 0.05$) on innovative practices between single and married respondents (two biggest groups in the sample). It is clear that no statistically significant differences were evident between the two groups. Thus, across marital status, innovative practices are experienced in the same manner.

4.4.4.4. Correlations between innovative practices and selected demographic variables: Place of residence

An ANOVA was used to compare innovative practices factors by place of residence. The results are presented in Table 4.21.

Table 4.21: ANOVA for innovative practices by place of residence

Place of residence											
	Gauteng	North West	Western Cape	Eastern Cape	Mpumalanga & Limpopo	Northern Cape	Kwa-Zulu Natal	Free State	Outside of SA borders	p-value	F-value
	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev		
Personal innovative preferences	3.44 (±0.92)	3.37 (±0.78)	3.41 (±0.85)	3.53 (±0.93)	4.02 (±0.71)	3.33 (±0.67)	3.83 (±0.94)	3.70 (±0.88)	3.78 (±0.92)	0.156	1.508
Cutting-edge innovative preferences	3.00 (±0.98)	2.95 (±1.08)	3.41 (±1.02)	2.58 (±1.02)	2.86 (±0.71)	2.25 (±0.80)	3.28 (±1.18)	3.37 (±1.06)	2.95 (±1.07)	0.020*	2.338
Sharing economy preferences	3.50 (±1.01)	3.81 (±0.77)	3.56 (±0.94)	3.70 (±1.01)	3.52 (±0.99)	4.20 (±0.74)	4.22 (±0.71)	3.93 (±1.04)	4.14 (±0.89)	1.010	2.608

*Statistical significant difference: $p \leq 0.05$ (Pallant, 2016)

Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)****

Statistically significant differences exist for “Cutting-edge innovative preferences” and innovative practices. Respondents from Western Cape ($\bar{x} = 3.41$) agree to a greater extent that “Cutting-edge innovative preferences” contribute to innovative practices factors. An effect size of 0.43 shows the practical significance of this finding.

4.4.4.5. Correlations between innovative practices and selected demographic variables: Occupation

An ANOVA was used to compare innovative practices by occupation. The results are presented in Table 4.22.

Table 4.22: ANOVA for innovative practices by occupation

Occupation											
	Professional	Management	Self-employed	Technical	Sales	Administrative	Education	Student	Other	p-value	F-value
	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev		
Personal innovative preferences	3.69 (±0.90)	3.63 (±0.94)	3.28 (±0.85)	3.52 (±0.92)	3.39 (±0.35)	3.77 (±1.01)	3.86 (±1.11)	3.50 (±0.88)	3.49 (±0.79)	0.602	0.801
Cutting edge innovative preferences	3.12 (±1.11)	3.20 (±1.06)	2.99 (±1.08)	3.41 (±1.09)	3.00 (±0.79)	2.75 (±0.69)	3.30 (±1.35)	2.90 (±0.95)	2.78 (±0.19)	0.499	0.922
Sharing economy preferences	3.94 (±0.95)	3.96 (±0.78)	3.58 (±0.76)	3.65 (±0.88)	3.78 (±0.64)	3.59 (±1.41)	4.05 (±1.14)	3.69 (±0.17)	3.98 (±0.15)	0.616	0.785

*Statistical significant difference: $p \leq 0.05$ (Pallant, 2016)

Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)****

Based on Table 4.22, it is clear that no statistical difference was evident between the groups, thus occupation did not have an influence on the use of innovative practices by respondents.

4.4.4.6. Correlations between innovative practices and selected travel behaviour aspects

Table 4.23: Correlation analysis for innovative practices and selected travel behaviour aspects

		How many times visiting SA	Travel group size (including yourself)	How many people being paid for (including yourself)
Personal innovative preferences	Correlation Coefficient	-0.100	0.048	-0.031
	Sig. (2-tailed)	0.548	0.474	0.648
	N	56	228	226
Cutting-edge innovative preferences	Correlation Coefficient	-0.165	-0.112	0.020
	Sig. (2-tailed)	0.224	0.092	0.763
	N	56	228	226
Sharing economy preferences	Correlation Coefficient	-0.095	-0.090	0.010
	Sig. (2-tailed)	0.484	0.176	0.882
	N	56	228	226

* small $r_s = .10-.29$; ** medium $r_s = .30-.49$; ***large $r_s = .50-1.0$ (Cohen, 1998)

From Table 4.23, it is clear that there are no correlations between innovative practices factors of respondents and the number of previous visits to South Africa, the size of the travel group and the number of people paid for.

4.4.4.7. Comparison of innovative practices by reason for visit

An ANOVA was used to compare innovative practices factors by reason for visit. The results are presented in Table 4.24.

Table 4.24: ANOVA for innovative practices by reason for visit

Reason for visit											
	Business	Cultural/Historic	Leisure/Holiday	Visiting family and friends	Adventure	Sport	Medical	Nature	Other	p-value	F-value
	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev	Mean & Std dev		
Personal innovative preferences	3.52 (±0.89)	4.88 (±0.18)	3.65 (±0.94)	3.81 (±0.72)	3.55 (±0.77)	3.22 (±0.71)	2.33 (±1.53)	3.25 (±0.20)	3.22 (±1.10)	0.019*	2.353
Cutting-edge innovative preferences	3.20 (±1.01)	3.38 (±0.53)	2.99 (±1.10)	2.97 (±1.03)	2.52 (±0.96)	2.86 (±1.00)	1.75 (±1.30)	2.31 (±0.85)	3.00 (±1.05)3.	0.172	1.464
Sharing economy preferences	3.81 (±0.89)	5.00 (±0.00)	3.98 (±0.98)	3.76 (±0.99)	3.61 (±1.03)	3.52 (±1.07)	2.67 (±0.58)	4.17 (±0.58)	3.61 (±0.62)	0.162	1.489

*Statistical significant difference: $p \leq 0.05$ (Pallant, 2016)

Effect sizes are categorised as small (0.2 - 0.4)**; medium (0.5 – 0.8)*** and large (larger than 0.8)****

Based on Table 4.24, a statistically significant difference exists for “Personal innovative preferences” ($p=0.019$) when compared to the different reasons for travelling to South Africa. The main difference was between cultural and historical reasons for travel, and the rest of the reasons. However, due to the number of respondents that selected culture and history as main reasons for travel ($N=2$), conclusions in this regard should be done with caution.

4.4.4.8. Comparison of innovative practices by behaviour

Table 4.25: Spearman Rank Order Correlations for innovative practices factors by behaviour

		I am flexible	I am easy going	I am demanding	I enjoy taking risks	I am open to new experiences	I always consider safer options	I enjoy familiar/known options
Personal innovative preferences	Correlation Coefficient	.176**	.195**	-0,051	0,124	.162*	.216**	.212**
	Sig. (2-tailed)	0,009	0,004	0,453	0,067	0,017	0,001	0,001
	N	222	222	222	219	218	222	223
Cutting-edge innovative preferences	Correlation Coefficient	0,005	0,017	-0,065	0,131	0,020	0,050	0,122
	Sig. (2-tailed)	0,940	0,807	0,332	0,052	0,767	0,462	0,070
	N	222	221	222	219	218	222	223
Sharing economy preferences	Correlation Coefficient	0,078	0,081	-0,022	0,066	0,120	0,054	0,122
	Sig. (2-tailed)	0,247	0,229	0,748	0,328	0,076	0,421	0,068
	N	222	221	222	219	218	222	223

* small $r_s = .10-.29$; ** medium $r_s = .30-.49$; ***large $r_s = .50-1.0$ (Cohen, 1998)

Spearman rank-order correlations were used to describe the strength and direction of the linear relationship between innovative practices and travelling behaviour of respondents. From Table 4.25, it is clear that correlations exist between innovative practices and I am flexible, I am easy going, I am open new experiences, I always consider safer options and I enjoy familiar/known options. The following correlations were evident for I am flexible ($p=0.009$), I am easy going ($p=0.004$), I am open to new experiences ($p=0.017$), I always consider safer options ($p=0.001$) and I enjoy familiar/known options ($p=0.001$) with reference to “Personal innovative preferences”, which indicates that respondents that consider themselves as flexible ($r_s = .176$), easy going ($r_s = .195$), open to new experiences ($r_s = .162$), always consider safer options ($r_s = .216$) and enjoy familiar/known options ($r_s = .212$) consider personal innovative preferences as an important factor. In all the cases the correlations were small.

4.5. CONCLUSION

The purpose of this chapter was to empirically analyse individual travelling behaviour of tourists, the travelling decision-making of tourists and innovative practices, which were based on the data collected from 232 questionnaires. First, the profiles of the tourists that travel to and within South-Africa were identified, this included demographic information as well as individual travelling behaviour. Two factor analyses were done to explore in more detail the travelling decision-making of tourists and innovative practices. Furthermore, two correlation analyses and two *t*-tests were done to distinguish whether there was a statistically significant difference between gender and marital status in travelling decision-making practices, and gender and marital status in innovative practices. A few ANOVA's were also done to determine any statistically significant differences between place of residence, occupation and reason for visit in travelling decision-making practices and in innovative practices.

It was clear that most of our respondents were male and had an average age of 34 years. Most of our respondents were qualified with a degree and worked as professionals. These travellers mainly travelled in groups of two but paid for themselves and stayed an average of 1-3 days. “Traditional online decision-making practices” and “Sharing economy practices” were rated by respondents as the highest in importance, based on the two factor analyses that were done. Correlations were evident even though they were small. The older respondents considered “Traditional online decision-making preferences” as well as “Personal preferences” as more important. In addition, as the education of the respondents increased, “Cutting-edge innovative practices” also increased. The *t*-tests done on gender indicated that females considered “Traditional online decision-making practices”, “Modern online decision-making practices” and “Personal innovative preferences” as more important. The *t*-test that

was done based on marital status, indicated that single respondents considered “Future trends” as more important. Based on the ANOVA’s for place of residence, respondents from outside of SA borders rated “Personal preferences” as more important and respondents from the Western Cape rated “Cutting-edge innovative preferences” as more important. The ANOVA done for occupation indicated that there was no statistically significant difference evident. The ANOVA for reason for visit indicated that “Traditional online decision-making practices”, “Sustainable tourism decision-making practices”, “Tourism product preferences”, “Innovative practices”, “Modern online decision-making practices” and “Personal innovative preferences” all had a statistically significant difference and respondents indicated that their main reason for visit was cultural/historical.

The descriptive analysis gave clear results on consumer preferences, the decision-making process and perceptions towards innovations.

The following chapter (Chapter 5) will provide the conclusions made in reference to Chapter 4, as well as the conclusions of Chapter 2 and Chapter 3 of this research study. Chapter 5 will also make recommendations for future research.

Chapter 5

Conclusions & Recommendations

5.1. INTRODUCTION

This chapter is the closing chapter of this dissertation. The purpose of this chapter is to report the conclusions and recommendations of this study. This is achieved by offering a summarised review of each chapter in this dissertation; conclusions were drawn on all research objectives and recommendations are made for this study and future research.

Questionnaires were handed out and collected at the OR Tambo International airport from respondents that were willing to participate. The two questionnaires were self-administrated and were distributed at the airport with permission and permits provided by the airport. A severe research process was followed to ensure that the main goal of this study was being achieved by analysing innovation in tourism destination marketing in a South African context. This study was intended to address the following objectives:

- ❖ To conduct an in-depth literature review related to current marketing trends and practices within the tourism industry.
- ❖ To conduct an in-depth literature review to analyse consumers and their behaviour and current innovative trends in the tourism industry.
- ❖ To analyse the preferences of tourists, relating to innovations in product, price, promotion and place, as well as travel-decision making factors by means of an empirical survey.
- ❖ To draw conclusions and make recommendations on how the market uses innovative practices in the tourism industry and in their travel decisions, and then to provide guidelines for the future application thereof.

The first objective was achieved in Chapter 2 of this dissertation, the second objective was achieved in Chapter 3, the third objective was achieved in Chapter 4, and the last and current

chapter focused on achieving the fourth objective by focussing on conclusions and recommendations.

5.2. SUMMARY OF THE DISSERTATION CHAPTERS

This dissertation consisted of five different chapters, each intending to fulfil a different purpose. Chapter 1, the research proposal, provided an introduction and background to this study, a problem statement, research methodology, goal and objectives, a summary of the research design, statistical analysis, ethical considerations, defining of concepts and an outline of this dissertation's chapters.

Chapter 2 provided a review of literature that focussed on the first objective of this study. This chapter discussed issues related to an understanding of marketing, the history of marketing, the importance and benefits of effective marketing, the marketing mix and the application of the marketing mix; which included detailed descriptions of the product concept in tourism, pricing of tourism products, the promotion concept in a tourism industry context, the place also known as the distribution concept in a tourism industry context, and the people concept in a tourism industry context, as well as current and future trends emerging in each of these aspects. All of these issues were discussed as part of understanding marketing, especially in a tourism context.

Chapter 3 provided a review of literature that focussed on the second objective of this study. This chapter discussed issues relating to an understanding of consumer behaviour, understanding innovation, which included innovation in tourism as well as innovation in marketing, and current and future trends that emerge in both consumer behaviour and innovation. All of these issues were discussed as part of an understanding of consumer behaviour and innovation, especially based on the service sector, such as the tourism industry.

Chapter 4 firstly provided a more detailed discussion of the research methodology that was adapted in this study and included the research design that was used to give direction to the entire process of data collection, analysing of the results and interpretation of the results. The method of research, which is the process of collecting data, was also discussed in detail in this chapter. Sampling, development of the measuring instrument and statistical data analysis were also discussed in detail.

Secondly, Chapter 4 focussed on the empirical analyses of the collected data and on the discussion of findings, regarding the research done for tourists travelling in and around South Africa. The demographic information of respondents was focussed on first, which gave a clear insight of the typical respondent travelling to and within South Africa. Individual travelling behaviour of respondents was also analysed and described. The travelling decision-making of tourists was described as well as compared to determine whether there was any correlation between gender, marital status, place of residence, occupation and reason for visiting, and the travelling behaviour of the tourists. Innovative practices were also described and compared to determine any correlation between innovative practices and gender, marital status, place of residence, occupation and reason for visit. This was all done through factor analyses, correlation analyses, *t*-tests and ANOVA's. Thus, this chapter provided a clear understanding of the type of research that was used, as well as the whole process regarding the research and a clear understanding in regard to where and which factors influence the travelling behaviour, travelling decision-making and innovative practices of tourists travelling to and within South Africa.

The purpose of chapter 5, the current chapter, is to draw conclusions related to the results of this study, and to make recommendations that might contribute to future research and more improved aspects to satisfy the needs and wants of the tourists, which will contribute in a positive way to the travelling decision-making and innovative practices of tourists.

5.3. CONCLUSIONS

This section of chapter 5 discusses conclusions that are based on the objectives of this study.

5.3.1. Conclusions based on the literature review with a view to understand marketing in a tourism context

The first objective of this study was dealt with in Chapter 2 of this dissertation. Based on the literature:

- ❖ There are a variety of definitions available for the concept “marketing”. Across various sources the main themes for marketing includes processes, planning, customers, needs and communication. In the tourism industry however, it is seen as a challenge due to the intangibility of the tourism product (c.f. 2.2).
- ❖ There are seven different eras that evolved as part of the history of marketing. Currently, the social/mobile marketing era is happening which is a total different

approach to marketing. The access to the consumer has improved, the message turn-around time is much quicker and the consumer is also playing an active role in marketing through sharing of social media messages on platforms such as Facebook. Social media thus plays such an important in the life of the consumers and control has shifted from the businesses to the consumers (c.f. 2.3).

- ❖ Marketing plays an important role in the competitive business environment of today. It becomes more important to link the right marketing tactics to products and services and focus on building relationships with consumers. Consumers of today like to receive special attention and to be listened to by providers. Given the level of competition, especially in the tourism industry, tourism destinations such as South Africa should take this into account when doing product and marketing planning (c.f. 2.4).
- ❖ The tourism product is a very complexed concept. Even though numerous studies were completed on this topic, it still is a challenge to provide the product to the consumer or to market it to the consumer due to factors such as intangibility, non-severability, inseparability and perishability. It is also true that the new ere of marketing creates opportunities for the tourism industry to overcome factors such as intangibility (c.f. 2.6.1).
- ❖ Recent tourism product trends include sustainable tourism, voluntourism, Airbnb, culinary tours, space tourism, tailor made, and skip the line (c.f. 2.6.1.3).
- ❖ Even with all the development that were made in terms of tourism products and the way it is offered, the focus areas for marketing remains promotion, pricing, place and product. Tourism businesses need to promote the right product, through the right channels and at the right price to be successful. Clearly these elements have changed of the years and a number of innovative practises have contributed to these changes.
- ❖ The pricing concept in the tourism industry is a very complexed choice, as once again, consumers pay for something they can't see or touch, in an independently and competitive world. Given the new options of paying for products and services the tourism industry needs to consider different options for different types of markets. This links to willingness to pay relating to options such as all-inclusive, pay only for the services used, pay only for the activities participated in, building my own price through choices available at the attraction (c.f. 2.6.2).
- ❖ Recent trends in pricing include bartering and renting (c.f. 2.6.2.3).
- ❖ Promotion is one of the most important aspects in the marketing mix. This is a well described topic, but promotion changed significantly over the last few years. The online environment created a number of new promotion opportunities that need to be explored and utilised, especially by tourism destinations. Promotion is now immediately available to potential visitors and more than that they can easily compare

destinations based on promotions and make instant decisions. As social media and the internet is no strange topic to consumers anymore, promotional activities need to focus on applying their strategies on these platforms. The new consumer make instant decisions, is always looking for something new, exciting and unique. The ability that technology provides to promote products and services creates opportunities for the promotion of intangible products such as tourism products through aspects such as 360 views and 3D/4D experience of a destination (c.f. 2.6.3).

- ❖ Recent trends in promotion include phygital marketing, augmented reality, prominence on quality of quantity, video marketing, artificial intelligence, recognition of brands is more attractive than ever, the buying power is shifting, and adding value is the key to the success of a promotional item (c.f. 2.6.3.4).
- ❖ Distribution (place) of tourism products have changed significantly and happens through online channels. Again the opportunities in this regard is endless if one think of plat forms such as Airbnb, Travel start, TripAdvisor etc. Consumers enjoys the digital advantages but also physical retailers that can personalise a service for them. A channel that provides consumer support, promotional discounts and can work on-and-offline is the type of distribution channel that a consumer expects (c.f. 2.6.4).
- ❖ Recent trends in distribution (place) include an increase in online shopping, adoption of automation in processes, and the integration of green practices (c.f. 2.6.4.3).
- ❖ The people aspect of the marketing mix in a service industry plays a much more important role than in the product industry. The consumer is ever changing and it is critical to keep up with their changing needs in order to adapt products, service delivery and even marketing approaches. The employees that work to provide the tourism product or service contributes to the overall experience of the consumer. It is important that the right qualified staff are being hired and properly trained to ensure that the services they deliver measures up to the quality of the tourism offering (c.f. 2.6.5).
- ❖ It is clear that the marketing mix elements are crucial for the tourism industry and the continuous development and new practises are needed.

5.3.2. Conclusions based on the literature review with a view to understand consumer behaviour and innovation in a tourism context

The second objective of this study was dealt with in Chapter 3 of this dissertation. Based on the literature:

- ❖ It is clear from the study that consumer behaviour has been defined and described in a variety of ways but that it is important to understand the concept and the application

thereof. This is even more important in the tourism industry where the behaviour of the consumer needs to be predicted. There are however a number of aspects that influence the decision-making of consumers (c.f. 3.2, 3.2.1, 3.2.2).

- ❖ The consumer of today is difficult to understand. They are more changeable and demanding. They want to be involved in their travel activities and in the creation of tourism offerings. Based on the fast-changing world and digital platforms, consumers want to choose which platforms to use and if they want to use commercial content or not. This poses a challenge but also opportunities for marketers because they need to promote where consumers are willing to communicate. Digital platforms such as TripAdvisor plays an important role when making travelling decisions. Tourists will pay for good services and will only support brands that they find true and trustworthy, that fits into their lifestyle and understand their personal needs and wants. Consumers want their brands to be just as connected as they are (c.f. 3.2.3).
- ❖ Innovation is also an ever changing and exciting phenomena with established characteristics and processes (c.f. 3.3).
- ❖ Information regarding characteristics of innovation, different types of information, criteria for successful innovation, innovation process and models for innovation is evident. Once again, this information is mainly based on a product industry and there is a lack of information on innovation in the service industry, especially the tourism industry. A lack of information regarding innovation in marketing is also evident (c.f. 3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5, and 3.3.6).
- ❖ Continuous innovation is however needed in the tourism industry, in the case of this study with reference to tourism marketing, as the consumer is changing, technology is changing and innovation in marketing should optimise these challenges but also opportunities. Given the current innovative practises that are developing it is important to understand the consumers view and use of these practises which were not found in tourism literature hence the relevance of the current study.

5.3.3. Conclusions based on the analysing of marketing preferences, concerning product, price, promotion and place, as well as the behaviour of consumers in the South African tourism industry

- ❖ Most of the respondents participating in this study were fairly young married male adults that were travelling in group sizes of 2 people, with the main reason for travelling being business. Most of these respondents were qualified with a degree or diploma and worked in professional occupations. This group of respondents might be more prone to using innovative practises for marketing due travelling for business purposes.

- ❖ The respondents are able to provide opinions on innovative practises due to their travel behaviour where most of the international visitors have been between 2 to 3 times and 4 to 5 times in South Africa. This group book their international trips 31-90 days in advance whereas the domestic tourists book their longer holiday 121 days in advance. It is important to expose tourists between 1 and 4 months before the holidays to travel possibilities through creative marketing channels.
- ❖ Clearly word-of-mouth remains an important channel for selling South Africa, but it is also a difficult channel to manage. The use of platforms such as TripAdvisor can be used for reviews etc. Innovative practises on social media can contribute to higher levels of good word-of-mouth communication with potential visitors. It is also true that negative word-of-mouth communication can deter potential visitors from visiting.
- ❖ The finding that most visitors consider themselves open to new experiences, flexible and easy going allows for the implementation of innovative ideas in marketing and actually encourage new developments and new approaches.
- ❖ The data on the factors influencing the travelling decision-making of tourists were analysed using descriptive statistics, factor analysis, *t*-tests, ANOVA's and Spearman's correlations. Based on the results, it is clear that the Internet created new opportunities for marketing that the consumers are utilising. Most of the respondents prefer online travel information due to easy access and use the Internet to make travel decisions. It can thus be concluded that tourism destinations such as South Africa should market to a greater extent through online channels that are easily accessible and available to tourists. The unique experiences should be alluded to but in a creative and 'live' manner.
- ❖ It was also clear that not all innovative practises are acceptable to tourists, more specifically travelling to space and being served by a robot. This is interesting and the reaction of the tourists might be due to them not being exposed to either of these practises and therefore they cannot relate.
- ❖ The current most innovative practises for the respondents are Airbnb/Uber followed by travel apps and TripAdvisor. In both cases the consumer should trust the application and also have control over choices made – this is important for future developments. Interesting that the tourists did not consider 3D/4D videos and 360 view as innovative marketing practises.
- ❖ The one-stop shop for all app was also popular and this is an opportunity for South Africa to market itself as tourism destination – tourists want the process to be easy and available.
- ❖ From the factor analysis the importance of traditional online decision-making practises were evident – tourists are familiar with these and trust the channels.

- ❖ Level of education did have an influence on travel-decision making with higher educated tourists showing preferences for traditional online decision-making and personal aspects – it is thus important to determine the educational level of tourists to market through the right channels. The importance of age was also evident as older respondents were not focused on future trends or modern online decision making. Again knowledge of the market is needed to determine which channels to use. There is still a distinction between the older and younger market and their use of the internet and online platforms that should be considered.
- ❖ Females are more prone to use online channels and destinations such as South Africa should carefully consider the content they sell as it should entice women slightly more than men based on the data. The other demographic characteristics had a very little influence on travel behaviour factors.
- ❖ Regarding the importance of innovative practises very few small differences were identified for demographic characteristics.
- ❖ For innovation in product it is important to provide a unique experience that include food and drinks (new trend in tourism); in promotion the continued use of the Internet is evident; for pricing the consumer want to have control and pay only for the services and products used, and for place the marketing channels should be online.
- ❖ Service remain an important factor for all tourists.

5.4. RECOMMENDATIONS

This section of this chapter provides recommendations for this study and for future research.

5.4.1. Recommendations with regard to this study

- ❖ A one-stop shop for all app should be developed for South Africa as a tourism destination.
- ❖ An online presence should be maintained to inform tourists about the tourism offerings in South Africa.
- ❖ Tourists enjoy innovative practises where they have control and can made decisions – any future app development should also adhere to these principles.
- ❖ Tourists are not impressed by innovations that they have not experienced themselves – should the tourism industry then develop new innovations in marketing, tourists should find it easy to use and implement.

- ❖ The development of innovative marketing practises is not dependent on demographic characteristics or travel behaviour preferences – thus focus on ease of access and online presence.
- ❖ To keep the attention of the tourists it is critical to keep the online information updated and excited.

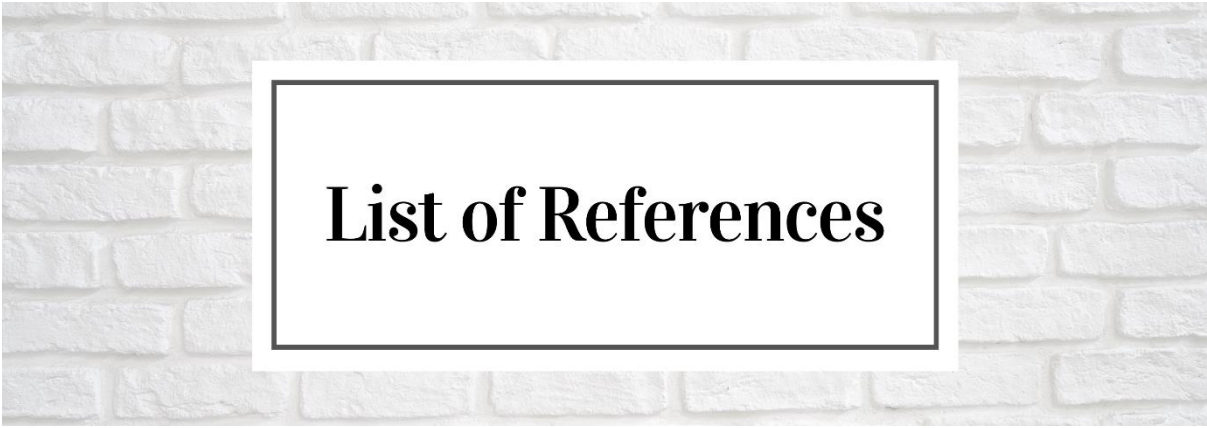
5.4.2. Recommendations with regard to future research

- ❖ A process for innovation based on tourism and marketing can be developed. More empirical research needs to be done on this phenomenon.
- ❖ This type of research should be done in the case of other countries, their own tourists, as well as tourists travelling to that specific country.
- ❖ For future research, this type of study should focus more on international travellers than domestic travellers.

5.5. LIMITATIONS OF THIS STUDY

- ❖ Language was a barrier when conversing with international tourists.
- ❖ A lot of respondents were in a rush and did not have the time to fully complete the questionnaire – more time should be negotiated to complete a higher number of questionnaires.

This was the first study of its kind in South Africa.



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APPENDIX A: LANGUAGE EDITING CERTIFICATE



084 365 4320 
editingexcellencepotch@gmail.com 

*This is to certify that the dissertation in fulfilment of the requirements
for the degree*

Master of Commerce in Tourism Management

of

Delicia Bezuidenhout

has been edited by

Valerie Viljoen

of

Editing Excellence

The complete dissertation has been edited

Date: 1 December 2019



SATI INDIVIDUAL MEMBER
Member no. 1003396

APPENDIX B: QUESTIONNAIRES

O.R TAMBO INTERNATIONAL AIRPORT SURVEY (DOMESTIC TOURISTS) SECTION A

1. Gender?

M	1
F	2

2. What year were you born?

3. Province of residence?

Gauteng	1
North West	2
Western Cape	3
Eastern Cape	4
Mpumalanga	5
Northern Cape	6
KwaZulu-Natal	7
Limpopo	8
Free State	9

4. Including yourself, how many people are travelling in your group?
Number

5. Including yourself, how many people are you paying for?
Number

6. Highest level of education?

No school	1
Matric	2
Diploma, degree	3
Post-graduate	4
Professional	5
Other, please specify	6

7. Occupation

Professional (example: Dr, Lawyer)	1
Management	2
Self-employed	3
Technical	4
Sales	5
Administrative	6
Civil service	7
Education	8
Pensioner	9
Student	10
Other, please specify	11

8a. How long in advance do you normally book a weekend-breakaway?

8b. How long in advance do you normally book a 14 day holiday?

9. What is your main reason for your current trip?

Business	1
Culture/ Historic	2
Leisure/ Holiday	3
Visiting family and friends	4
Adventure	5
Shopping	6
Sport	7
Medical	8
Nature	9
Other, please specify	10

10. What is the length of your stay during your current trip?

11. Marital status?

Single	1
Married	2
Other, please specify	3

12. During your current trip in South Africa what type of accommodation did you make use of?

Family and friends	1
Hotels	2
Backpackers	3
Guesthouse or B&B	4
Airbnb	5
Lodges	6
Other, please specify	7

13. Mode of transport in SA during your trip?

Airplane	Yes	No
Rental car	Yes	No
Bus	Yes	No
Train	Yes	No
Uber	Yes	No
Other, please specify	Yes	No

14. Estimate how much money did you spend on the following during your current trip?

Accommodation	R
Restaurants	R
Food (other than restaurants)	R
Beverages	R
Clothes and footwear	R
Transport	R
Souvenirs and jewelry	R
Visiting attractions	R
Activities	R
Other expenses (not listed above)	R
Specify:	

SECTION B: AS A TOURIST

15. Rate on the scale what is your behaviour when traveling

5. Strongly agree						
4. Agree						
3. Neutral						
2. Disagree						
1. Strongly disagree						
	When traveling:					
a.	I am very flexible	1	2	3	4	5
b.	I am easy going	1	2	3	4	5
c.	I am demanding	1	2	3	4	5
d.	I enjoy taking risks	1	2	3	4	5
e.	I am open to new experiences	1	2	3	4	5
f.	I always consider safer options	1	2	3	4	5
g.	I enjoy familiar/ known options	1	2	3	4	5

SECTION C: WHEN TRAVELING

16. When making traveling decisions, how important is the following statements?

		5. Extremely important				
		4. Very important				
		3. Important				
		2. Slightly important				
		1. Not at all important				
a.	My holiday destination recycles, re-use and reduce	1	2	3	4	5
b.	I prefer to visit tourism destinations that is less known	1	2	3	4	5
c.	I want to participate in community activities whilst traveling	1	2	3	4	5
d.	I prefer to visit tourism destinations that is less crowded	1	2	3	4	5
e.	I would prefer that South Africa has a one-stop-shop-for-all app that include all things such as accommodation, restaurants, adventures	1	2	3	4	5
f.	I experience my future holiday destinations through digital marketing such as videos, 360 views, 3D experiences	1	2	3	4	5
g.	I make my bookings through a system such as Airbnb	1	2	3	4	5
h.	I prefer to pay a basic fee and additional for any other facilities used at my holiday destination (such as a sauna)	1	2	3	4	5
i.	I prefer to pay a basic fee and additional for any other activities used at my holiday destination (such as river rafting)	1	2	3	4	5
j.	Some day I want to take a trip to space	1	2	3	4	5
k.	I make use of apps such as TripAdvisor when I am deciding on a travel (holiday) destination	1	2	3	4	5
l.	I would enjoy being served by a robot	1	2	3	4	5
m.	I can easily access online travel information	1	2	3	4	5
n.	I do online shopping in general	1	2	3	4	5
o.	I receive promotions online (social media, SMS, Email)	1	2	3	4	5
p.	I make use of Social media (Facebook, Instagram, Twitter, Pinterest) to make travel (holiday) destination decisions	1	2	3	4	5
q.	I make all my travel bookings via online booking systems	1	2	3	4	5
r.	I want to package my own tourism experience (holiday)	1	2	3	4	5
s.	I make use of the Internet (websites) to make travel (holiday) destination decisions	1	2	3	4	5
t.	I gather basic destination information before traveling and additional information as I travel	1	2	3	4	5
u.	I travel to a destination where I would have control over my pricing by paying only for those services and products that I use	1	2	3	4	5
v.	I prefer to make use of companies that implements green practices in their marketing strategies	1	2	3	4	5

w.	I make use of reviews when deciding on a travel (holiday) destination	1	2	3	4	5
x.	I want to experience food and drinks that are unique to the destination	1	2	3	4	5
y.	I prefer to pay an all-inclusive price for my experience	1	2	3	4	5
z.	I prefer to meet and mix with local people	1	2	3	4	5
aa.	Tourism destinations listen and apply recommendations made by tourists	1	2	3	4	5
bb.	Value and good service are more important than pricing	1	2	3	4	5

SECTION D: INNOVATIVE PRACTICES

17. How innovative do you consider the following elements as part of the tourism industry?

		5. Extremely innovative				
		4. Very innovative				
		3. Innovative				
		2. Slightly innovative				
		1. Not at all innovative				
a.	Airbnb or Uber	1	2	3	4	5
b.	Travel apps	1	2	3	4	5
c.	TripAdvisor	1	2	3	4	5
d.	A trip to space	1	2	3	4	5
e.	To package my own tourism experience	1	2	3	4	5
f.	Being served by a robot in a restaurant	1	2	3	4	5
g.	To experience a destination through 3D/4D	1	2	3	4	5
h.	To experience a destination through 360 views	1	2	3	4	5
i.	A one-stop-travel-shop-for-all-app for SA	1	2	3	4	5
j.	Digital marketing through Facebook, Instagram, YouTube, Reddit, LinkedIn, Tumblr, Pinterest, Google+, Twitter	1	2	3	4	5
k.	Marketing through loyalty packages	1	2	3	4	5

18. What would you consider as innovative practices in tourism marketing?

19. Any recommendations?

Thank you and enjoy your visit to South Africa!
Research done by TREES, North-West University, Potchefstroom Campus in collaboration with
North West Tourism
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O.R TAMBO INTERNATIONAL AIRPORT SURVEY (INTERNATIONAL TOURISTS)
SECTION A

1. Gender?

M	1
F	2

2. What year were you born?

--

3. Country of residence?

--

4. Including this time, how many times did you visit South Africa?

Number

--

5. Including yourself, how many people are travelling in your group?

Number

--

6. Including yourself, how many people are you paying for?

Number

--

7. Highest level of education?

No school	1
Matric	2
Diploma, degree	3
Post-graduate	4
Professional	5
Other, please specify	6

8. Occupation

Professional (example: Dr, Lawyer)	1
Management	2
Self-employed	3
Technical	4
Sales	5
Administrative	6
Civil service	7
Education	8
Pensioner	9
Student	10
Other, please specify	11

9. Marital status?

Single	1
Married	2
Other, please specify	3

10. What is the length of your stay during your current trip to South Africa?

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11. What is your main reason for visiting South Africa?

Business	1
Culture/ Historic	2
Leisure/ Holiday	3
Visiting family and friends	4
Adventure	5
Shopping	6
Sport	7
Medical	8
Nature	9
Other, please specify	10

12. How did you hear about South Africa?

TV, Radio, Newspaper	1
Word of mouth	2
Social media (Facebook etc.)	3
Internet websites	4
Other, please specify	5

13. How long in advance did you book this trip?

14. During your visit to South Africa what type of accommodation did you make use of?

Family and friends	1
Hotels	2
Backpackers	3
Guesthouse or B&B	4
Airbnb	5
Lodges	6
Other, please specify	7

15. Mode of transport to and in South Africa?

Airplane	Yes	No
Rental car	Yes	No
Bus	Yes	No
Train	Yes	No
Uber	Yes	No
Other, please specify	Yes	No

16. Estimate how much money did you spend during your visit to South Africa?

Accommodation	R
Restaurants	R
Food (other than restaurants)	R
Beverages	R
Clothes and footwear	R
Transport	R
Souvenirs and jewelry	R
Visiting attractions	R
Activities	R
Other expenses (not listed above)	R
Specify:	

SECTION B: AS A TOURIST

17. Rate on the scale what is your behaviour when traveling

	5. Strongly agree				
	4. Agree				
	3. Neutral				
	2. Disagree				
	1. Strongly disagree				
When traveling:					
a. I am very flexible	1	2	3	4	5
b. I am easy going	1	2	3	4	5
c. I am demanding	1	2	3	4	5
d. I enjoy taking risks	1	2	3	4	5
e. I am open to new experiences	1	2	3	4	5
f. I always consider safer options	1	2	3	4	5
g. I enjoy familiar/ known options	1	2	3	4	5

SECTION C: WHEN TRAVELING

18. When making traveling decisions, how important is the following statements?

	5. Extremely important				
	4. Very important				
	3. Important				
	2. Slightly important				
	1. Not at all important				
a. My holiday destination recycles, re-use and reduce	1	2	3	4	5
b. I prefer to visit tourism destinations that is less known	1	2	3	4	5
c. I want to participate in community activities whilst traveling	1	2	3	4	5
d. I prefer to visit tourism destinations that is less crowded	1	2	3	4	5
e. I would prefer that South Africa has a one-stop-shop-for-all app that include all things such as accommodation, restaurants, adventures	1	2	3	4	5
f. I experience my future holiday destinations through digital marketing such as videos, 360 views, 3D experiences	1	2	3	4	5
g. I make my bookings through a system such as Airbnb	1	2	3	4	5
h. I prefer to pay a basic fee and additional for any other facilities used at my holiday destination (such as a sauna)	1	2	3	4	5
i. I prefer to pay a basic fee and additional for any other activities used at my holiday destination (such as river rafting)	1	2	3	4	5
j. Some day I want to take a trip to space	1	2	3	4	5
k. I make use of apps such as TripAdvisor when I am deciding on a travel (holiday) destination	1	2	3	4	5
l. I would enjoy being served by a robot	1	2	3	4	5
m. I can easily access online travel information	1	2	3	4	5
n. I do online shopping in general	1	2	3	4	5
o. I receive promotions online (social media, SMS, Email)	1	2	3	4	5
p. I make use of Social media (Facebook, Instagram, Twitter, Pinterest) to make travel (holiday) destination decisions	1	2	3	4	5
q. I make all my travel bookings via online booking systems	1	2	3	4	5
r. I want to package my own tourism experience (holiday)	1	2	3	4	5
s. I make use of the Internet (websites) to make travel (holiday) destination decisions	1	2	3	4	5

t.	I gather basic destination information before traveling and additional information as I travel	1	2	3	4	5
u.	I travel to a destination where I would have control over my pricing by paying only for those services and products that I use	1	2	3	4	5
v.	I prefer to make use of companies that implements green practices in their marketing strategies	1	2	3	4	5
w.	I make use of reviews when deciding on a travel (holiday) destination	1	2	3	4	5
x.	I want to experience food and drinks that are unique to the destination	1	2	3	4	5
y.	I prefer to pay an all-inclusive price for my experience	1	2	3	4	5
z.	I prefer to meet and mix with local people	1	2	3	4	5
aa.	Tourism destinations listen and apply recommendations made by tourists	1	2	3	4	5
bb.	Value and good service are more important than pricing	1	2	3	4	5

SECTION D: INNOVATIVE PRACTICES

19. How innovative do you consider the following elements as part of the tourism industry?

		5. Extremely innovative				
		4. Very innovative				
		3. Innovative				
		2. Slightly innovative				
		1. Not at all innovative				
a.	Airbnb or Uber	1	2	3	4	5
b.	Travel apps	1	2	3	4	5
c.	TripAdvisor	1	2	3	4	5
d.	A trip to space	1	2	3	4	5
e.	To package my own tourism experience	1	2	3	4	5
f.	Being served by a robot in a restaurant	1	2	3	4	5
g.	To experience a destination through 3D/4D	1	2	3	4	5
h.	To experience a destination through 360 views	1	2	3	4	5
i.	A one-stop-travel-shop-for-all-app for SA	1	2	3	4	5
j.	Digital marketing through Facebook, Instagram, YouTube, Reddit, LinkedIn, Tumblr, Pinterest, Google+, Twitter	1	2	3	4	5
k.	Marketing through loyalty packages	1	2	3	4	5

20. What would you consider as innovative practices in tourism marketing?

21. Any recommendations?

Thank you and enjoy your visit to South Africa!
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North West Tourism
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